Buzzi Unicem

PRESS RELEASE

Results approved for the year ended 31 December 2017

- **Recurring Ebitda up 4.7% to €576 million (+€26 million). The improvement concerned all the markets where the group operates, except for a part of Central Europe**
- **Ebit of €286 million (-€62 million compared to 2016), penalized by non-recurring costs of €68 million and by the rapid depreciation of the dollar starting from the fourth quarter**
- **Net profit of €395 million (€149 million in 2016) mainly thanks to a reduction of €166 million of deferred tax liabilities, due to the tax rate cut in the United States of America**
- **Net debt at €863 million (-€79 million) after capital spending of €218 million, whereof €29 million for expansion projects and €113 million for the Cementizillo acquisition**
- **Dividend proposal: 12 cents per ordinary share and 20.4 cents per savings share (10 cents in 2016 for both categories)**

Consolidated data		**2017**	**2016**	**% 17/16**
Cement sales	m ton	26.8	25.6	+4.4
Ready-mix sales	m m^3	12.3	11.9	+3.0
Net sales	€m	2,806.2	2,669.3	+5.1
Ebitda	€m	508.2	550.6	-7.7
Ebitda recurring	€m	576.4	550.7	+4.7
Net profit	€m	394.6	148.7	+165.4
Consolidated net profit	€m	391.6	145.9	+168.5
		Dec 17	**Dec 16**	**Change**
Net debt	€m	862.5	941.6	(79.1)

The Board of Directors of Buzzi Unicem SpA met today to examine the statutory and consolidated financial statements for the year ended 31 December 2017.

In 2017 the group sold 26.8 million tons of cement (+4.4% compared to 2016) and 12.3 million cubic meters of ready-mix concrete (+3.0%).

In the various markets where we operate, the year 2017 was characterized by operating conditions being differentiated from each other. In Italy the accelerating economic growth confirmed a favorable trend, thanks to the expansion of domestic demand, the boost resulting from investments in capital goods and foreign trade. Manufacturing activity, which is strongly recovering, supported the development of industrial production. The construction scenario confirmed the levels of the previous year and was characterized by a persisting negative trend in the public works sector and the stagnation of the new residential building segment, which canceled out the positive contribution of the non residential sector. Domestic cement consumption closed with a slight, positive change, which finally interrupted the continuous and structural reduction in demand that occurred from 2007 to 2016.

In Central European countries, growth continued at a strengthened and sustained rate, driven by consumption and, starting from the third quarter, by the recovery in net foreign demand. The positive economic situation was characterized by a high capacity utilization and a labor market close to full employment, in a context of accelerating public spending and investments stimulated by favorable financing conditions and high business confidence. The construction sector confirmed good overall growth.

Among Eastern European countries the pace of development continued to be differentiated. In Russia, after overcoming the recession cycle of the previous two-year period, the economic scenario consolidated a moderate recovery. Domestic demand strengthened, driven by the recovery of industrial production, the progress of disposable income and the slowdown in inflation. In the context of gradual consolidation of the economic recovery, despite the limitations in the loan supply, the construction sector also showed a progressive improvement and some recovery in investments. In Poland, the pace of economic growth accelerated, consolidating a favorable economic cycle among the best performing ones in Europe. The recovery in public works, particularly in the second half of the year, was boosted by the re-launch of the use of European structural funds for infrastructure, while private investments maintained a more gradual development; therefore, overall, an expansion of cement demand was confirmed. In the Czech Republic, a more robust development phase was resumed, thanks to the growth in domestic demand and the recovery in investments and exports. The level of construction investments and cement consumption remained favorable. In Ukraine, the path of recovery and implementation of economic growth that began in 2016 continued, signaling broad improvements in the industrial, agricultural and trade sectors, but the pace of recovery remained at rather modest levels, which are not suitable to the real needs and potentials of the country; construction investments showed a moderate development.

In the United States economy, particularly in the central months of the year, resulted in a solid expansion, assisted by the progress in consumption and by the improvements in the labor market, now close to full employment. Construction investments showed some slowdown in pace, with still positive changes in the residential and commercial sectors, combined with a contraction in infrastructure, which however led to a moderate growth in cement consumption in the country.

Consolidated net sales increased by 5.1%, from €2,669.3 to €2,806.2 million. Changes in scope were favorable to the extent of €42.4 million, while foreign exchange effect negatively impacted for €3.1 million; like for like net sales would have increased by 3.7%.

Ebitda decreased by 7.7% from €550.6 to €508.2 million. The foreign exchange effect was negative for €2.0 million. The figure for the year under review includes non-recurring costs of €68.2 million, of which €59.8 million for antitrust sanctions inflicted to the Italian cement sector, €3.2 million for provision for legal claims, €2.4 million for provisions for fiscal claims, €2.0

million related to facility disassembling costs and €0.8 million for restructuring expenses. In 2016 net non-recurring costs of €0.1 million were recorded. Excluding non-recurring items, Ebitda increased from €550.7 to €576.4 million (+4.7%), with Ebitda to sales margin at 20.5% (20.6% in 2016). Despite the unfavorable foreign exchange effect, the contribution of the United States of America continued to be crucial, together with the improvement achieved in Eastern Europe, where, however, the main local currencies strengthened. In Central Europe a marginal decline occurred, while in Italy, although the result was unfortunately still negative, the recurring figure improved on the previous year, thanks also to the contribution of the Cementizillo group.

Amortization and impairment charges amounted to €222.1 million, versus €202.6 million of the previous year. The figure for the year under review includes impairment of fixed assets for €9.6 million (€5.5 million in the previous year) mainly due to write-downs of goodwill as well as of property, plant and equipment in the ready-mix concrete sector in Italy and the Netherlands. Ebit amounted to €286.0 million compared to €348.0 million in 2016. Net finance costs decreased from €147.2 million to €35.0 million, due both to the improvement of the net financial position as well as of financing conditions, and to the unfolding of non-cash items, namely the valuation of derivative financial instruments, which switched from €63.7 million of costs in the previous year to €12.4 million of income in 2017. Gains on the disposal of investments contributed for €1.5 million, while equity in earnings of associates, among which our joint venture operating in Mexico stands out, improved the contribution on the previous year (€96.2 million compared to €79.9 million in 2016). Due to the impact of the factors outlined above, profit before tax amounted to €348.7 million versus €280.9 million in 2016. Income taxes of the year were a positive item of the income statement, due to a non-recurring non-cash revenue of €165.9 million resulting from the reduction of deferred tax liabilities due to the tax rate cut established by the tax reform in the United States of America. Therefore, after revenues for income taxes of €45.9 million (€132.2 million of costs in 2016) the income statement for 2017 closed with a profit of €394.6 million (€148.7 million in 2016). Net profit attributable to the owners of the company increased from €145.9 million in 2016 to €391.6 million in this financial year.

Net debt as at 31 December 2017 stood at €862.5 million, down €79.1 million from €941.6 million at year-end 2016. In 2017 the group distributed dividends of €20.6 million and paid total capital expenditures of €217.6 million, €28.7 million thereof allocated to capacity expansion or special projects, mainly relating to the so-called phase 2 of the new production line in Maryneal (TX) and to the reconstruction of the filtration system at Cape Girardeau (MO). The impact on the net financial position following the acquisition of Cementizillo was €113.2 million. Finally it should be pointed out that the liability side of net debt includes the fair value of the cash settlement option attached to the outstanding convertible bond for €92.9 million (€105.4 million at year-end 2016).

As at 31 December 2017, total equity, inclusive of non-controlling interests, stood at €2,852.1 million versus €2,806.9 million at 2016 year-end. Consequently the debt/equity ratio decreased to 0.30 from 0.34 in the previous year.

In 2017 the parent company Buzzi Unicem SpA reported a net profit of €50.8 million (net loss of €46.4 million in 2016) and a cash flow of €77.7 million.

Italy
Our cement and clinker volumes sold were up 19.5%, mainly thanks to the first full consolidation of Cementizillo in the second part of the year, to the growth in volumes exported overseas and to clinker sales. Average selling prices, in the year-over-year comparison, slightly decreased. The ready-mix concrete sector also benefited from the change in scope following the Cementizillo acquisition, in addition to that which occurred in Milan in 2016, thus achieving a good increase in production (+11.3%), however with rather weak selling prices. This trend in volumes and prices generated net sales of €427.8 million, up 14.0% (€375.2 million in 2016); like for like net sales would have increased by 2.7%. Due to the unfavorable fuel trend, although offset by a little contraction in power and fixed charges under control, unit production costs increased. Ebitda, which remained negative, declined from -€22.2 to -€79.7 million. To be reminded however that the figure for the year under review includes total non-recurring costs of €63.0 million, of which €59.8 million for the antitrust sanction, €2.4 million for provisions for fiscal claims and €0.8 million for restructuring expenses (€1.2 million non-recurring costs in 2016). Recurring Ebitda closed with a negative result amounting to €16.7 million, therefore, €4.4 million better compared to -€21.1 million in 2016. The 2017 income statement benefits from other operating revenues of €6.0 million resulting from the sale within the group of CO_2 emission rights (€2.9 million in 2016).

Central Europe
In **Germany** our deliveries of hydraulic binders maintained a fairly constant and appropriate development (+4.5%), also favored by a lively demand for oil well cements. Selling prices remained virtually stable, closing the year marginally up. The slight downturn that characterized the production volumes of the ready-mix concrete sector in the first nine months intensified in the last months of the year, leading to a decline for the whole of the period (-5.0%), but with prices recovering. Overall net sales thus increased from €572.4 to €588.0 million (+2.7%) and Ebitda increased from €76.8 to €78.1 million (+1.7%). However, it should be pointed out that the figure for the year includes non-recurring costs of €1.9 million relating to provisions for legal claims. Net of non-recurring items, Ebitda showed an improvement of €3.1 million. Unit production costs, despite some savings in energy factors, showed double-digit growth. Moreover in 2017 the company incurred other operating costs of €4.2 million for CO_2 emission rights, purchased from the parent company (€1.3 million in 2016).

In **Luxembourg** and the **Netherlands** our cement and clinker sales, intercompany transfers included, thanks to the strengthening recorded in the second half-year both in the domestic market and in exports, closed the period up (+4.5%) with average unit revenues slightly improving. The ready-mix concrete output was characterized by clearly brilliant sales volumes (+15.8%), with prices slightly down. Net sales came in at €186.8 million, up 6.4% on the previous year (€175.6 million). Ebitda amounted to €17.6 million (€25.8 million in 2016). Unit production costs showed overall growth, with unfavorable trend in fuels as well as in fixed and overhead costs of the plant, only partially offset by some savings in electric power. However it must be remembered that the figure for 2017 includes non-recurring costs of €1.3 million for provisions for legal claims, while the 2016 result included a non-recurring gain of €3.0 million. Net of non-recurring items, Ebitda decreased by €4.0 million. During the year the company incurred other operating costs of €0.2 million referring to CO_2 emission rights purchased from the parent company (€0.1 million in 2016).

Eastern Europe

In **Poland** the cement volumes sold marked a slight increase (+0.7%), with average prices in local currency improving. Ready-mix concrete output instead was down (-7.9%), with stable prices. Net sales, which were favored by the appreciation of the zloty, increased from €95.0 million to €97.0 million (+2.1%); at constant exchange rate they would have been slightly down (-0.4%). Ebitda improved from €23.4 million to €24.1 million (+3.0%), with Ebitda to sales margin slightly increasing (24.9%); at constant exchange rate it would have increased by 0.5%. Among unit production costs in local currency, which grew more than inflation, energy factors were essentially stable and fixed costs increased. Moreover it should be remembered that during the year the company achieved other operating costs of €1.0 million referring to CO_2 emission rights purchased from the parent company (€1.1 million in 2016).

In the **Czech Republic** our cement volumes sold reported a strong growth trend (+8.2%), with average selling prices in local currency slightly down. The ready-mix concrete sector, which also includes Slovak operations, achieved a similar improvement of the production levels (+10.5%), with higher average prices. Hence consolidated net sales increased from €136.2 million to €147.9 million (+8.6%), and Ebitda from €34.3 million to €36.5 million (+6.4%). The strengthening of the Czech koruna had a favorable impact on the translation of results into euro; like for like, net sales and Ebitda would have been up respectively 6.4% and 3.7%. The increase in unit production costs in local currency was in line with inflation: the reduction of energy costs only partially offset the unfavorable trend of fuels, while the main fixed costs remained under control. Moreover during the year the company achieved other operating costs of €0.4 million referring to CO_2 emission rights purchased from the parent company (€0.1 million in 2016).

In **Ucraine** cement volumes sold by our plants closed the period slightly down compared to last year (-1.5%), with prices in local currency strongly moving up, driven by inflation. Ready-mix concrete output showed a further, clear expansion (+60.8%), with average prices in local currency increasing almost vertically. Net sales closed at €94.5 million, compared to €79.8 million achieved in 2016 (+18.5%). Ebitda amounted to €16.0 million versus €12.8 million in 2016, with Ebitda to sales margin improving (+16.9%). The translation of results into euro was affected by the continuous depreciation of the local currency: at constant exchange rate, net sales would have increased by 25.7% and Ebitda by 32.6%. Unit production costs in local currency grew at a much more marked pace than the already high inflation rate, especially for energy factors.

In **Russia** our sales volumes, which have been improving in the second semester, closed the entire period slightly up on the previous year (+1.7%), thanks also to the positive trend of special oil well cements, with average prices in local currency barely perceptibly up. Net sales stood at €184.3 million, up 19.4% from €154.4 million in the previous year. The strengthening of the ruble had a favorable impact on sales of €20.4 million; at constant exchange rates, net sales would have increased by 6.2%. Ebitda increased from €43.2 million to €46.0 million (+6.4%); in local currency instead it would have contracted by 5.4%. Ebitda to sales margin, although declining, remained at levels which are above the average of the group (24.9%). Unit production costs, in local currency, grew more or less like inflation did, with a slight increase in fuels and an unfavorable variance for electrical power.

United States of America
Our cement sales, which during the third quarter had more than recovered the slight weakness accumulated in the first six months, in the last two months were very affected by the cold wave that hit the country. The trend of deliveries was quite uneven in the different regions where the group is present: substantial recovery of oil well cements, compared to an easy basis of comparison, gradual development in the Midwest, shipments stop for a few weeks in Houston and surroundings, due to the devastating passage of Hurricane Harvey and, at the end of the year, an early winter with snowfall and particularly cold temperatures even at low latitudes. The full year closed with volumes virtually identical to the previous one and average selling prices in local currency which confirmed a favorable change of a few percentage points. Ready-mix concrete output, mainly present in Texas, was penalized both by the passage of the hurricane and by high rainfall during the period, and closed down (-3.5%) compared to the previous year, with prices declining. Overall net sales increased from €1,117.8 million to €1,119.7 million (+0.2%) and Ebitda from €356.5 million to €369.6 million (+3.7%). The figure for the year also includes non-recurring costs of €2.0 million for disassembling and dismantling of equipment (€1.9 million non-recurring costs in 2016). The development of the dollar, particularly in the second half of the year, had an unfavorable impact on the translation of the results into euro. Net of foreign exchange effect and non-recurring items, net sales and Ebitda would have increased by respectively 2.2% and 5.8%. Ebitda to sales margin improved from 32.1% to 33.2%. Unit production costs, expressed in local currency, grew more than inflation, with an unfavorable trend for electric power and an even more marked one for fuels.

Mexico (valued at equity)
Cement sales of the associate Corporación Moctezuma, thanks to the gradual and sustainable introduction of the new production line erected at the Apazapan (Veracruz) plant, achieved satisfactory growth, with strongly strengthened average prices in local currency. Ready-mix concrete output developed a clearly weaker profile, but with prices, always in local currency, in line with the increase in the raw material cement. Net sales and Ebitda, in local currency, posted an improvement of respectively 16.3% and 15.8%. The depreciation of the Mexican peso penalized the translation of results into euro; with reference to 100% of the associate, net sales came in at €686.1 million (+12.7%), and Ebitda increased from €293.4 million to €329.3 million (+12.2%). Unit production costs, mainly penalized by the renewed upward trend in energy factors, grew more than the inflation rate.
The equity earnings referring to Mexico, included in the line item that encompasses the investments valued by the equity method, amount to €74.1 million (€65.6 million in 2016).

Outlook
In Italy, following the important consolidation transactions that occurred in 2017, the industry structure is now less fragmented and, in perspective, it should achieve a better balance between supply and demand. Expectations on cement consumption in 2018 are characterized

by moderate growth. In this more promising context, thanks to the contribution resulting from the results of Cementizillo, the downsizing of the ready-mix concrete sector in some areas and the likely favorable price effect, we believe that the operating cash flow can finally return to be positive.
In Central Europe, the good conditions of demand that distinguished 2017 should continue and, in the context of a general increase in costs, we expect prices to strengthen. In summary, operating results should show a slight improvement.
In Poland, we expect continuity in the demand trend, which suggests possible improvement in prices and a resulting progress in results.
Also in the Czech Republic we estimate a continuation of favorable market trends and an evolution in operating results.
In Ukraine, despite the wide uncertainties about the prospects for the implementation of the reforms and the developments in the border areas, we expect some improvement in volumes and a still robust price increase, to try to offset a very unfavorable trend in production costs. Assuming that the local currency is relatively stable against the euro, the characteristic results should be similar to the previous year.
In Russia, cement demand should show some strengthening and, assuming that the ruble is stabilizing at the rate recorded at the start to the year, we believe that the operating results, in euro, will improve on the previous year.
The soundness of the economic cycle in the United States of America suggests expectations of an increase in construction investment and cement demand. Despite some likely, greater difficulties of the market in certain areas, on the whole we envisage a strengthening of the price level, moreover associated with a situation of clear inflation concerning all the main cost items. Ebitda in local currency should confirm the 2017 level, however the translation of the same into euro, at current exchange rates, would lead to a decline compared to the previous year.
The above considerations outline for the current period a probable return to positive figures as regards Ebitda in Italy, improving results in Central and Eastern Europe, while in the United States of America, due to the weakness of the dollar, we expect a fairly significant decrease. In conclusion, we estimate that, in the consolidated financials, recurring Ebitda for the entire 2018 will possibly achieve a favorable change of few percentage points, subject to uncertainties related to the trend of foreign exchange rates.

Consolidated non-financial statement

The Board of Directors also approved the consolidated non-financial statement, which is included in the Sustainability Report 2017, in compliance with the provisions of Legislative Decree no. 254/2016.
The consolidated non-financial statement is a distinct and separate report with respect to the business review; it will be made available to the public at the same time as the publication of the draft annual financial statements and the consolidated financial statements for the year ended 31 December 2017.

Appropriation of net income

The Board of Directors will propose to the Annual General Meeting of Buzzi Unicem SpA, convened in first call for 10 May 2018 a dividend of €0,120 per ordinary share and of €0,204 per savings share (including €0.06 as total allocation of the preferential dividend for 2015 and

2016). The dividend payment, if approved by the Shareholders' Meeting, will be effected as from 23 May 2018 (with coupon detachment on 21 May 2018 and record date on 22 May 2018).

Other shareholders' meeting resolutions

The Shareholders' Meeting has also been convened to take the required resolutions on the expiry of the mandate, pursuant to art. 2386 of the Italian Civil Code, of director Luca Dal Fabbro, co-opted on February 8, 2018, as well as on the report on remuneration ex per article 123 ter of Legislative Decree n. 58/1998.

Treasury shares

Furthermore the Board of Directors resolved to ask the Shareholders' Meeting to authorize (and thus revoke the authorization adopted on May 12, 2017 to the extent of the non-used portion) the buy-back of a maximum of #7,000,000 ordinary and/or savings shares. The authorization is asked also for the selling of the treasury shares held by the company.

The above authorization to the purchase, as well as to the disposal of treasury shares is required to allow the company to intervene in case of fluctuation of the shares price beyond the normal market volatility, within the extent allowed by the law and the market rules, as well as to give the company an instrument for liquidity investment. A further reason to purchase treasury shares may be using them as a payment in extraordinary transactions, also of equity interest swap, exchange, contribution or of conversion of bonds already issued or of possible future issuance, or for distribution, for a consideration or without consideration, to directors and employees of the company or its subsidiaries as well as for allocation to shareholders without consideration.

The authorization is asked for a length of 18 months as from the Shareholders' Meeting approval.

The proposed purchase price ranges from a minimum of €0.60, equal to par value, to a maximum of €18 for savings shares and from a minimum of €0.60, equal to par value, to a maximum of €30 for ordinary shares, or at the highest price allowed by the market general rules approved by Consob, in case these rules are adopted by the company.

The maximum possible purchase expense is equal to €210 million.

The treasury shares may be purchased on the market, according to Borsa Italiana rules. Moreover the company can avail itself also of the procedure provided by the market rules approved by Consob, as well as those pursuant to art. 5 of EU Regulation no. 596/2014.

Treasury shares selling transactions can be effected at any time, wholly or partly, in one or several transactions, through sale with cash compensation or as a payment in extraordinary transactions, also of equity interest swap, or of exchange, transfer or conversion of bonds already issued or of possible future issuance, or for distribution to directors and employees of the company or its subsidiaries ex art. 2359 of the civil code as well as for allocation to shareholders also in the form of dividends.

Based on the previous authorization of the ordinary Shareholders' Meeting of May 12, 2017, #450,000 ordinary treasury shares have been transferred to third parties as partial consideration for the business combination Cementizillo.

As of today the company owns #50,000 ordinary treasury shares and #29,290 savings treasury shares equal to 0.04% of capital stock.

Corporate Governance
The Board of Directors approved the annual report on the company's Corporate Governance system, which will be made available at the same time as the draft of the statutory financial statements and the consolidated financial statements of the year 2017.
The Board of Directors has also assessed that Directors Luca Dal Fabbro, Elsa Fornero, Aldo Fumagalli Romario, Antonella Musy, Linda Orsola Gilli, Gianfelice Rocca and Maurizio Sella meet the criteria of independence as per Code of Conduct approved by Borsa Italiana (such as applied by the company as stated in the Report on corporate governance and ownership structure) as well as the criteria of independence pursuant to TUF.

Senior Notes and Bonds
In the period from 1 January 1 to 31 December 2017 no new bonds were issued.
In the 18 months subsequent to 31 December 2017, on 28 September 2018 a repayment of bond principals of €350 million referring to the Eurobond "Buzzi Unicem S.p.A. €350,000,000 – 6,250% Notes due 2018" (issued by the parent company Buzzi Unicem SpA in 2012) shall be effected.

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, March 28, 2018

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The Buzzi Unicem 2017 financial statements will be illustrated during a **conference call** to be held on Wednesday, March 28 at 4:30 pm CEST.
To join the conference, dial +39 02 805 88 11.

BUZZI UNICEM SPA

CONSOLIDATED INCOME STATEMENT (in thousands of euro)

	2017	2016
Net sales	**2,806,213**	**2,669,320**
Changes in inventories of finished goods and work in progress	7,132	6,423
Other operating income	45,047	61,292
Raw materials, supplies and consumables	(1,068,182)	(1,017,015)
Services	(684,778)	(651,417)
Staff costs	(469,275)	(456,180)
Other operating expenses	(127,982)	(61,823)
EBITDA	**508,175**	**550,600**
Depreciation, amortization and impairment charges	(222,141)	(202,611)
Operating profit (EBIT)	**286,034**	**347,989**
Equity in earnings of associates and joint ventures	96,184	79,876
Gains on disposal of investments	1,507	179
Finance revenues	67,667	55,682
Finance costs	(102,707)	(202,846)
Profit before tax	**348,685**	**280,880**
Income tax expense	45,888	(132,186)
Profit for the year	**394,573**	**148,694**
Attributable to		
Owners of the company	391,622	145,866
Non-controlling interests	2,951	2,828

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2017	2016
Profit for the year	**394,573**	**148,694**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on post-employment benefits	8,003	(16,979)
Income tax relating to items that will not be reclassified	(9,378)	3,497
Total items that will not be reclassified to profit or loss	**(1,375)**	**(13,482)**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	(301,109)	136,099
Share of currency translation differences of associates and joint ventures valued by the equity method	(18,951)	(24,074)
Total items that may be reclassified subsequently to profit or loss	**(320,060)**	**112,025**
Other comprehensive income for the year, net of tax	**(321,435)**	**98,543**
Total comprehensive income for the year	**73,138**	**247,237**
Attributable to		
Owners of the company	71,065	239,528
Non-controlling interests	2,073	7,709

CONSOLIDATED BALANCE SHEET

	31.12.2017	31.12.2016
ASSETS		
Non-current assets		
Goodwill	548,327	561,234
Other intangible assets	44,039	46,906
Property, plant and equipment	3,000,314	3,208,033
Investment property	22,703	21,657
Investments in associates and joint ventures	346,971	366,859
Available-for-sale financial assets	6,688	2,154
Deferred income tax assets	43,873	38,874
Other non-current assets	23,499	36,429
	4,036,414	**4,282,146**
Current assets		
Inventories	403,549	397,378
Trade receivables	410,580	391,937
Other receivables	110,122	125,984
Available-for-sale financial assets	4,700	3,513
Cash and cash equivalents	810,630	603,333
	1,739,581	**1,522,145**
Assets held for sale	7,199	4,594
Total Assets	**5,783,194**	**5,808,885**
EQUITY		
Equity attributable to owners of the company		
Share capital	123,637	123,637
Share premium	458,696	458,696
Other reserves	(64,473)	257,475
Retained earnings	2,328,589	1,939,338
Treasury shares	(813)	(4,768)
	2,845,636	**2,774,378**
Non-controlling interests	6,490	32,497
Total Equity	**2,852,126**	**2,806,875**
LIABILITIES		
Non-current liabilities		
Long-term debt	1,119,986	1,381,407
Derivative financial instruments	92,902	105,422
Employee benefits	414,929	444,406
Provisions for liabilities and charges	85,382	87,187
Deferred income tax liabilities	331,128	507,761
Other non-current liabilities	64,208	11,990
	2,108,535	**2,538,173**
Current liabilities		
Current portion of long-term debt	369,906	56,379
Short-term debt	17,621	16,779
Trade payables	247,486	237,875
Income tax payables	6,613	16,869
Provisions for liabilities and charges	22,528	21,873
Other payables	158,379	114,062
	822,533	**463,837**
Total Liabilities	**2,931,068**	**3,002,010**
Total Equity and Liabilities	**5,783,194**	**5,808,885**

Figures as at December 31, 2017 have been approved by the Board of Directors but they have not been examined by the Statutory Auditors and the Independent Auditors have not issued their opinion yet.

BUZZI UNICEM SPA

INCOME STATEMENT

(in thousands of euro)

	2017	2016
Net sales	**244,021**	**233,967**
Changes in inventories of finished goods and work in progress	(583)	(1,038)
Other operating income	13,464	9,179
Raw materials, supplies and consumables	(121,726)	(108,667)
Services	(71,626)	(71,621)
Staff costs	(58,513)	(58,428)
Other operating expenses	(68,643)	(8,654)
Operating cash flow (EBITDA)	**(63,606)**	**(5,262)**
Depreciation, amortization and impairment charges	(26,861)	(29,169)
Operating profit (EBIT)	**(90,467)**	**(34,431)**
Finance revenues	230,944	146,928
Finance costs	(86,191)	(148,932)
Profit (loss) before tax	**54,286**	**(36,435)**
Income tax expense	(3,446)	(9,991)
Profit (loss) for the year	**50,840**	**(46,426)**

STATEMENT OF COMPREHENSIVE INCOME

Profit (loss) for the year	**50,840**	**(46,426)**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on post-employment benefits	(466)	(5)
Income tax relating to items that will not be reclassified	111	1
Total items that will not be reclassified to profit or loss	**(355)**	**(4)**
Total items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year, net of tax	**(355)**	**(4)**
Total comprehensive income for the year	**50,485**	**(46,430)**

BALANCE SHEET

	31.12.2017	31.12.2016
ASSETS		
Non-current assets		
Goodwill	40,500	40,500
Other intangible assets	1,418	1,060
Property, plant and equipment	208,287	220,215
Investment property	8,354	8,089
Investments in subsidiaries, associates and joint ventures	2,372,166	2,297,628
Other equity investments	3,124	75
Deferred income tax assets	11,809	10,994
Other non-current assets	635	550
	2,646,293	**2,579,111**
Current assets		
Inventories	70,338	71,886
Trade receivables	80,324	89,615
Other receivables	140,861	74,910
Cash and cash equivalents	259,970	168,526
	551,493	**404,937**
Assets held for sale	1,409	2,707
Total Assets	**3,199,195**	**2,986,755**
EQUITY		
Share capital	123,637	123,637
Share premium	458,696	458,696
Other reserves	412,783	415,602
Retained earnings	534,282	495,489
Treasury shares	(813)	(4,768)
Total Equity	**1,528,585**	**1,488,656**
LIABILITIES		
Non-current liabilities		
Long-term debt	994,348	1,164,111
Derivative financial instruments	92,901	105,422
Employee benefits	13,163	13,562
Provisions for liabilities and charges	9,413	9,165
Deferred income tax liabilities	2,832	795
Other non-current liabilities	54,986	47
	1,167,643	**1,293,102**
Current liabilities		
Current portion of long-term debt	366,420	16,513
Short term debt	15,949	95,056
Trade payables	51,100	59,634
Income tax payables	195	835
Provisions for liabilities and charges	9,600	10,367
Other payables	59,703	22,592
	502,967	**204,997**
Total Liabilities	**1,670,610**	**1,498,099**
Total Equity and Liabilities	**3,199,195**	**2,986,755**

Figures as at December 31, 2017 have been approved by the Board of Directors but they have not been examined by the Statutory Auditors and the Independent Auditors have not issued their opinion yet.

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 standards applicable to the preparation of the annual financial statements or interim consolidated reports. Pursuant to Consob Communication n. 92543 and the guidelines ESMA/2015/1415 set out below are the definitions of such measures.

- **EBITDA:** subtotal presented in the financial statements; please refer to the consolidated income statement for the calculation.

- **EBITDA recurring**: it is calculated starting from the subtotal presented in the financial statements named EBITDA and applying to it the following adjustments (non-recurring income/expense):

    - restructuring costs, in relation to defined and significant plans
    - write downs/ups of current assets, except trade receivables, greater than €1 million
    - addition to/release of provisions for legal, fiscal or environmental risks greater than €1 million
    - dismantling costs greater than €1 million
    - gains/losses from the sales of fixed assets and non-instrumental real estate greater than €3 million
    - other sizeable non-recurring income or expense greater than €3 million, that is attributable to significant events unrelated to the usual business.

The reconciliation between EBITDA and EBITDA recurring, for the two comparative periods, is as follows:

(millions of euro)	*31/12/2017*	*31/12/2016*
Ebitda	**508.2**	**550.6**
Restructuring costs	0.8	0.4
Write downs of current assets	1.9	-
Additions/release to provisions for risks	1.3	1.2
Dismantling costs	2.0	1.9
Gains on disposal of fixed assets	-	(3.4)
Other expenses	2.4	-
Antitrust fine	59.8	-
EBITDA recurring	**576.4**	**550.7**

- **Operating profit (EBIT);** subtotal presented in the financial statements; please refer to the consolidated income statement for the calculation.

- **Net debt:** it's a measure of the capital structure determined by the difference between financial liabilities and assets, both short and long term; under such items are included all interest-bearing liabilities or assets and those connected to them, such as derivatives and accruals.