Buzzi Unicem

PRESS RELEASE

Interim results at September 30, 2013

- **General recovery of sales volumes in the quarter, with slightly favorable price effect**
- **Encouraging trading conditions in the United States, Russia and Poland; weak building activity in the Czech Republic, Ukraine, Mexico and Italy**
- **Net sales equal to €2,079 million (€2,146 million in 2012); EBITDA at €336 million (€373 million in 2012**
- **For financial year 2013, outlook of recurring Ebitda down 5% to 10% from the previous year and targets of net debt reduction confirmed**

Consolidated data		**Jan-Sep 13**	**Jan-Sep 12**	**% 13/12**
Cement sales	m ton	20.6	20.8	-1.2
Ready-mix sales	m m3	9.6	10.3	-6.8
Net sales	€m	2,078.5	2,146.3	-3.2
EBITDA	€m	335.8	372.9	-10.0
Net profit	€m	40.1	84.7	-52.7
Consolidated net profit	€m	21.8	57.4	-62.1
		Sep 13	**Dec 12**	**Change**
Net debt	€m	1,107.5	1,124.9	(17.4)

The Board of Directors of Buzzi Unicem SpA met on November 8, 2013 to examine the interim report as at September 30, 2013.

World economy expansion, which in the second quarter 2013 had been slowed by less thriving emerging economies, continued at a modest pace during the summer months. In the same period international trade showed very restrained growth trends. In the Eurozone some signs of recovery appeared and GDP, after declining for six consecutive quarters, returned to increase in the second quarter of the current year, confirming a moderate pace of development in summer. The GDP growth dynamics was positively impacted by exports, the slight resilience in household spending and gross fixed investments, which interrupted a downward trend of about two years. Among the main economies in the area, activity recorded a strong improvement in Germany, where adverse weather had slowed down construction in the first quarter, and, to a lesser extent, in France; in Italy GDP contraction was less sharp.
In the United States, thanks to investments resilience, GDP grew at a rate consistent with 2.5% in the second and third quarter. Labor market situation improved, although at a slower pace than in the second quarter and the rate of unemployment fell to 7.3% in August. Financial markets remained unperturbed, despite high volatility. The uncertainties about the continuation of the monetary stimulus in the United States triggered an upward trend in long-term interest rates, which subsequently came to a halt, after the Federal Reserve's clarifications, while the ECB confirmed the intention to stick to its expansionary monetary policies. In Italy, conditions on the market for governmental securities have improved since the summer, reflecting also stronger growth prospects in the area but they are still exposed to the development of the domestic political context. In advanced countries inflationary pressures remained moderate, while among the main emerging economies inflation remained high in India, Russia and Brazil.

During the third quarter of 2013, the construction sector showed a very satisfactory trend in the United States of America and confirmed its growth in Russia. In the main Central Europe countries conditions

were less difficult than in the first half, while a sizeable contraction of sales volumes continued in Mexico, Italy and some markets of the Eastern Europe division.

Cement and clinker sales achieved by the group in the first nine months of 2013 stood at 20.6 million tons, down 1.2% compared with the same period of 2012. The most remarkable decline occurred in the Czech Republic, Ukraine and Mexico while the contraction was more contained in Italy, Germany and Luxembourg. The Polish and Russian markets posted a positive variance and in the United States of America sales volumes growth further accelerated. Ready-mix concrete output equaled 9.6 million cubic meters, down 6.8% from 9M-12. The output decrease was quite widespread, with sizeable unfavorable changes in Italy, the Netherlands and Poland. Less severe was the volumes decline in the Czech Republic and Mexico; output was stable in Germany/Luxembourg and volumes were higher than in the previous year in the United States and Ukraine.

In the first nine months, the trend of cement prices in local currency continued to be favorable in Russia, Ukraine and the United States. A positive difference consolidated also in Germany. In Italy, Luxembourg and the Czech Republic changes were modest but basically negative while in Mexico and Poland the price decrease was more marked. Ready-mix concrete prices showed a favorable trend in the United States, Italy, Mexico, the Czech Republic and Germany, while they were weak in Ukraine and the Netherlands and posted a more marked decline in Poland.
Inflation of production factors remained under control. The major increases were reported in electric power while fuel prices remained stable or slightly decreased. As for the controllable costs, utmost attention was paid to the savings and efficiency projects, especially in the most critical markets. However, in the countries where capacity utilization worsened or remained at an unsatisfactory level, profitability continued to be penalized by the higher incidence of fixed costs, whose reduction cannot be proportional to the loss of production caused by poorer demand.

Consolidated net sales decreased by 3.2% from € €2,146.3 million to €2,078.5 million and Ebitda stood at €335.8 million, down €37.1 million (-10.0%). Net of non-recurring items, Ebitda would have decreased by €38.8 million (-10.6%). Thus recurring Ebitda to sales margin declined from 17.0% to 15.7%. Foreign exchange fluctuations accounted for a decrease of €27.5 million in net sales and €6.4 million in Ebitda. Like-for-like, net sales would have been down by 2.1% while Ebitda would have decreased by 8.3%. After depreciation, amortization and impairment charges of €166.0 million (€169.8 million in 9M-12), Ebit amounted to €169.8 million (€203.2 million in 2012). Net finance costs decreased from €90.0 million to €81.4 million; higher was the contribution from equity-accounted associates (€4.0 million vs. €2.9 million). As a consequence of the above, profit before tax stood at €95.0 million vs. €116.3 million at September 2012 (-18.3%). The non-recognition of deferred tax assets on tax losses accrued in some jurisdictions meant a much higher average tax rate; consequently the income statement closed with a net profit for the period down by 52.7% to €40.1 million, of which €21.8 million attributable to owners of the company (vs. €57.4 million in 9M-12).

Cash flow was equal to €206.1 million (€254.5 million at September 2012). Net debt as at September 30, 2013 amounted to €1,107.5 million, down €17.4 million over year-end 2012. In the first nine months, the group invested a total of €116.9 million in property, plant and equipment, €14.6 million thereof for expansion or special projects. Equity investments amounted to €66.8 million mainly referred to the purchase of all outstanding Dyckerhoff shares still held by minority shareholders (squeeze-out). As at September 30, 2013, shareholders' equity, inclusive of non-controlling interests, stood at €2,488.6 million vs. €2,602.6 million as at December 31, 2012. Consequently debt/equity ratio was equal to 0.45 (0.43 at 2012 year-end).

Italy

Our sales volumes of cement and clinker, including exports, reported a 4.1% decline from the same period a year earlier. Thanks to stronger export deliveries and the supply of semi finished clinker to competitors' production units that had ceased kiln activity, the higher and continuous decline in the domestic market could be contained. Average selling prices posted a 1.1% decrease over 9M-12,

mainly as a consequence of a higher incidence of export volumes. Ready-mix concrete sales were down 22.5% with prices up 2.2% compared with September 2012. On the costs front, fuels showed a quite favorable trend (-12.0%) while the price of electric power continued to rise (+7.4%) Overall net sales in Italy came in at €326.1 million, down 10.4% vs. €363.8 million in the previous year while Ebitda remained negative at -€13.1 million vs. a positive of €3.4 million in 2012. During the period, other operating revenues equal to €4.5 million were realized from the sale of CO_2 emission rights (nil in 2012). Operating results continued to be heavily penalized by the write-off of trade receivables, equal to €13.1 million in the nine months (€9.8 million in the same period of 2012), €10.7 million thereof in the ready-mix concrete sector. Moreover staff costs include restructuring expenses of €1.1 million (nil at September 2012).

Central Europe

In Germany, during the first nine months, cement volumes sold dropped by 3.2% from the same period a year earlier, with prices higher by 1.6%. In the ready-mix concrete sector, output was down 2.1% with prices slightly improving. To be pointed out, however, that since the beginning of the year, following an organization restructuring, some ready-mix concrete production and sale activities have been transferred from Germany to Luxembourg. At constant scope, output would have increased by 1%. Overall net sales stood at €448.6 million vs. €460.2 million in 9M-12 (-2.5%) and Ebitda increased from €60.0 million to €60.1 million. The 2013 figure however includes non-recurring income for €8.0 million represented by the partial release of the allowance for spare parts obsolescence following the adoption of a consistent valuation within the group. Net of non-recurring items, Ebitda decreased by €7.9 million (-13.2%). Among production costs, electric power showed a slightly favorable trend (-1%) while fuels sharply increased (+5%). During the first nine months, other operating costs were accrued equal to €1.9 million for internal purchases of CO_2 emission rights, while in 2012 the company had realized other operating revenues for €1.8 million deriving from the sale of the rights. Moreover staff costs include restructuring expenses of €9.7 million (nil at September 2012), €5.2 million thereof related to a supplement to the provisions for pension funds.

In Luxembourg, in the nine months, cement and clinker volumes sold, including internal sales, fell by 4.4% with slightly lower average unit revenues (-1.2%). Overall net sales increased by 2.8% from €79.3 million to €81.5 million and Ebitda was up 34.1% from €10.7 million to €14.3 million. To be noticed that since the beginning of the year, following an organization restructuring, some activities in the ready-mix concrete sector have been transferred from Germany to Luxembourg, whose contribution to Ebitda for the period is equal to €1.2 million. The 2013 figure includes non-recurring income for €2.5 million represented by the partial release of the allowance for spare parts obsolescence following the adoption of a consistent valuation within the group. Net of non-recurring items Ebitda increased by €1.2 million (+11.0%), with Ebitda to sales margin at 14.5% vs. 13.5% in 2012. During the period, the company realized other operating revenues equal to €0.6 million deriving from the internal sale of CO_2 emission rights (nil in 2012). On the production costs front, the trend was favorable for fuels (-11%) while electric power price was virtually stable.

In the Netherlands, volumes sold reached 0.5 million cubic meters of ready-mix concrete (-17.1% vs. 9M-12), with net sales amounting to €53.1 million, remarkably down from €69.3 million in 2012. Ebitda remained negative, decreasing to -€5.6 million from -€4.3 million. Staff costs include restructuring expenses of €0.7 million (nil at September 2012).

Eastern Europe

In the Czech Republic, our cement sales reflected the sluggishness of the market and dropped by 18.6% from the same period a year earlier, with average selling prices in local currently slightly lower (-0.9%). Also the ready-mix concrete market confirmed a marked decline of volumes (-8.4%), with prices stable in the Czech Republic but weaker in Slovakia. Overall net sales, penalized also by some devaluation of the local currency, decreased by 14.8% to €95.9 million vs. €112.6 million and Ebitda stood at €11.9 million, down 42.1% from €20.6 million in 9M-12. The 2013 figure includes non-recurring income for €0.3 million represented by the partial release of the allowance for spare parts

obsolescence following the adoption of a consistent valuation within the group. As for energy costs, fuels showed a favorable trend while electric power increased. During the period, other operating revenues were realized equal to €0.9 million deriving from internal sale of CO_2 emission rights (nil in 2012).

In Poland, during the summer months, cement deliveries showed a promising pace, thus allowing to report in the nine months a 2.8% improvement from the same period in 2012. Conversely, ready-mix concrete output continued to be quite weak (-20.4%). Selling prices in local currency reversed the negative trend but remained below the 2012 level for both cement (-3.5%) and ready-mix concrete (-8.0%). Net sales, on which foreign exchange fluctuations had no impact, came in at €79.3 million vs. €86.4 million in 2012 (-8.2%). Ebitda increased from €19.4 million to €21.1 million, with Ebitda to sales margin improving from 22.4% to 25.4%. The 2013 figure includes non-recurring income for €0.9 million represented by the partial release of the allowance for spare parts obsolescence following the adoption of a consistent valuation within the group. Among the energy factors, the trend of electric power cost was favorable while fuels price slightly increased. During the period, other operating revenues were realized, equal to €0.4 million deriving from internal sale of CO_2 emission rights (nil in 2012).

In Ukraine, in the first nine months cement sales decreased by 12.0% in a better price environment (+3.7% in local currency). Net sales and Ebitda respectively decreased from €106.4 million to €94.5 million (-11.2%) and from €15.8 million to €10.5 million, penalized by a weaker local currency. Ebitda was influenced by non-recurring costs for €2.5 million relating to a litigation with the public administration about VAT on gas supplies. On the energy costs front, the trend was favorable for fuels while electric power inflation was around 4%.

In Russia, Suchoi Log cement factory succeeded in resuming normal uptime in the month of August, solving the production shutdown in the dry-process kiln caused by a fire in the raw meal grinding department which had occurred in May. Sales volumes progress continued to improve, with an increase of 3.9% from the beginning of the year and prices in local currency rising by 6.7%. Net sales were up 4.3% to €194.0 million vs. €186.0 million in 2012 while Ebitda at €70.8 million was down 10.8% from €79.4 million in the previous year. The 2013 figure includes non-recurring income for €0.4 million represented by the partial release of the allowance for spare parts obsolescence following the adoption of a consistent valuation within the group. Ruble devaluation negatively impacted the translation of results into euro. At constant exchange rate, net sales and Ebitda would have posted a change of +9.3% and -6.8% respectively. The inflation rate on the two main energy factors (fuels and electric power) continued to be remarkable but on lower levels than at the end of June (8% approx.)

United States of America

Cement volumes sold in the nine months of the year were up 9.0% from the same period 2012, thanks to the improved contribution from the Midwestern regions and an ongoing robust demand in the South-West of the Country. Ready-mix concrete output, mainly located in the Southwestern regions, maintained a consistent growth (+7.8%). The trend in average selling prices in local currency continued to be positive both for cement (+2.9%) and ready-mix concrete (+6.4%). Overall net sales totaled €552.6 million vs. €510.3 million and Ebitda increased from €91.6 million to €103.4 million. Dollar weakness had a negative impact on net sales for €15.7 million and on Ebitda for €2.9 million. Net of non-recurring items, consisting of a €7.8 million gain on disposal of properties in 2012, Ebitda showed a progress of €19.6 million (+23.4%). The profitability improvement was attributable not only to the volumes and prices trend, but also to the decrease of fuel costs which partly offset the hikes in the prices of electric power and purchased raw materials as well as to the lower incidence of unit fixed costs due to a much improved utilization of production capacity.

Mexico (50% consolidation)
In the first nine months, our associate's cement volumes decreased by 11.4%, with prices that were penalized by poor demand and keener competition, thus contracting by 5.6%. Ready-mix concrete sales were virtually stable (-1.5%) and prices progressed by 1.7%. Net sales decreased by 12.0%, from €201.3 million to €177.1 million and Ebitda was down 18.4%, from €76.3 million to €62.3 million. The stability of the Mexican peso positively impacted the translation of the results into euro: at constant exchange rate, net sales and Ebitda would have decreased by 13.2% and 19.5% respectively. Cement unit production costs did not increase, thanks mainly to the favorable trend of energy factors and the excellent management of industrial operations.

Outlook
In Italy, due to volumes contraction, although mitigated by higher exports and clinker sales, results will continue to be unsatisfactory. The effects of the actions promptly taken to adjust the cement production capacity and make the ready-mix concrete sector even more competitive will become more evident starting from next year. To be pointed out that, at the closing of the financial statements for the year 2013, all conditions are likely to exist for recognizing the discount on system charges reserved to the energy-intensive enterprises as a reduction of electric power costs. The discount application is effective from 1 July 2013 and the benefit expected in the 2013 financial statements is about €6.5 million.

Central Europe, thanks to the volumes recovery reported in the third quarter and possibly in the last one, should close the year with results in line with those posted in 2012.

In Eastern Europe, despite the profitability improvements realized in the third quarter, we expect all countries, except Poland, to post results lower than in the previous year.

In the United States of America, the favorable volume/price mix should continue also in the fourth quarter, thus confirming the improvement trend so far attained.

In Mexico, the trend of demand reported till now will likely continue also in the last quarter of the year and consequently results will remain decidedly weaker that the very positive ones realized in 2012.

Overall, we think that for the full financial year 2013 the outlook of recurring operating results down 5% to 10% from the previous year, as already disclosed to the market in the half-yearly financial report, still represent the best assumption that can be set forth at present.

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 8, 2013

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BUZZI UNICEM SPA

CONSOLIDATED BALANCE SHEET (in thousands of euro)

	30.09.2013	31.12.2012
ASSETS		
Non-current assets		
Goodwill	583.294	584.199
Other intangible assets	11.456	12.425
Property, plant and equipment	3.092.280	3.208.706
Investment property	28.017	19.299
Investments in associates	173.487	202.944
Available-for-sale financial assets	3.035	3.513
Deferred income tax assets	61.367	66.244
Other non-current assets	51.217	55.284
	4.004.153	**4.152.614**
Current assets		
Inventories	387.485	437.565
Trade receivables	476.784	439.383
Other receivables	114.323	116.085
Available-for-sale financial assets	154	86.989
Derivative financial instruments	2.980	2.307
Cash and cash equivalents	663.364	556.193
	1.645.090	**1.638.522**
Assets held for sale	13.057	11.546
Total Assets	**5.662.300**	**5.802.682**
EQUITY		
Equity attributable to owners of the company		
Share capital	123.637	123.637
Share premium	458.696	458.696
Other reserves	81.017	156.324
Retained earnings	1.709.241	1.694.273
Treasury shares	(4.768)	(4.768)
	2.367.823	**2.428.162**
Non-controlling interests	120.817	174.461
Total Equity	**2.488.640**	**2.602.623**
LIABILITIES		
Non-current liabilities		
Long-term debt	1.417.117	1.385.154
Derivative financial instruments	74.973	22.310
Employee benefits	396.916	437.640
Provisions for liabilities and charges	121.700	126.239
Deferred income tax liabilities	404.046	403.282
Other non-current liabilities	17.223	16.655
	2.431.975	**2.391.280**
Current liabilities		
Current portion of long-term debt	210.076	288.146
Short-term debt	70.005	70.685
Derivative financial instruments	893	4.994
Trade payables	242.385	244.713
Income tax payables	8.650	11.223
Provisions for liabilities and charges	45.062	40.342
Other payables	164.614	148.676
	741.685	**808.779**
Total Liabilities	**3.173.660**	**3.200.059**
Total Equity and Liabilities	**5.662.300**	**5.802.682**

CONSOLIDATED INCOME STATEMENT

	3Q 2013	3Q 2012 *restated **
Net sales	**2.078.520**	**2.146.261**
Changes in inventories of finished goods and work in progress	(38.516)	589
Other operating income	49.557	54.236
Raw materials, supplies and consumables	(841.563)	(911.355)
Services	(501.251)	(526.719)
Staff costs	(347.068)	(330.450)
Other operating expenses	(63.856)	(59.630)
Operating cash flow (EBITDA)	**335.823**	**372.932**
Depreciation, amortization and impairment charges	(166.006)	(169.755)
Operating profit (EBIT)	**169.817**	**203.177**
Gains on disposal of investments	2.640	218
Finance revenues	35.235	40.920
Finance costs	(116.652)	(130.878)
Equity in earnings of associates	3.993	2.896
Profit before tax	**95.033**	**116.333**
Income tax expense	(54.946)	(31.609)
Profit for the period	**40.087**	**84.724**
Attributable to		
Owners of the company	21.756	57.416
Non-controlling interests	18.331	27.308

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3Q 2013	3Q 2012
Profit for the period	**40.087**	**84.724**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on post-employment benefits	37.266	386
Income tax relating to items that will not be reclassified	(13.898)	(149)
Total items that will not be reclassified to profit or loss	**23.368**	**237**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	(85.058)	41.354
Income taxes relating to items that may be reclassified	1.023	139
Total items that may be reclassified subsequently to profit or loss	**(84.035)**	**41.493**
Other comprehensive income for the period, net of tax	**(60.667)**	**41.730**
Total comprehensive income for the period	**(20.580)**	**126.454**
Attributable to		
Owners of the company	(33.830)	88.569
Non-controlling interests	13.250	37.885

* restated data following the early adoption of IAS 19 revised - Employee benefits.