Buzzi Unicem

PRESS RELEASE

Interim results at September 30, 2014

- **Net sales at €1,898.7 million (in 2013: €1,894.4 million); Ebitda at €302.5 million (in 2013: €273.1 million)**
- **Sales volumes slowdown during the summer quarter but nevertheless in improvement from the previous period in the nine months (+2.1% cement, + 3.7% ready-mix)**
- **Favorable trading conditions in the United States; stable results in Central Europe, no signs of recovery in Italy yet**
- **In local currency, satisfactory operating trend in Eastern Europe, except for Poland; results' unfavorable variance in Russia and Ukraine for the heavy foreign exchange headwind**
- **For full year 2014, outlook of recurring Ebitda in improvement from the previous year and slightly over €400 million in absolute value (in 2013: €378 million)**

Consolidated data		**Jan-Sep 14**	**Jan-Sep 13 restated**	**% 14/13**
Cement sales	m ton	19.0	18.6	+2.1
Ready-mix sales	m m3	9.1	8.8	+3.7
Net sales	€m	1,898.7	1,894.4	+0.2
EBITDA	€m	302.5	273.1	+10.8
Net profit	€m	55.4	27.9	n.s.
Consolidated net profit	€m	51.4	21.8	n.s.
		Sep 14	**Dec 13**	**Change**
Net debt	€m	1,010.5	1,097.2	(86.7)

The Board of Directors of Buzzi Unicem met on November 7, 2014 to examine the interim report as at September 30, 2014.

After lower-than-expected growth in the first half, world economy recovery appears rather moderate, uncertain and restricted to some areas. Economic situation is gaining strength in the United States and the United Kingdom, has weakened in the emerging markets and has remained rather anemic in Europe. The risks of a further slowdown are increasing, following the geopolitical tensions and the possible deepening of structural imbalances in some emerging economies. World trade which increased less than forecast in the first part of the year, showed a modest recovery in the second quarter and maintained positive dynamics in the third one. Overall, estimates of trade growth for the full year have been gradually revised downwards.

In Europe the waning of foreign demand was not offset by a sufficient recovery in the domestic one. Capital expenditures continued to contract and consumer price inflation dropped to 0.3% in September, the lowest level since November 2009, as an evidence of the large margins of unused production capacity. In the second quarter economic activity virtually stagnated and in the third one growth was moderate. As for the main EU countries, since the second quarter economy has declined in Germany and Italy, ground to a halt in France and shown some signs of growth in Spain and in the Netherlands. In the United States, after the first-quarter contraction, GDP began to grow again in the second (+4.6% on an annual basis), thanks to domestic demand, and continued to expand in the third one.

Recently volatility has been back on financial markets, which had remained quiet for a long time. Investors turned to safer assets, such as the German government bonds, whose yield fell to an all-time low. Market volatility reflected also on stock exchange indices which from the end of the second quarter to October fell 9% in the euro area and 14% in Italy. To counter the risk of a prolonged period of excessively low inflation and to boost credit and economic activity, the EU monetary policy was made even more expansionary while the United States continued its gradual tapering. The tensions between Russia and Ukraine, whose repercussions on the European economy have been modest so far, could have a significant impact especially for the effects on the energy supplies.

During the third quarter of 2014, the construction sector showed a satisfactory development in the United States of America vs. a stable trend in Germany and in most Eastern Europe countries. Conversely we witnessed slowdown in Poland, greater difficulties in Italy, both on the domestic market and in export shipments, and sales contraction in Luxembourg.
Cement and clinker sales achieved by the group in the first nine months of 2014 stood at 19.0 million tons, up 2.1% compared with the same period of 2013. A positive variance was reported in all geographical areas, except for Poland and Italy. Ready-mix concrete output equaled 9.1 million cubic meters, up 3.7% from 9M-13. Such increase, quite widespread, was still above average in Poland, the United States and the Czech Republic; volumes decline instead continued in the Netherlands and Luxembourg closed with a negative sign.

In the first nine months, the trend of cement prices in local currency was clearly on the rise in the United States and positive in Russia and Ukraine. Modest but basically negative changes occurred in Germany, Luxembourg and the Czech Republic while in Italy price decrease was more marked. Ready-mix concrete prices showed a buoyant trend in the United States, a slight increase in Germany, weakness in the Czech Republic and Luxembourg and a more marked decline in Italy and the Netherlands.
Thanks to an overall positive trend in electric power and fuel prices, production costs could be kept under control. Capacity utilization was higher than in the previous year, apart from Italy and Poland, thus translating into a lower incidence of fixed costs per unit. The controllable costs savings and efficiency projects have progressed according to planning and with special regard to the most critical markets.

Consolidated net sales increased by 0.2% from €1,894.4 million to €1,898.7 million and Ebitda stood at €302.5 million, up €29.4 million (+10.8%); the 9M-14 figure was penalized by non-recurring costs for €4.6 million (€1.9 million non-recurring costs in the same period of 2013). Net of non-recurring items, Ebitda would have increased by €32.2 million (+11.7%). Thus recurring Ebitda to sales margin improved from 14.5% to 16.2%. Foreign exchange fluctuations had a sizeable effect and accounted for a decrease of €80.3 million in net sales and €20.0 million in Ebitda. Like-for-like, net sales would have been up by 4.5% while Ebitda would have increased by 17.9%. After depreciation, amortization and impairment charges of €166.5 million (€154.9 million in 9M-13), Ebit amounted to €136.1 million (€118.2 million in 2013). Net finance costs decreased from €81.8 million to €50.7 million; higher was the contribution from equity-accounted associates (€36.2 million vs. €29.5 million). As a consequence of the above, profit before tax stood at €121.8 million vs. €68.7 million at September 2013 (+77.3%). The non-recognition of deferred tax assets on fiscal losses accrued in Italy meant a quite high average tax rate, nonetheless, income statement closed with a net profit for the period up by about 98% to €55.4 million, of which €51.4 million attributable to owners of the company (vs. €21.8 million in 9M-13).

Cash flow was equal to €221.8 million (€182.8 million at September 2013). Net debt as at September 30, 2014 amounted to €1,010.5 million, down €86.7 million over year-end 2013. In the first nine months, the group invested a total of €125.6 million in property, plant and equipment, €34.4 million thereof for expansion or special projects As at September 30, 2014, shareholders' equity, inclusive of non-controlling interests, stood at €2,382.6 million vs. €2,298.7 million as at December 31, 2013. Consequently debt/equity ratio was equal to 0.42 (0.48 at 2013 year-end).

Italy
Our sales volumes of cement and clinker, including exports, reported a 7.6% decline from the same period a year earlier. The huge availability of product in countries located, like Italy, on the Mediterranean rim (such as Spain, Greece, Turkey) made exports, which in the previous year had partly mitigated the domestic market decline, even more difficult and less sustainable. Average selling prices posted a decrease of 5.8%, largely due to a different sales mix (increasing portion of semi finished clinker). In the ready-mix concrete sector output progressed by 3.3% with prices down by 6.6% compared with September 2013. On the costs front, energy factors showed a favorable trend, both fuel and especially electric power, thanks to the discount on system charges for energy-intensive firms applied as from the second half of 2013. Management is focusing strongly on profitability recovery. Although the difficulty to collect from customers is still exceptional, losses on trade receivables stood at lower and hardly reducible levels, given the deep and long crisis the construction industry is struggling with. Overall net sales in Italy came in at €294.7 million, down 9.0% vs. €323.8 million in the previous year while Ebitda, remained negative at -€9.0 million vs. -€13.3 million in 2013. To be reminded however that staff costs include non-recurring restructuring expenses for €2.8 million (€1.1 million in 2013) and other income is inclusive of €6.3 million for the gain on the sale of the Cadola (Belluno) cement plant to Wietersdorfer. Net of non-recurring items, Ebitda decreased by €0.2 million. In the period the company realized other operating revenues for €4.6 million from the swap of CO_2 emission rights (€4.5 million from the sale of CO_2 emission rights in 2013).

Central Europe
In Germany, for the first nine-month period, cement volumes sold increased by 6.6% from the same period a year earlier, with stable prices (-0.7%). The pace of our sales deliveries in the second and third quarter was very consistent with the one posted in the previous year. The ready-mix concrete sector recorded a similar output progress (+4.1%), with slightly stronger prices. Overall net sales improved to €466.3 million from €443.8 million in 2013 (+5.1%) and Ebitda decreased to €52.7 million from €59.9 million in the previous year. The 2014 figure includes non-recurring costs relating for €0.5 million to restructuring expenses and for €3.4 million to impairment of financial receivables. Net of non-recurring costs and income, Ebitda decreased by €5.0 million (-8.2%). Among operating costs, fuel decreased (-2.8%) and electric power trend was favorable (-3.4%).

In Luxembourg cement and clinker sales, including internal sales, were virtually unchanged from the previous year as did average unit revenues (-0.3%). Ready-mix concrete output was down 5.4% in a weak price environment. Overall net sales came in at €80.7 million, down 1.0% from €81.5 million in the same period a year earlier. Ebitda decreased to €13.0 million vs. €14.3 million in 2013 (-8.9%). However the 2013 figure included non-recurring income for €2.5 million, hence net of non-recurring items Ebitda increased by €1.2 million (+10.1%). As for production costs, the trend of energy factors was favorable for both electric power (-3.3%) and fuels (-5.0%).

In the Netherlands, volumes sold totaled 0.4 million cubic meters of ready-mix concrete, down 14.1% from the same period a year earlier. Net sales plunged to €42.7 million from €53.1 million in 9M-13. Recurring Ebitda, although negative, was in improvement from -€5.6 million to -€0.7 million thanks to the costs savings and efficiency projects implemented by the management to bring the company back to balance.

Eastern Europe
In the Czech Republic, cement volumes, after the very buoyant start of the year, maintained a good pace of growth, thus posting an increase of 14.7% from the same period a year earlier, with average selling prices in local currency slightly down (-2.4%). The ready-mix concrete sector, which includes also Slovakia operations, despite a weaker third quarter, showed an equally positive trend, with volumes up 6.5% and slightly lower prices (-1.6%). Overall net sales, which were penalized also by a weaker koruna, amounted to €100.1 million, up 4.3% from €95.9 million in the previous year and Ebitda increased by €7.3 million, from €11.9 million to €19.2 million (+61.2%). Net of foreign exchange effect and non-recurring items, net sales and Ebitda would have increased by 10.5% and 76.4%

respectively. Among operating costs in local currency, the price trend was favorable for both fuels (-11.0%) and electric power (-16.5%).

In Poland, after a brilliant start of the year, the introduction of a new price list in April faced difficulty in being applied. Despite the subsequent revision, the influence of that sales action heavily penalized our deliveries. Moreover, the slowdown of cement demand during summer months, made the adjustment path towards customers more complicated. Consequently, cement volumes sold in the nine months posted a 22.2% decline from 9M-13, with prices in local currency slightly higher (+1.3%). Conversely, ready-mix concrete output confirmed a good trend (+9.6%), with marginally weak prices (-2.5%). Net sales, on which foreign exchange fluctuations had little impact, came in at €68.1 million, down 14.2% from €79.3 million in 2013. Recurring Ebitda decreased by 23.1% to €15.5 million vs. €20.1 million in 9M-13. Among operating costs, fuels price decreased by 13.5% and the trend of electric power cost was favorable too (-12.6%).

In Ukraine, in the first nine months, cement volumes sold rose by 6.0% and average prices were higher than in 2013 (+1.7% in local currency). Net sales at €71.9 million were down 23.9% from €94.5 million in 9M-13 while recurring Ebitda stood at €11.8 million vs. €10.5 million in the same period a year earlier. The hryvnia sharp depreciation heavily penalized the translation of the results into euro: at constant exchange rate, net sales variance would have been positive (+8.1%) and recurring Ebitda would have increased by €3.8 million. As for the main operating costs in local currency, the trend was unfavorable for both fuels (+2.9%) and electric power (+12.5%).

In Russia volumes sold in the first nine months, which benefited also from the contribution of the mixing and shipping terminal in Omsk, increased by 2.8% from 9M-13, with prices in local currency higher by 2.8%. Net sales were down 9.2% from €194.0 million to €176.2 million while Ebitda stood at €64.8 million vs. €70.8 million in the previous period (-8.6%). The 2014 figure includes however non-recurring costs of €4.2 million for provisions referring to an intricate lawsuit concerning the sale and subsequent insolvency of the former subsidiary ZAO Akmel. Ruble devaluation negatively impacted the results translation into euro. Net of foreign exchange effect, net sales and Ebitda would have increased by 4.6% and 5.3% respectively. The inflation rate on the two main energy factors, fuels and electric power, was remarkable, at +9.5% and +7.7% respectively. In September an agreement was entered into to acquire from Lafarge a full cycle cement plant, located by the town of Korkino, with a production capacity of 1.1 million ton/year. The integration of Korkino plant with Sukhoy Log factory aims at strengthening our position in the Urals region and achieve interesting synergies. Execution of the contract is progressing as scheduled and will probably occur in the first week of December next.

United States of America
Cement volumes sold in the nine months of the year were up 7.9% from the same period 2013, thanks to Midwestern regions resilience and the always strong stimulus coming from the South-West of the Country. Ready-mix concrete output, mainly located in the Southwestern regions, benefited as well from the buoyant demand (+7.2%.) The trend in average selling prices in local currency continued to be positive for cement (+5.9%) and showed a very neat improvement for ready-mix concrete (+12.2%). Overall net sales totaled €619.0 million vs. €552.6 million and Ebitda increased from €103.4 million to €135.2 million (+30.7%). Dollar weakness, although softening, negatively impacted net sales for €17.8 million and Ebitda for €3.9 million. Our operations' capacity utilization continued to improve, favoring fixed costs absorption. Fuels increased by about 2%, with an indirect impact on logistics too, whereas electric power price fell by around 2.5%.

Mexico (valued by the equity method)
Cement sales trend of the associate Corporación Moctezuma remained favorable also in the third quarter. Average prices in local currency in the first nine months were slightly higher than in the same period a year earlier. The Mexican peso depreciation negatively impacted the translations of the results into euro. With reference to 100% of the associate, net sales stood at €376.8 million (+6.4%) and Ebitda improved to €138.4 million from €124.6 million in 2013. As for the main operating costs in local

currency, the trend was favorable for fuels (-4.5%) while electric power increased (+7.6%). The equity earnings referring to Mexico, included in the line item that encompasses the investments valued by the equity method, amount to €28.0 million (€24.6 million in 2013).

Outlook

In Italy, due to the ongoing recession phase, results will continue to be unsatisfactory, with no significant variances from the 2013 ones.

Central Europe, thanks mostly to the brilliant performance achieved in the first part of 2014, should close the year with operating results in line with those posted in 2013.

In Eastern Europe, we estimate that demand will be rather favorable also in the last quarter, but the sizeable impact of foreign exchange trend will lead to lower operating results in Ukraine and Russia. An unfavorable variance is expected also in Poland while the Czech Republic should confirm the improvement posted in the nine months.

In the United States of America, we expect demand to be robust also in the fourth quarter and hence operating results to confirm a remarkable progress.

Overall, the best assumption that can be set forth at present does not differ from the one already disclosed to the market in the half-yearly financial report and points to a recurring Ebitda for full year 2014 in improvement from the previous financial year and slightly over €400 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 7, 2014

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BUZZI UNICEM SPA

CONSOLIDATED BALANCE SHEET (in thousands of euro)

	30.09.2014	31.12.2013
ASSETS		*restated**
Non-current assets		
Goodwill	504.286	532.752
Other intangible assets	10.655	11.527
Property, plant and equipment	2.842.689	2.796.537
Investment property	23.592	25.207
Investments in associates	384.932	330.229
Available-for-sale financial assets	2.466	2.557
Deferred income tax assets	59.602	44.529
Other non-current assets	41.910	54.737
	3.870.132	**3.798.075**
Current assets		
Inventories	371.460	386.177
Trade receivables	419.097	368.933
Other receivables	88.957	91.528
Available-for-sale financial assets	724	730
Cash and cash equivalents	542.803	527.931
	1.423.041	**1.375.299**
Assets held for sale	6.647	2.113
Total Assets	**5.299.820**	**5.175.487**
EQUITY		
Equity attributable to owners of the company		
Share capital	123.637	123.637
Share premium	458.696	458.696
Other reserves	112.521	41.219
Retained earnings	1.658.152	1.642.079
Treasury shares	(4.768)	(4.768)
	2.348.238	**2.260.863**
Non-controlling interests	34.316	37.875
Total Equity	**2.382.554**	**2.298.738**
LIABILITIES		
Non-current liabilities		
Long-term debt	1.332.625	1.356.016
Derivative financial instruments	32.397	77.118
Employee benefits	422.093	381.784
Provisions for liabilities and charges	87.509	88.179
Deferred income tax liabilities	387.915	355.843
Other non-current liabilities	15.416	13.914
	2.277.955	**2.272.854**
Current liabilities		
Current portion of long-term debt	174.595	196.324
Short-term debt	202	-
Derivative financial instruments	401	677
Trade payables	216.738	217.893
Income tax payables	40.597	8.039
Provisions for liabilities and charges	48.239	45.529
Other payables	157.099	135.433
	637.871	**603.895**
Liabilities held for sale	1.440	-
Total Liabilities	**2.917.266**	**2.876.749**
Total Equity and Liabilities	**5.299.820**	**5.175.487**

CONSOLIDATED INCOME STATEMENT	**3Q 2014**	**3Q 2013**
		*restated**
Net sales	**1.898.703**	**1.894.433**
Changes in inventories of finished goods and work in progress	(22.335)	(38.405)
Other operating income	52.189	49.318
Raw materials, supplies and consumables	(778.466)	(782.624)
Services	(469.911)	(453.543)
Staff costs	(319.070)	(333.777)
Other operating expenses	(58.567)	(62.303)
Operating cash flow (EBITDA)	**302.543**	**273.099**
Depreciation, amortization and impairment charges	(166.472)	(154.858)
Operating profit (EBIT)	**136.071**	**118.241**
Gains on disposal of investments	149	2.640
Finance revenues	70.974	33.460
Finance costs	(121.634)	(115.220)
Equity in earnings of associates	36.209	29.546
Profit before tax	**121.769**	**68.667**
Income tax expense	(66.400)	(40.717)
Profit for the period	**55.369**	**27.950**
Attributable to		
Owners of the company	51.431	21.756
Non-controlling interests	3.938	6.194

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit for the period	**55.369**	**27.950**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on post-employment benefits	(35.928)	37.266
Income tax relating to items that will not be reclassified	10.800	(13.898)
Total items that will not be reclassified to profit or loss	**(25.128)**	**23.368**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	63.193	(82.164)
Income taxes relating to items that may be reclassified	6.008	1.023
Total items that may be reclassified subsequently to profit or loss	**69.201**	**(81.141)**
Other comprehensive income for the year, net of tax	**44.073**	**(57.773)**
Total comprehensive income for the period	**99.442**	**(29.823)**
Attributable to		
Owners of the company	98.472	(33.830)
Non-controlling interests	970	4.007

* restated data following adoption of IFRS 11 Joint arrangements