Buzzi Unicem

PRESS RELEASE

Interim results at June 30, 2015

- **Cement and clinker sales slightly improving in the second quarter and above the first six month of the previous year (+1.6%). Italian market unchanged, downward trend in Central Europe, gradual recovery in the Czech Republic and Poland**
- **Still favorable trading in the United States, despite rainfalls much higher than the average. Market contraction in Ukraine and deterioration in Russia, offset by the change in scope**
- **Overall favorable price effect in local currency, especially in the United States. Benefits for industrial costs due to a widespread decline of the main variable items (fuels, electric power)**
- **Net sales at €1,238 million (2014: €1,181 million); Ebitda at €167 million (2014: €139 million). Currency collapse in Ukraine and Russia, more than offset by the dollar appreciation**
- **Second half year expected with higher Ebit than in 2014. Outlook for the full year 2015: improvement of recurring Ebitda over the previous year and around €450 million in absolute value**

Consolidated data		**Jan-Jun 15**	**Jan-Jun 14**	**% 15/14**
Cement sales	m ton	11.8	11.7	+1.6
Ready-mix sales	m m3	5.6	5.8	-3.8
Net sales	€m	1,238.2	1,180.7	+4.9
Ebitda	€m	166.6	138.5	+20.3
Net profit (loss)	€m	36.4	(20.8)	n.s.
Consolidated net profit (loss)	€m	34.9	(22.6)	n.s.
		Jun 15	**Dec 14**	**change**
Net debt	€m	1,119.7	1,062.7	56.9

The Board of Directors of Buzzi Unicem SpA met on August 4, 2015 to examine the interim financial report as at 30 June 2015.

Global economic activity continues in its recovery phase, however not free from some slowdowns, which have a temporary nature in the advanced countries and are instead more persistent in the emerging markets, thus foreseeing for the current year a marginal weakening of international growth. In mature countries, during the second quarter, economic activity strengthened again, particularly in the United States, where employment growth continued at a sustained rate and the unemployment rate stood at pre-crisis levels. In the emerging countries growth remains strong in India, is still weaker in China and in Brazil the contraction increased, while in Russia the GDP reduction is weakening. In the Eurozone the pace of growth in the first quarter of 2015, consistent with respect to the previous quarter, was supported by the spending of households and businesses; France was recovering, Italy improving while Germany slowing down. In the second quarter growth turned out to be more uniform, with favorable prospects in Germany, confirming the recovery consolidation and the widespread expectations of a turning point in the economic situation. At the beginning of the year international trade contracted, while later consistent signs of return to growth came to light as well as rather expansive and optimistic expectations for the year. Consumer price index remains subdued, reflecting the trend in prices of raw materials; it increased everywhere in emerging countries, except from Russia, where it fell in June to 15.3% from the peak of 16.9% reached in March. The oversupply of crude oil, revised upwards following the removal of the embargo against Iran, should continue to maintain low oil prices for an prolonged time. The difficult negotiations and the extended period of uncertainty on the outcome of talks between Greece and international creditors led to increased market volatility; the consequences were on the whole limited and temporary. In the second quarter of 2015 the euro recovered only a small part of the sharp depreciation of the previous months. The growth prospects of global economy are still influenced by tensions that could result from rising interest rates in the United States expected at the end of the year, by the possible consequences caused by the instability of the stock market on economic activity in China, by the progression of the crisis in Greece and by the trend in oil prices.

Net sales for the six months were up 4.9% to €1,238.2 million from €1,180.7 million in 2014, while Ebitda grew by 20.3%, from €138.5 to €166.6 million. Price effect in local currency was favorable in the United States and Ukraine, neutral in Germany and Russia, while unit revenues suffered a decrease in Poland and Italy; marginal declines were found in the Czech Republic and Luxembourg. The volume effect was basically unfavorable, due to the slowdown of Central Europe and of the ready-mix concrete in the United States. The currency trend, characterized by the strengthening of the dollar and by the ruble and hryvnia depreciation, had a significant impact, resulting in a favorable net variance of €43.7 million on sales and €10.5 million on Ebitda. As of 1 December 2014 the Korkino cement plant (Russia) entered the consolidation scope of the group.

Operating and financial results

Cement sales of the group in the first half of 2015 increased by 1.6% compared to the same period of 2014, standing at 11.8 million tons. The unfavorable variances recorded in Luxembourg, Germany and Ukraine were offset by the progress achieved in the other markets. Ready-mixed concrete output amounted to 5.6 million cubic meters, down 3.8% from the previous year.

The consolidated Ebitda was up €166.6 million, compared with €138.5 million in 2014 (+20.3%). The figure for the first half-year benefited from net non-recurring income of €1.5 million (in the same period of 2014 non-recurring costs for €7.0 million were recorded); net of those amounts Ebitda for the first half of 2015 would have increased by €19.7 million (+13.6%). Exchange rates variances had a net positive impact thanks to the strengthening of the US dollar, partly offset by the loss in value of the Russian ruble and the Ukrainian hryvnia. Like for like Ebitda for the first half of 2015 would have increased by 12.7%. Ebitda to sales margin in the first six months improved by approximately 100 basis points, with the help of the United States, the Czech Republic and Poland, while margins weakened above all in Central Europe, Russia and Ukraine; unfortunately in Italy the operating loss increased.

After amortization and depreciation for €96.5 million (€124.4 million in the first half of 2014 including €30.9 million referring to goodwill of the CGU Ukraine), Ebit amounted to €70.1 million (€14.1 million in June 2014). Profit before tax was positive for €54.1 million (negative for €11.1 million in 2014), after net finance costs for €51.8 million (€47.0 million in 2014), a contribution of €30.2 million from equity earnings (€21.8 million in 2014) and gains on sale of investments for €5.7 million. The income statement of the period closed with a net profit of €36.4 million, compared to a net loss of €20.8 million in the first half of 2014; net profit attributable to the owners of the company increased from a loss of €22.6 million in 2014 to a profit of €34.9 million during this period.

Cash flow for the half year stood at €132.9 million, compared to €103.6 million in the same period of 2014. Net debt as at 30 June 2015 amounts to €1,119.7 million, up €56.9 million compared to €1,062.7 million at 31 December 2014. In the six months under review, the group distributed dividends for €11.3 million, of which €10.3 million from the parent company, and realized total capital expenditures for €152.9 million. Investments in property, plant and equipment referring to expansion or special projects totaled €82.4 million, all related to the erection of the new production line in Maryneal (TX). No sizeable equity investments were made.

Italy

Our hydraulic binders and clinker volumes, exports included, in the first six months confirmed the figures in the same period of the previous year (+0.5%). A decline in shipments in the domestic market, also related to the reduction in the scope of activities concerning the North East area, was partially offset by increases in export volumes and clinker. Sales prices showed an average total decrease by 9.1%, mainly due to more intense competitive pressure on the domestic market. In the ready-mix concrete sector sales were up 5.3%, with prices substantially stable (-1.1%). In line with this trend in volumes and prices, net sales in Italy came in at €188.8 million, down 2.5% (€193.6 million in 2014). Since the beginning of the year energy factors showed an increase in electric power costs, offset by a favorable trend in fuels. In the ready-mix concrete sector some serious situations of insolvency occurred again and unexpectedly, which led to losses on trade receivables equal to €4.0 million (compared with €1.6 million in 2014). At the end of June, Ebitda ended in a loss of -€15.1 million (from -€9.7 in 2014). However it must be pointed out that the figure of 2015 includes on the one hand a non-recurring income for €5.6 million referred to the partial release of provisions for antitrust risks (outcome of the litigation in the ready-mix concrete sector for events occurred in the nineties in the province of Milan) and on the other hand non-recurring costs for dismantling and transportation of equipment for €1.8 million, restructuring expenses for €0.4 million and provisions for legal claims for €0.3 million. Net of non-recurring items, Ebitda decreased by €10.8 million. Moreover last year the company realized other operating revenues for €4.2 million from the swap of CO_2 emission rights.

Central Europe

In **Germany** in the first six months of the year our cement volumes sold decreased by 5.1% from the same period last year, when rather favorable weather conditions had boosted the construction activity. The weaker oil-well cement demand contributed to the decline in deliveries. Sales prices were almost unchanged (+0.2%). The ready-mix concrete sector recorded a higher decrease in output (-10.9%), with prices down (-1.1%). Overall net sales came in at €269.4 million (€296.4 in 2014), down 9.1%, and Ebitda increased from €23.5 million to €24.1 million (+2.7%). However it must be pointed out that in June 2014 non-recurring costs for €4.6 million had been registered. Net of non-recurring items, Ebitda decreased by €4.0 million (-14.1%). Among operating costs the trend was favorable for both fuels (-8.2%) and electric power (-18.6%). In the period the company incurred other operating costs for €1.6 million from the purchase of CO_2 emission rights (nil in 2014).

In **Luxembourg** the good results achieved in the first half of 2014, thanks above all to the mild weather, made the comparison with shipments of this year challenging; volumes also suffered a slowdown in exports towards the neighboring countries. In such a context our cement and clinker sales, inclusive of internal sales and export volumes, were down 6.3%, with average unit revenues down from the previous year (-1.6%). The ready-mix concrete sector showed a strong increase in production (+20.7%) in a scenario of weaker prices. Net sales amounted to

€51.7 million, 6.7% lower from the previous year (€55.4 million). Ebitda came in at €5.9 million (€7.8 million in 2014). As for the main operating costs, the trend was favorable for both electric power (-12.8%) and fuels (-9.3%). In the period the company realized other operating revenues for €0.4 million from the purchase or swap of CO_2 emission rights, deemed in excess compared to production volumes (nil in 2014).

In the **Netherlands** our ready-mix concrete sales totaled 0.34 million cubic meters, up from the previous year (0.29 million cubic meters), with prices tending to decline (-2.5%). Net sales amounted to €31.8 million (€28.8 million in 2014). Ebitda closed the period gradually improving at -€0.2 million (-€0.6 million in 2014).

Eastern Europe

In the **Czech Republic** and **Slovakia** cement sales in the first six months of the year confirmed the good levels achieved in the same period of 2014 (+0.8%), with average sales prices in local currency slightly down (-1.4%). The ready mix concrete sector, which includes also Slovakia operations, showed a not completely consistent trend, with lower volumes (-2.0%) but with prices recovering (+4.1%). Overall net sales, which was only marginally penalized by the exchange rate effect, decreased from €61.4 million to €60.1 million (-2.0%), and Ebitda increased by €3.3 million, from €9.1 million in 2014 to €12.4 million in the period under review. Among operating costs in local currency, the price trend was favorable for both fuels (-3.9%) and electric power (-6.4%). In the period the company realized other operating revenues for €0.6 million from the purchase or swap of CO_2 emission rights, deemed in excess compared to production volumes (nil in 2014).

In **Poland** our commercial activity in the first half of the year showed a steady trend, in tune with the potential and the historical position of the company rather than with the figures of last year, penalized in spring and summer by the difficulty of implementing a new price list. Cement volumes sold by our plant reported a 22.3% increase. Ready-mixed concrete output confirmed the good figures of the previous year (-0.8%). The average prices level in local currency was lower for cement (-12.6%), and rather stable for ready-mix concrete (+0.9%). These market dynamics led to a turnover of €48,2 million, versus €43.6 million in 2014 (+10.4%). Ebitda increased from €8.4 million to €10.0 million (+19.3%). The moderate appreciation of the zloty resulted in a minor exchange rate effect: like-for-like net sales would have increased by 9.5% and Ebitda by 18.3%. Among operating costs, electric power increased (+6.4%) while fuel showed a favorable trend (-9.2%). In the period the company realized other operating revenues for €0.8 million from the purchase or swap of CO_2 emission rights, deemed in excess compared to production volumes (nil in 2014).

In **Ukraine** our operations, in the circumstances, showed a rather regular trend, more positive in the first quarter than in the second. In the first six months cement sales volumes were down 4.4%, with average prices in local currency pushed upwards by the high inflation rate (+19.1%). Net sales decreased from €43.3 million in 2014 to €29.2 million in the period under review (-32.5%) and also Ebitda from €5.4 million to €1.5 million. The dramatic depreciation of the local currency (-66.5%) had a very negative impact on the translation of results into euro: at constant exchange rates net sales would have indeed increased (+12.3%) while Ebitda would have been down €2.9 million. Among the main operating costs in local currency, the price trend recorded a hike both for fuels (+54.8%) and electric power (+41.8%).

In **Russia** at the end of June sales volumes, which benefited from Korkino cement plant entering the scope of consolidation, were up 10.6% compared to 2014. Like for like they would have been down 13.7%. The category of oil well cements, used in the extraction industry, continued to show a good performance. Prices in local currency did not change (-0.3%); it should be reminded, though, that the average price of the products delivered by the Korkino cement plant is lower range compared to the mix of Suchoi Log plant. Net sales stood at €83.4 million versus €102.6 million in 2014 (-18.7%), while Ebitda came in at €23.2 million versus €35.4 million in 2014, down 34.4%. The figure achieved in the first half period includes €0.5 million non-recurring costs. The strong devaluation of the ruble (-34.7%) had an unfavorable impact on the translation of results into euro; net of foreign exchange effect and at constant scope net sales and recurring Ebitda would have decreased by respectively 4.8% and 10.1%. Among operating costs in local currency, the price trend was stable for fuels (-1.5%) and favorable for electric power (-5.8%).

United States of America

The exceptionally wet weather from March to May, especially in the South Western regions, seriously hampered the business and distribution activity. Sales volumes closed the period with a 2.8% growth, thanks to the good performance in the Midwestern regions and despite a significant contraction in deliveries of oil well cements. Ready-mix concrete output, mainly present in Texas, declined (-6.9%) compared to the previous year. Cement prices in local currency rose by 8.5% and ready-mix concrete prices showed a very positive trend (+12.0%). Net sales amounted to $551.2 million, up 9.0% from $505.6 million in the first half 2014. Ebitda stood at $117.0 million (+43.9% from $81.3 million last year). The exchange rate effect led to very favorable figures, so that in euros net sales revenue increased from €368.9 million to €494.0 million (+33.9%) and Ebitda from €59.3 million to €104.8 million (+76.8%). This intermediate result includes €1.1 million non-recurring costs. The cost of energy factors had a favorable development as regards fuels (-12%) and was almost stable for electric power. The works for the upgrade and expansion of the plant in Maryneal, Texas, are progressing as scheduled, with completion expected in early 2016.

Mexico (valued by the equity method)

Cement sales trend continued to be promising and higher than expected also in the second quarter, after the positive start to the year, with average prices in local currency increasing compared to the same period of 2014. Ready-mix concrete sales maintained a consistent development, thanks to different construction projects focused on the capital city. Net sales and Ebitda in local currency increased by 23.7% and 34.2% respectively. The strengthening of the Mexican peso favored the translation of results into euro; with reference to 100% of the associate, net sales stood at €320,7 million (+31.7%) and Ebitda increased from €91.9 million to €131.4 million (+42.9%). Among the main operating costs in local currency both fuels and electric power had a favorable trend. The equity earnings referring to Mexico, included in the line item that encompasses the investments valued by the equity method, amount to €27.4 million (€18.7 million in 2014).

Outlook

The first half of 2015 featured very satisfactory results in the United States, amplified by the dollar strengthening, which were able to offset the persistent weakness of Italy and the expected slowdown occurred in Russia and Ukraine, also as a consequence of the particularly negative currency effect. In those markets where the volume and price trend was less dynamic, Ebitda to sales margin was driven by stable or decreasing energy and commodity costs, as well as by the projects for the continuous improvement of capacity utilization, work productivity and efficiency of the organizational structure in general. In the rest of the year the development of the major operating variables (demand, prices, costs) will continue to be rather different in the various markets of presence.

In Italy demand is gradually stabilizing, prices are recovering from the low point, but we believe that these conditions are not sufficient to improve the operating loss compared to 2014.

Assuming that the precipitation will return to normal, in the second half of the year the United States should benefit from an acceleration in demand; therefore, we can confirm the outlook of a significant improvement of the results even at year end.

Central Europe suffered from the comparison with the brilliant first half of 2014 but is still

showing a slower trend than initially expected, which should lead to results in line with the previous year.
The market evolution in Poland and the Czech Republic should develop quite favorably, as occurred in the first six months.
In Ukraine the political and economic difficulties persist, but we believe that our business operations will continue in the second half of the year on a regular basis and with an outcome similar to the first half as regards economic results.
Finally, in Russia, the demand in the Urals is suffering more than other parts of the country, nevertheless the new contribution of the Korkino plant proved to be strategic, harbinger of interesting synergies and significant in mitigating the slowdown of the results associated with temporary economic difficulties.
Based on the above considerations we believe that, for the group as a whole, also the next six months will post an operating profitability higher than the previous year's one. Consequently, for the full financial year 2015, we expect to report an improvement of recurring Ebitda over the previous year and around €450 million in absolute value.

Senior Notes and Bonds maturing
In the period from January 1 to June 30, 2015, no new bonds were issued.

In the 18 months subsequent to 30 June 2015, the following repayments of bond principals shall be effected:

- on 12 September 2015, $80.0 million referred to the Senior Notes Series A and B issued by the subsidiary RC Lonestar Inc. in 2003;
- on 1 April 2016, $86.6 million referred to the Senior Notes Series A and B issued by the subsidiary RC Lonestar Inc. in 2010;
- on 9 December 2016, €350.0 million referred to the Eurobond "Buzzi Unicem €350.000.000 5,125% Notes due 2016" issued by the parent company Buzzi Unicem SpA in 2009.

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, August 4, 2015

Company contacts:
Investor Relations Assistant
Ileana Colla
Phone. +39 0142 416 404
Email: icolla@buzziunicem.it
Internet: www.buzziunicem.it

Buzzi Unicem H1-15 results will be illustrated during a **conference call** to be held tomorrow, Wednesday August 5, at 9:30 pm CEST. To join the conference, dial +39 02 802 0911.

BUZZI UNICEM SPA

CONSOLIDATED BALANCE SHEET (in thousands of euro)

	30.06.2015	31.12.2014
ASSETS		
Non-current assets		
Goodwill	584.057	571.213
Other intangible assets	9.954	10.326
Property, plant and equipment	3.039.871	2.835.410
Investment property	23.633	23.822
Investments in associates and joint ventures	379.879	371.914
Available-for-sale financial assets	2.452	2.377
Deferred income tax assets	60.685	61.470
Other non-current assets	41.564	44.561
	4.156.892	**3.925.297**
Current assets		
Inventories	387.648	377.003
Trade receivables	434.185	360.499
Other receivables	94.897	87.982
Available-for-sale financial assets	2.932	3.595
Cash and cash equivalents	391.391	412.590
	1.311.053	**1.241.669**
Assets held for sale	4.003	2.636
Total Assets	**5.471.948**	**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	200.858	46.465
Retained earnings	1.749.474	1.711.064
Treasury shares	(4.768)	(4.768)
	2.527.897	**2.335.094**
Non-controlling interests	30.701	27.038
Total Equity	**2.558.598**	**2.362.132**
LIABILITIES		
Non-current liabilities		
Long-term debt	1.286.108	1.304.359
Derivative financial instruments	25.247	18.588
Employee benefits	432.794	441.569
Provisions for liabilities and charges	84.403	86.959
Deferred income tax liabilities	433.467	402.882
Other non-current liabilities	18.153	19.137
	2.280.172	**2.273.494**
Current liabilities		
Current portion of long-term debt	194.791	158.156
Short-term debt	2.357	-
Derivative financial instruments	1.558	2.687
Trade payables	250.854	226.399
Income tax payables	11.973	8.240
Provisions for liabilities and charges	20.732	17.266
Other payables	150.111	120.018
	632.376	**532.766**
Liabilities held for sale	802	**1.210**
Total Liabilities	**2.913.350**	**2.807.470**
Total Equity and Liabilities	**5.471.948**	**5.169.602**

CONSOLIDATED INCOME STATEMENT	**1H 2015**	**1H 2014**
Net sales	**1.238.174**	**1.180.721**
Changes in inventories of finished goods and work in progress	(5.157)	(9.474)
Other operating income	33.934	29.098
Raw materials, supplies and consumables	(516.245)	(504.639)
Services	(320.150)	(305.887)
Staff costs	(225.513)	(212.343)
Other operating expenses	(38.405)	(38.990)
Operating cash flow (EBITDA)	**166.638**	**138.486**
Depreciation, amortization and impairment charges	(96.520)	(124.379)
Operating profit (EBIT)	**70.118**	**14.107**
Equity in earnings of associates and joint ventures	30.166	21.793
Gains on disposal of investments	5.705	27
Finance revenues	35.182	18.836
Finance costs	(87.031)	(65.863)
Profit (loss) before tax	**54.140**	**(11.100)**
Income tax expense	(17.731)	(9.714)
Profit (loss) for the period	**36.409**	**(20.814)**
Attributable to		
Owners of the company	34.876	(22.629)
Non-controlling interests	1.533	1.815

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit (loss) for the period	**36.409**	**(20.814)**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on post-employment benefits	16.114	(28.167)
Income tax relating to items that will not be reclassified	(5.119)	8.794
Total items that will not be reclassified to profit or loss	**10.995**	**(19.373)**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	163.751	(32.864)
Income tax relating to items that may be reclassified	-	1.562
Total items that may be reclassified subsequently to profit or loss	**163.751**	**(31.302)**
Other comprehensive income for the period, net of tax	**174.746**	**(50.675)**
Total comprehensive income for the period	**211.155**	**(71.489)**
Attributable to		
Owners of the company	206.423	(72.515)
Non-controlling interests	4.732	1.026

Figures as at June 30, 2015 have been approved by the Board of Directors and are being revised by Auditing firm