# Half-Yearly financial report as at June 30, 2016

Buzzi Unicem S.p.A.

Registered office in Casale Monferrato (AL) - Via Luigi Buzzi 6

Share capital €123,636,658.80

Company Register of Alessandria no. 00930290044

CONTENTS

## INTERIM MANAGEMENT REPORT

World economic activity was characterized by a low profile, showing similar levels to 2015, with a moderate recovery in the mature economies and a still weak economic situation in emerging countries. International trade stagnated at the beginning of the year and continued with the same trend in the second quarter, thus anticipating for the full year a declining dynamics in comparison with the previous period.
In the United States, after a slowdown at the beginning of the year as a result of the deceleration of consumption and the decline in productive investments, an upturn in growth is signaled, characterized by the expansion of the manufacturing sector, the favorable trend in consumption in the spring months and an acceleration of the employment rate. In the Eurozone, domestic demand remained the main driver of the recovery that has continued at a moderate pace even during the spring, thanks to stronger household spending and the further increase in investment, while foreign trade slowed down for the third consecutive quarter, with imports growing markedly and exports down, specifically towards the countries outside the area. In Germany, economic activity, which grew at the highest rate of the last two years, was supported by investment spending. In France, likewise, it was boosted both by the recovery in consumption and by the further acceleration in investments. In Italy the GDP strengthening benefited more moderately from the expansion of consumption and even less so from the investment recovery, which covered all the main sectors except construction, which returned to decline after two consecutive quarters of expansion. In emerging economies, growth remained high in India; China's stimulus measures taken by the government and the Central Bank countered the slowdown in economic activity, while the recession continued in Brazil and attenuated in Russia, favored by the increase in crude oil production.
Oil prices recovered from the lows reached earlier this year, thanks to drop in supply from the United States and the temporary interruption of production in major exporting countries, but the trend in futures contracts outlines a modest increase in the rest of 2016 and for next year. In advanced economies, inflation continues to fare well below targets, remains low in China (1.9% in June), in line with expectations in India (5.8%) and at high levels in Brazil (8.8%) and Russia (7.5%).
The outcome of the referendum on Brexit, which will strongly impact on the relationship between the United Kingdom and the European Union, created a situation which has never been experienced before in the Union history and which triggered intense turbulence in the financial markets. Moreover, although its consequences are difficult to assess, it increased the threats on growth prospects and fueled the risk aversion by investors. In the context of intensified uncertainty and less favorable developments, the ECB confirmed its intention to keep official interest rates at current or lower levels and is ready to intervene with all the tools available to ensure financial stability. The Bank of England prefigured a monetary slackening and the Federal Reserve a more gradual normalization. Also in the major emerging markets, the monetary policy tendency remained mostly accommodating.

In this context, the overall cement and ready-mix concrete volumes sold by the group, after the positive start to the year favored in a crucial way by the good trend in the United States, continued the positive trend also in the second quarter. In summary we noticed: strengthened sales recovery in Central Europe, positive changes in the Eastern European markets, stability in the United States and, conversely, slowdown in Italy, where demand was below the expectations. Net revenues for the six months were up 1.9% to €1,261.3 million from €1,238.2 million in 2015, while Ebitda grew by 33.5%, from €166.6 to €222.5 million. The price effect in local currency was favorable in the United States and, encouraged by inflation, in Ukraine; it was basically neutral in the Czech Republic, Russia and Italy, while net unit revenues were still weak in Poland; modest negative changes occurred in Luxembourg and Germany. The volume effect, with the exception of Russia and Italy, was favorable in all markets of presence and more lively in the United States and Central Europe. The currency trend, which was characterized by further depreciations of the ruble and the hryvnia and by the stability of the dollar, had a negative net effect of €21.9 million on net sales and of €4.9 million on Ebitda. Like for like net sales would have increased by 4.0% and Ebitda by 36.4%. After amortization and depreciation of €93.5 million (€96.5 million in the previous year), Ebit was €129.0 million (+€58.9 million over 2015) and the six months period closed with a net profit of €91.5 million, compared to €36.4 million in the same period of 2015.

**Operating and financial results**

Cement sales of the group in the first six months of 2016 registered a 2.7% increase compared to the same period of 2015, reaching 12.2 million tons. Changes were favorable in all markets of presence, except for Italy and Russia, which achieved a moderate decline. Ready-mix concrete output confirmed the volume of 5.6 million cubic meters, slightly down (-0.6%) compared to the previous year. In this sector the decline in sales mainly involved the United States and the Czech Republic. Benelux and Italy recorded production results in line with the previous period, while positive changes were registered in Germany and Poland.

Net sales in Italy stood at €187.7 million (-0.6%), due to a progressive slowdown in cement volumes in the second quarter. In the United States, after the brilliant start to the year, a second quarter in line with the same period last year and the favorable trend in prices allowed to achieve a net sales figure of €530.2 million (+7.3%). In Central Europe net sales, which were recovering in the second quarter, closed at €346.9 million (+1.5%). The negative exchange rate effect in Russia and Ukraine (-€20.2 million) was the main cause of the reduction in the net sales of Eastern Europe (-€17.7 million), standing at €201.9 million (-8.0%). The consolidated Ebitda was €222.5 million, up from €166.6 million in 2015 (+33.5%). The figure for the first half year benefited from non-recurring income of €3.2 million (€1.5 million in the same period of 2015); net of these amounts, Ebitda in the first half of 2016 would have increased by €54.1 million (+32.8%). Changes in exchange rates had a negative net impact because of the depreciation of the Russian ruble and the Ukrainian hryvnia. Like for like Ebitda for the first half of 2016 would have increased by 36.4%. The recurring Ebitda to sales margin in the first six months improved by approximately 400 basis points, with favorable changes in all markets of presence except Russia and with Italy reducing its operating loss. Production costs benefited from a generally favorable trend in the main variable expenses (fuels, electric power) and from the efforts aimed at a continuous improvement.

After amortization and depreciation of €93.5 million (€96.5 in the first half of 2015), Ebit amounted to €129.0 million (€70.1 million in June 2015). Profit before tax stood at €129.2 million (€54.1 million in 2015), after net financial costs of €36.4 million (€51.8 million in 2015), a contribution of €36.4 million from equity earnings (€30.2 million in 2015) and gains on sale of investments of €0.2 million (€5.7 million in 2015). The income statement of the period closed with a net profit of €91.5 million, compared to €36.4 million in the first half of 2015; net profit attributable to the owners of the company increased from €34.9 million in 2015 to €90.3 million during this period.

Cash flow for the half year stood at €185.0 million, compared to €132.9 million in the same period of 2015. Net debt as at 30 June 2016 amounts to €1,064.6 million, up €34.8 million compared to €1,029.7 million at 31 December 2015. In the six months under review, the group distributed dividends of €16.2 million, of which €15.4 million from the parent company. In addition it realized total capital expenditures of €127.0 million. Investments in property, plant and equipment referring to expansion or special projects totaled €51.6 million, almost entirely related to the completion of the new kiln line in Maryneal (TX). No sizeable equity investments were made. The assets and liabilities forming the net financial position, subdivided by their degree of liquidity, are reported in the following table:

| (millions of euro) | 30.06.2016 | 31.12.2015 |
|---|---|---|
| Cash and short-term financial assets: | | |
| - Cash and cash equivalents | 847.3 | 503.5 |
| - Derivative financial instruments | 9.3 | 7.7 |
| - Other current financial receivables | 7.0 | 7.2 |
| Short-term financial liabilities: | | |
| - Current portion of long-term debt | (443.4) | (527.7) |
| - Short-term debts | (1.2) | (2.0) |
| - Other current financial liabilities | (33.9) | (12.7) |
| **Net short-term cash** | **385.1** | **(24.0)** |
| Long-term financial liabilities: | | |
| - Long-term debts | (1,418.0) | (970.5) |
| - Derivative financial instruments | (40.1) | (47.7) |
| - Other non-current financial liabilities | (4.0) | (3.8) |
| **Net financial position from continuative activities** | **(1,077.0)** | **(1,046.1)** |
| Long-term financial assets: | | |
| - Derivative financial instruments | - | 4.1 |
| - Other non-current financial receivables | 12.5 | 12.2 |
| **Net debt** | **(1,064.6)** | **(1,029.7)** |

Shareholders' equity as at 30 June 2016, including non-controlling interests, amounted to €2,589.8 million vs. €2,579.4 million as at 31 December 2015. The debt/equity ratio was consequently 0.41 (0.40 at the end of 2015).

**Italy**

Economic activity continued to show a moderate growth, after a slight acceleration at the start to the year, driven by domestic demand and, to a lesser extent, by investments. The strengthening of GDP, which has been increasing for five consecutive quarters, was held back by foreign trade, in which the decline in exports was more pronounced than the one in imports. Nevertheless GDP still remains placed 8.5 percentage points below the cyclical peak reached in early 2008. The recovery in household consumption, which started in the summer of 2013, driven by both the goods and the services component, reflects the support from the stronger increase in the available income and the improvement of labor market conditions. The increase in investments, which reached the highest levels of the last two years, concerned all the major segments, except for the construction spending, which returned to decline after two consecutive quarters of growth, despite the still favorable signs in the real estate sector. In June, for the fifth consecutive month, inflation was negative. Bank credit to the private non-financial sector is growing at a moderate pace, but the level of deteriorated credits which were inherited from the recession is still high, although the credit quality continues to benefit from the gradual cyclical recovery. The most recent estimates, which were revised downwards, foresee a GDP growth at just under 1% in 2016.

The construction sector which, after nine consecutive years of decline in investments, seemed to start a turnaround, recorded instead a disappointing performance in the first half of 2016. The National Association of Building Contractors has recently revised downwards the growth estimate, now showing only a little positive sign for the full year (+0.3%), mainly due to the breakdown in public works for difficulties in the application resulting from the entry into force of the new

procurement code which took place in April. Contractions in the new residential building (-3.4%), stability in the non-residential private building (+0.2%) and steadiness only in the renovation of residential housing (+1.9%) were confirmed. As for cement consumption, the most recent estimates presented by the industry association (Aitec), in the light of the developments resulting from the procurement code reform, which is braking the opening of new worksites, expect a decrease in consumption for 2016.
Our cement and clinker sales, due to a decrease in shipments during the spring months on both the domestic market and exports, closed the first six months down from the same period last year (-3.1%), with sales prices that did not show any significant changes from the levels achieved in the first half of 2015. In the ready-mix concrete sector sales were similar to last year's volumes, with prices slightly up. In line with this trading conditions, net sales in Italy stood at €187.7 million, down 0.6% (€188.8 million in 2015). In the ready-mix concrete sector the provision for bad debts, which had led to significant losses in 2015, returned to more sustainable levels. Ebitda at the end of June came in at a loss of -€9.3 million (compared to -€15.1 million in 2015). However it must be pointed out that the 2016 figure includes, among staff costs, non-recurring restructuring expenses of €0.2 million and that the 2015 result included a non-recurring income of €3.0 million. Net of non-recurring items, Ebitda improved by €9.0 million; however, in favor of this result the dynamic of inventory changes, due to the planning and rates of production and sales, had a determining impact.

| (millions of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| Net sales | 187.7 | 188.8 |
| Ebitda reported | -9.3 | -15.1 |
| EBITDA recurring | -9.3 | -18.1 |
| *% of net sales* | *-4.9* | *-9.6* |
| Capital expenditures | 14.5 | 8.5 |
| Headcount end of period n. | 1,430 | 1,462 |

**Germany**
The economy of the country, after an initial acceleration, returned to a more linear pace of expansion. The main growth stimulus, which showed the highest rate in the last two years, is due to domestic consumption and particularly to the recovery of investments, while net exports, down from the second half of last year, maintained a weak profile, especially towards non-EU countries. The progressive strengthening of the employment rate and of the disposable income, along with the increased public spending for a large number of asylum seekers, in a context still characterized by the reduction in fuel costs and by low interest rates, supported demand. GDP growth for the current year is estimated at +1.6%, in line with that achieved in the previous year. Estimates of investment in the construction industry for 2016 indicate a positive trend (+1.8%), particularly in the residential sector, supported additionally by the demand due to the high net migration rate. After a start to the year virtually in line with the levels achieved in the same period of 2015, in the second quarter shipments showed a more lively performance and, despite the continuous weakness of the demand for oil well cements, in the first six months our activities in the cement sector recorded sales up 3.2% on the same period last year, with slightly deteriorated prices (-3.0%). The ready-mix concrete sector registered a more marked recovery in output (+5.3%), with prices also down. Overall net sales amounted to €271.2 million (€269.4 million in 2015), up 0.7% and Ebitda stood at €29.7 million compared with €24.1 million (+23.5%). In the period the company incurred other operating costs for €0.1 million referred to $CO_2$ emission rights purchased internally from other companies of the group (€1.6 million in 2015).

| (millions of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| Net sales | 271.2 | 269.4 |
| Ebitda reported | 29.7 | 24.1 |
| % of net sales | *11.0* | *8.9* |
| Capital expenditures | 17.6 | 16.3 |
| Headcount end of period n. | 1,712 | 1,734 |

**Luxembourg and the Netherlands**

In Luxembourg, also for the current year, the GDP growth dynamics, estimated at +3.3%, is expected to be among the best ones in Europe, as was the case in the last three years. The excellent growth is still supported by the industry of international financial services, which enables a very favorable balance of net exports, by the increasing domestic demand, driven by employment rate growth, by the developing disposable income, in a context of low inflation and a cost of money at lowest levels, as well as by the good performance of investments, both private and public, in particular in the construction industry.

In the Netherlands the gradual economic recovery that began in 2014 is continuing regularly, driven by the increasing domestic demand, thanks to the good employment trend and to the strong improvements in the disposable income (which benefited among other things from a more favorable taxation) and by the investment recovery, markedly up from the very low levels of the previous years, particularly in the residential sector.

Our cement deliveries maintained a favorable trend during the spring months, with average unit revenues decreasing compared to the previous year (-3.2%). The ready-mix concrete sector confirmed the output levels of 2015, associated with somehow weaker prices. Net sales amounted to €87.8 million, up 5.2% from the previous year (€83.5 million). Ebitda increased from €5.7 million in 2015 to €13.5 million. The 2016 figure includes non-recurring income of €3.4 million resulting from gains on the disposal of fixed assets.

| (millions of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| Net sales | 87.8 | 83.5 |
| Ebitda reported | 13.5 | 5.7 |
| % of net sales | 15.3 | 6.9 |
| Capital expenditures | 6.0 | 3.6 |
| Headcount end of period n. | 353 | 361 |

**Czech Republic and Slovakia**

After the particularly strong growth of the previous year, affected by an exceptional development of public investments, which was possible thanks to the support of the European funds for infrastructure development and convergence, in the current year the economic situation is expected to continue its favorable trend, but to a more sustainable growth rate (+2.1% for the whole 2016). Growth in domestic demand continues to strengthen recovery, thanks to the good employment trend, low unemployment rate (estimated at 4.5%), increasing real wages and lower inflation. Net exports, thanks to the lower intensity of imports, should contribute positively to the GDP growth. Despite the possible decline in public spending on infrastructure, the overall level of investments is expected to grow (+2.9%) mainly due to the good performance of the private ones.

Cement sales in the first six months of the year confirmed the good levels achieved in the same period of 2015 (+0.7%), with average prices in local currency virtually unchanged. The ready-mix concrete sector, which also includes Slovak operations, showed instead lower production levels (-7.2%) but with recovering prices (+5.8%). Overall net sales, only moderately influenced by the exchange rate effect, increased from €60.1 million to €60.6 million (+0.7%), and Ebitda increased by €0.5 million, from €12.4 million in 2015 to €12.8 million in the current interim period. In the semester the company realized other operating revenues for €0.1 million from the transfer of $CO_2$ emission rights, deemed in excess compared to production volumes (€0.6 million in 2015).

| (millions of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| Net sales | 60.6 | 60.1 |
| Ebitda reported | 12.8 | 12.4 |
| % of net sales | *21.2* | *20.5* |
| Capital expenditures | 3.0 | 2.1 |
| Headcount end of period n. | 706 | 761 |

**Poland**

The economy of the country, after recording in 2015 the best growth rate since 2011 (+3.6%), is preparing to confirm a strong expansion even in the current year. The development of the recovery continues to be supported by domestic demand, favored by improvements in the disposable income and by the high employment rate, associated with low inflation. Increasing public transfers, in particular incentives for families with children, are expected to further increase the disposable income by improving the attitude and atmosphere of consumer confidence. Net exports are still growing robustly, thanks to the moderate labor cost and the support of the exchange rate. GDP growth for the year under review is estimated at 3.7%. Investments in the construction industry are expected to be robust and improving on the previous year (+4.7%).
The cement deliveries of our production unit, thanks to the more lively demand in the second quarter, recorded a positive change of 8.1%, with an improvement also of ready-mix concrete volumes compared to the previous year's level (+3.2%). The average price level in local currency still showed an unfavorable variance for cement (-11.8%) while it remained stable for the ready-mix concrete. These market dynamics led to a turnover of €43.6 million, compared to €48.2 million in 2015 (-9.5%). Ebitda increased from €10.0 million to €11.7 million (+16.2%). The depreciation of the zloty (-5.5%) led to a negative exchange rate effect: like for like, net sales would have been lower by 4.5% and Ebitda would have increased by 22.6%.

| (millions of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| Net sales | 43.6 | 48.2 |
| Ebitda reported | 11.7 | 10.0 |
| % of net sales | *26.8* | *20.8* |
| Capital expenditures | 4.1 | 1.8 |
| Headcount end of period n. | 367 | 359 |

**Ukraine**

During the 2014-2015 period the country's economy was devastated by a violent economic recession, triggered by the geopolitical conflict and territorial tensions, which in 2015 led to a 10% GDP contraction, a strong drop in industrial production, retail trade and investment, in a higher inflation environment than 40%, as well as to severe currency crisis and a situation of high public debt. After the conflict had been suppressed and thanks to the substantial international financial support and the institutional reforms undertaken, the country's economy since the second half of 2015 has begun to show signs of stabilization, which have strengthened in the first half of this year. The outlook remains uncertain and naturally conditioned by the geopolitical conflict developments and the progress of reforms; nevertheless the country during this year is expected to exit from recession and to grow, albeit very modestly.
Our operating activities maintained a regular trend, which was better in the second quarter than in the first one. In the first six months, cement sales were up 2.2%, with average prices in local currency driven upwards by high inflation (+28.5%). Net sales increased from €29.2 million in 2015 to €31.6 million euro in the period under review (+8.2%) and Ebitda improved from €1.5 million to €4.6 million (+€3.1 million). The further depreciation of the local currency (-19.0%) had an unfavorable impact on the translation of results into euro: at constant exchange rates the change in sales in fact would have been positive by 28.8%, while Ebitda would have increased by €4.0

million. About the main operating costs in local currency, the price increased considerably for fuels and, to a lesser extent, for electric power.

| (millions of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| Net sales | 31.6 | 29.2 |
| Ebitda reported | 4.6 | 1.5 |
| % of net sales | *14.6* | *5.1* |
| Capital expenditures | 1.1 | 3.2 |
| Headcount end of period n. | 1,231 | 1,380 |

**Russia**

The economic recession that began in 2015, above all due to the drop in oil prices and the restrictive measures imposed by the EU, and which was characterized by a sharp contraction in domestic demand and by a conspicuous decline in investment, has continued also this year, although gradually attenuating. In the first half year, also thanks to an increased oil production and to the rise in prices, the signs of improvement strengthened in industrial production and domestic demand, in particular for retail sales. The trend in investment, however, is confirmed to be unfavorable. After the peak reached in the previous year, inflation stabilized at a level just above 7%. Expectations for the second half of the year, assuming the stability of low values of crude oil, slight increases in domestic demand and modest progress in structural reform processes, foresee a protracted stagnation, with a GDP decrease of 1.7% for the whole of 2016 and a 7.5% inflation. Also for investments in construction a negative change is expected.

After a start to the year marked by rather weak sales, the recovering second quarter allowed to close the first half year with volumes down 2.4%. The category of oil-well cements, used in the extraction industry, declined slightly steeper (-5.0%) than the traditional hydraulic binders. Prices in local currency were stable. Net sales stood at €67.2 million versus €83.4 million in 2015 (-19.4%), while Ebitda came in at €16.8 million versus €23.2 million in 2015, down 27.6%. Nevertheless it should be remembered that the result achieved in the first half of 2015 included €0.5 million of non-recurring costs. The further depreciation of the ruble (-21.1%) had an unfavorable impact on the translation of results into euro; like for like the change in net sales and recurring Ebitda would have been -2.4% and -14.1% respectively. About the main operating costs in local currency, the price change was unfavorable for both fuels and electric power, in line with the inflation rate.

| (millions of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| Net sales | 67.2 | 83.4 |
| Ebitda reported | 16.8 | 23.2 |
| EBITDA recurring | 16.8 | 23.7 |
| % of net sales | *25.0* | *28.4* |
| Capital expenditures | 6.0 | 3.4 |
| Headcount end of period n. | 1,457 | 1,576 |

**United States of America**

In the first quarter economic activity slowed down to +1.1% on an annual basis due to the deceleration in consumption and the contraction of productive investments. Available data for the second quarter suggest a particularly expansive recovery in the manufacturing sector, growth of consumption at a rapid pace and employment acceleration in June. GDP growth forecast for the year (+1.8%), which was recently revised downwards, is at a lower level than that achieved in 2015. Inflation since the beginning of the year has been around 1%. In view of less favorable employment data observed in May and the increased uncertainty on international markets, the Federal Reserve did not alter the monetary tendency, focused on a more gradual normalization. Investments in the construction sector are expected to increase on the whole (+3.9%), with growth both in the residential (+5.5%) and in the trade sector (+2.8%), as well as in infrastructure (+3.3%).

After the sharp improvement in volumes achieved at the beginning of the year, favored by good weather conditions compared to the extremely rainy ones in the South West in the same period of 2015, a more linear second quarter, with some stronger shipments in June, caused the first six months of the year to close with a 6.1% growth, despite the continuing and significant decline in sales of oil well cements. Cement prices in local currency, which are strengthening more markedly in the Midwest regions, were up 6.5%. Ready-mix concrete output, mainly located in Texas, posted a weaker performance compared with the previous year (-6.6%), but with a favorable change in selling prices. Net sales stood at $591.7 million, up 7.3% from $551.2 million in the same period of 2015. Ebitda came in at $159.2 million (+36.1% versus previous $117.0 million). The stability of the dollar did not lead to any significant exchange rate effect, so that in euro net sales increased from €494.0 million to €530.2 million (+7.3%) and Ebitda from €104.8 to €142.7 million (+36.1%). It should be remembered, however, that the 2015 figure included €1.1 million of non-recurring charges. At the end of June, following the completion of the upgrade and expansion project, the new kiln line in Maryneal, Texas, was commissioned. The plant, which doubles the installed capacity from 0.6 to 1.2 million ton/year and boasts the most modern and efficient automation, environmental management and safety systems, is gradually increasing its production rate, after the necessary phase of fine tuning.

| (millions of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| Net sales | 530.2 | 494.0 |
| Ebitda reported | 142.7 | 104.8 |
| EBITDA recurring | 142.7 | 105.9 |
| % of net sales | *26.9* | *21.4* |
| Capital expenditures | 75.9 | 113.9 |
| Headcount end of period n. | 2,293 | 2,326 |

**Mexico** (valued by the equity method)
The economic activity of the country maintains a solid pace of growth, confirming resilience to exogenous phenomena that tend to limit the potential for development, such as the fall in raw materials prices and the slowdown in international trade. The lower energy costs and the significant depreciation of the peso support manufacturing production and keep exports competitive, particularly towards the United States, while domestic demand is boosted by the good employment trend, the growth of disposable income and low inflation. GDP growth for the whole of 2016 is estimated at +2.5%, on the same level achieved last year. Cement sales trend of our joint venture was again in line with the rather high volumes achieved in the previous year, with average prices in local currency in clear improvement. Ready-mix concrete sales maintained a weaker profile, but with significantly better prices in local currency. Net sales and Ebitda, in local currency, recorded an increase of 12.3% and 33.3% respectively. The depreciation of the Mexican peso negatively affected the translation of results into euro; with reference to 100% of the associate, net sales amounted to €301.5 million (-6.0%) and Ebitda increased from €131.4 to €146.6 million (+11.6%). The equity earnings referring to Mexico, included in the line item that encompasses the investments valued by the equity method, amount to €33.6 million (€27.4 million in 2015).

**Algeria** (valued by the equity method)
Cement demand in the country was stable compared to the previous year, despite the weakening of the economic framework due to the continuing difficulties in the hydrocarbons market. Domestic production however is not yet able to fully meet the market demand. It should be pointed out that as of January 2016 a legal provision was issued to regulate and streamline the import of cement and other materials in the Country through import licenses. This resulted in a significant reduction in imports, which declined to 1.5 million tons in the first half of 2016 from 3.0 million in the same period of 2015. The various public and private initiatives aimed at creating new cement production lines are progressing, more rapidly the private ones, with delays, even significant, for the public ones. In the second half of 2016 an additional capacity of approximately 4 million ton/year should come into operation.

During the period under review, the two associates of Buzzi Unicem achieved clinker and cement production volumes overall higher than the previous period. In particular, Hadjar Soud recorded a cement (+0.4%) and clinker production (-1.8%) in line with the first half year 2015, while Sour El Ghozlane, thanks also to the completion of investments on the kiln line, which were significant from an environmental point of view as well, closed the first half with a clinker and cement production up 7% and 12% respectively. The results of the six months, with reference to 100% of the associates, closed with net sales at €44.0 million, down 9.6% compared to €48.7 million for the first half 2015; the decrease is due to the weakening of the dinar. Ebitda was €17.6 million (-22.7%). Energy factors, i.e. electric power and gas, increased significantly, thus leading to a structural reduction in operating margins.
The equity earnings referring to the Algerian market, included in the line item that encompasses the investments valued by the equity method, amount €1.9 million (€2.8 million in 2015).

**Risk management and description of main risks**
The following companies, parent and subsidiaries, are included in the scope of risk assessment:
- Buzzi Unicem SpA (parent)
- Unicalcestruzzi SpA
- Dyckerhoff GmbH and its subsidiaries
- Buzzi Unicem USA, Inc. and its subsidiaries
- Alamo Cement Company and its subsidiaries

Risks are assessed by considering their likelihood of occurrence and their impact on group income, in accordance with certain standards, and considering their respective relevance and importance. Overall, compared with the situation as at June 2015, a significant decrease is recorded in the amount of total risks. The decrease affected 9 out of the 16 categories used; looking by geographical area, risks declined in Central Europe, Eastern Europe and the United States of America.
Concerning the individual categories, currency risks, according to IFRS guidelines, on intercompany loans, future collection of dividends and possible impacts on Ebitda are included. In Ukraine the risk of higher costs to be incurred for procurement denominated in currencies other than the local one decreased. About trading, the subsidiary Dyckerhoff, which is present in Central and Eastern Europe markets, showed a risk reduction of sales revenues, particularly in the markets of Germany and Ukraine.
the risk of a reduction in sales volumes declined. In Ukraine the risk of a fall in volumes and prices is increasing, due to the economic and political uncertainty of the country. The risk of loss of capital invested in banks, which fluctuates mainly in relation to the available liquidity, increased.
Following the mitigation actions already implemented or envisaged, the residual risk represents a limited share of equity.

**Transactions with related parties**
Information on transactions with related parties is available in note 45 of these half-yearly condensed consolidated financial statements as at June 30, 2016.

**Outlook**
The first six months of 2016 were characterized by better operating conditions than expected, such as solid progression in the United States, a recovery in Central Europe and a minor decline of results in Eastern Europe, thanks also to the ruble exchange rate, which was less penalizing than in the first quarter of the year. In Italy, however, the expectations of a stabilization in consumption and a recovery in prices were disappointed by the sudden interruption of civil works due to the difficulties in applying the new code. Ebitda to sales margin, with the exception of Russia, was improving in all countries of presence, facilitated by a widespread reduction in energy costs, in addition to efficiency and productivity improvements resulting from the optimization actions developed by the management.
In the second half of the year, assuming normal weather conditions, the United States should secure the strong improvements of the first half of 2016.

In Italy the signals coming from the market are disappointing as regards the unfolding of demand. The results will unfortunately continue to be negative, although less than the previous period.
In Central Europe we expect resilient demand and neutral price dynamics, which translates into operating margins a little higher versus 2015.
As for Poland and the Czech Republic we expect that the slight improvement achieved in the first six months will be maintained until year end.
Greater dynamism is conceivable in Ukraine, where the growth of turnover in local currency, thanks to recovering volumes and prices clearly up, is exceeding the inflation rate.
Finally for Russia, although the second quarter showed the first positive signals, the expectation of substantially worsening operating results, expressed in euro, is confirmed.
Based on the above considerations, we believe that, for the group as a whole, the next six months will express an operating profitability in line with that of 2015. Consequently, for the full financial year 2016, we expect to report an improvement of recurring Ebitda over the previous year and around €520 million in absolute value.

* * *

Pursuant to articles 70 and 71 of Consob Regulation no 11971/99, the company avails itself of the faculty of making exception to the obligations to publish the Information Documents required in the event of significant transactions of mergers, spin-offs, capital increases by means of the conferral of assets in kind, acquisitions and disposals.

* * *

**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. 92543/2015 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 ) | *1H 2016* | *1H 2015* |
|---|---|---|
| **EBITDA** | **222.5** | **166.6** |
| Restructuring costs | 0.2 | 0.4 |
| Additions (releases) of provisions for liabilities | - | (5.3) |
| Dismantling costs | - | 3.4 |
| Gains/losses on disposal of fixed assets | (3.4) | - |
| **EBITDA recurring** | **219.3** | **165.2** |

- **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.

Casale Monferrato, August 3, 2016

For the Board of Directors

**Enrico BUZZI**
(Chairman)

## CONSOLIDATED INCOME STATEMENT

| (thousands of euro) | Note | Jan-Jun 2016 | Jan-Jun 2015 |
|---|---|---|---|
| **Net sales** | 8 | **1,261,298** | **1,238,174** |
| Changes in inventories of finished goods and work in progress | | (571) | (5,157) |
| Other operating income | 9 | 29,288 | 33,934 |
| Raw materials, supplies and consumables | 10 | (494,775) | (516,245) |
| Services | 11 | (317,171) | (320,150) |
| Staff costs | 12 | (225,336) | (225,513) |
| Other operating expenses | 13 | (30,239) | (38,405) |
| **Operating cash flow (EBITDA)** | | **222,494** | **166,638** |
| Depreciation, amortization and impairment charges | 14 | (93,497) | (96,520) |
| **Operating profit (EBIT)** | | **128,997** | **70,118** |
| Equity in earnings of associates and joint ventures | 15 | 36,394 | 30,166 |
| Gains on disposal of investments | 16 | 171 | 5,705 |
| Finance revenues | 17 | 29,631 | 35,182 |
| Finance costs | 17 | (66,033) | (87,031) |
| **Profit before tax** | | **129,160** | **54,140** |
| Income tax expense | 18 | (37,707) | (17,731) |
| **Profit for the period** | | **91,453** | **36,409** |
| **Attributable to:** | | | |
| Owners of the company | | 90,312 | 34,876 |
| Non-controlling interests | | 1,141 | 1,533 |
| **Earnings per share** | 19 | (in euro) | |
| basic | | | |
| - ordinary | | 0.437 | 0.167 |
| - savings | | 0.449 | 0.179 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (thousands of euro) | Jan-Jun 2016 | Jan-Jun 2015 |
|---|---|---|
| **Profit for the period** | **91,453** | **36,409** |
| **Items that will not be reclassified to profit or loss** | | |
| Actuarial gains (losses) on post-employment benefits | (59,552) | 16,114 |
| Income tax relating to items that will not be reclassified | 20,312 | (5,119) |
| **Total items that will not be reclassified to profit or loss** | **(39,240)** | **10,995** |
| **Items that may be reclassified subsequently to profit or loss** | | |
| Currency translation differences | (5,885) | 164,964 |
| Share of currency translation differences of associates and joint ventures valued by the equity method | (18,181) | (1,213) |
| **Total items that may be reclassified subsequently to profit or loss** | **(24,066)** | **163,751** |
| **Other comprehensive income for the period, net of tax** | **(63,306)** | **174,746** |
| **Total comprehensive income for the period** | **28,147** | **211,155** |
| **Attributable to:** | | |
| Owners of the company | 24,626 | 206,423 |
| Non-controlling interests | 3,521 | 4,732 |

## CONSOLIDATED BALANCE SHEET

| (thousands of euro) | Note | Jun 30, 2016 | Dec 31, 2015 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill | 20 | 553.908 | 544.071 |
| Other intangible assets | 20 | 43.385 | 41.120 |
| Property, plant and equipment | 21 | 3.082.528 | 3.090.889 |
| Investment property | 22 | 22.118 | 22.786 |
| Investments in associates and joint ventures | 23 | 361.980 | 373.335 |
| Available-for-sale financial assets | 24 | 1.879 | 2.134 |
| Deferred income tax assets | | 63.572 | 50.688 |
| Derivative financial instruments | 25 | - | 4.103 |
| Other non-current assets | 26 | 35.919 | 36.083 |
| | | **4.165.289** | **4.165.209** |
| **Current assets** | | | |
| Inventories | 27 | 374.059 | 377.682 |
| Trade receivables | 28 | 435.644 | 364.342 |
| Other receivables | 29 | 104.046 | 88.127 |
| Available-for-sale financial assets | 24 | 3.504 | 2.890 |
| Derivative financial instruments | 25 | 9.323 | 7.714 |
| Cash and cash equivalents | 30 | 847.346 | 503.454 |
| | | **1.773.922** | **1.344.209** |
| Assets held for sale | 31 | 7.396 | 11.400 |
| **Total Assets** | | **5.946.607** | **5.520.818** |

| (thousands of euro) | Note | Jun 30, 2016 | Dec 31, 2015 |
|---|---|---|---|
| **EQUITY** | | | |
| **Equity attributable to owners of the company** | | | |
| Share capital | 32 | 123,637 | 123,637 |
| Share premium | | 458,696 | 458,696 |
| Other reserves | 33 | 123,914 | 149,222 |
| Retained earnings | | 1,859,983 | 1,826,238 |
| Treasury shares | | (4,768) | (4,768) |
| | | **2,561,462** | **2,553,025** |
| Non-controlling interests | 34 | 28,382 | 26,393 |
| **Total Equity** | | **2,589,844** | **2,579,418** |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Long-term debt | 35 | 1,418,029 | 970,509 |
| Derivative financial instruments | 25 | 40,128 | 47,740 |
| Employee benefits | 36 | 487,885 | 432,263 |
| Provisions for liabilities and charges | 37 | 84,433 | 86,916 |
| Deferred income tax liabilities | | 441,157 | 455,208 |
| Other non-current liabilities | 38 | 20,950 | 18,063 |
| | | **2,492,582** | **2,010,699** |
| **Current liabilities** | | | |
| Current portion of long-term debt | 35 | 443,388 | 527,733 |
| Short-term debt | 35 | 1,194 | 1,701 |
| Trade payables | 39 | 225,311 | 245,237 |
| Income tax payables | | 20,689 | 19,502 |
| Provisions for liabilities and charges | 37 | 20,468 | 21,267 |
| Other payables | 40 | 153,071 | 114,749 |
| | | **864,121** | **930,189** |
| Liabilities held for sale | | 60 | 512 |
| | | | |
| **Total Liabilities** | | **3,356,763** | **2,941,400** |
| **Total Equity and Liabilities** | | **5,946,607** | **5,520,818** |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| (thousands of euro) | Note | Jan-Jun 2016 | Jan-Jun 2015 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 41 | 136,546 | 115,386 |
| Interest paid | | (14,687) | (18,056) |
| Income tax paid | | (38,834) | (16,340) |
| **Net cash generated from operating activities** | | **83,025** | **80,990** |
| **Cash flows from investing activities** | | | |
| Purchase of intangible assets | 20 | (801) | (1,652) |
| Purchase of property, plant and equipment | 21 | (126,199) | (151,210) |
| Purchase of other equity investments | 23 | (18) | (5) |
| Proceeds from sale of property, plant and equipment | | 12,566 | 4,440 |
| Proceeds from sale of equity investments | | 402 | 7,346 |
| Changes in available-for-sale financial assets | 24 | (552) | 978 |
| Changes in financial receivables | | 1,108 | 10,291 |
| Dividends received from associates | | 27,813 | 22,584 |
| Interest received | | 3,095 | 4,540 |
| **Net cash used in investing activities** | | **(82,586)** | **(102,688)** |
| **Cash flows from financing activities** | | | |
| Proceeds from long-term debt | 35 | 494,007 | 49,827 |
| Repayments of long-term debt | 35 | (129,404) | (59,360) |
| Net change in short-term debt | 35 | (375) | 2,157 |
| Changes in financial payables | | 4,181 | (765) |
| Changes in ownership interests without loss of control | | (2) | (54) |
| Dividends paid to owners of the company | | (15,415) | (10,277) |
| Dividends paid to non-controlling interests | | (770) | (917) |
| **Net cash (used) generated in financing activities** | | **352,222** | **(19,389)** |
| **Increase (decrease) in cash and cash equivalents** | | **352,661** | **(41,087)** |
| **Cash and cash equivalents at beginning of period** | | **503,454** | **412,590** |
| Translation differences | | (8,292) | 19,888 |
| Change in scope of consolidation | | (477) | - |
| **Cash and cash equivalents at end of period** | 30 | **847,346** | **391,391** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | *Attributable to owners of the company* | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (thousands of euro) | *Share capital* | *Share premium* | *Other reserves* | *Retained earnings* | *Treasury shares* | ***Total*** | *Non-controlling interests* | ***Total Equity*** |
| **Balance as at January 1, 2015** | **123.637** | **458.696** | **46.465** | **1.711.064** | **(4.768)** | **2.335.094** | **27.038** | **2.362.132** |
| **Profit for the period** | **-** | **-** | **-** | **34.876** | **-** | **34.876** | **1.533** | **36.409** |
| Other comprehensive income for the period, net of tax | - | - | 160.552 | 10.995 | - | **171.547** | 3.199 | **174.746** |
| **Total comprehensive income for the period** | **-** | **-** | **160.552** | **45.871** | **-** | **206.423** | **4.732** | **211.155** |
| Dividends paid | - | - | - | (10.277) | - | **(10.277)** | (1.067) | **(11.344)** |
| Withholding tax on foreign dividends | - | - | - | (1.079) | - | **(1.079)** | - | **(1.079)** |
| Acquisition of non-controlling interests | - | - | - | (2.417) | - | **(2.417)** | 3 | **(2.414)** |
| Other changes | - | - | (6.159) | 6.312 | - | **153** | (5) | **148** |
| **Balance as at June 30, 2015** | **123.637** | **458.696** | **200.858** | **1.749.474** | **(4.768)** | **2.527.897** | **30.701** | **2.558.598** |
| | | | | | | | | |
| **Balance as at January 1, 2016** | **123.637** | **458.696** | **149.222** | **1.826.238** | **(4.768)** | **2.553.025** | **26.393** | **2.579.418** |
| **Profit for the period** | **-** | **-** | **-** | **90.312** | **-** | **90.312** | **1.141** | **91.453** |
| Other comprehensive income for the period, net of tax | - | - | (26.446) | (39.240) | - | **(65.686)** | 2.380 | **(63.306)** |
| **Total comprehensive income for the period** | **-** | **-** | **(26.446)** | **51.072** | **-** | **24.626** | **3.521** | **28.147** |
| Dividends paid | - | - | - | (15.415) | - | **(15.415)** | (770) | **(16.185)** |
| Withholding tax on foreign dividends | - | - | - | (601) | - | **(601)** | - | **(601)** |
| Acquisition of non-controlling interests | - | - | - | (157) | - | **(157)** | (754) | **(911)** |
| Other changes | - | - | 1.138 | (1.154) | - | **(16)** | (8) | **(24)** |
| **Balance as at June 30, 2016** | **123.637** | **458.696** | **123.914** | **1.859.983** | **(4.768)** | **2.561.462** | **28.382** | **2.589.844** |

# NOTES TO THE HALF-YEARLY FINANCIAL REPORT

## 1. General information

Buzzi Unicem SpA (‘the company’) and its subsidiaries (together ‘the group’ or ‘Buzzi Unicem’) manufacture, distribute and sell cement, ready-mix concrete and aggregates. The group has manufacturing plants in several countries, which also represent the natural outlet for its goods and services. The operations are located mainly in Italy, the United States of America, Germany, Luxembourg, the Netherlands, Poland, the Czech Republic and Slovakia, Ukraine, Russia and Mexico.

Buzzi Unicem SpA is a stock corporation organized under the laws of Italy. The address of its registered office is via Luigi Buzzi 6, Casale Monferrato (AL). The company has its primary listing on the Borsa Italiana stock exchange.

These consolidated financial statements were authorized for issue by the board of directors on 3 August 2016.

## 2. Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with art. 154 ter of Legislative Decree 58/1998 and drawn up in compliance with International Financial Reporting Standards (IFRS), according to the provisions of IAS 34 Interim Financial Reporting. They should be read in conjunction with the annual financial statements for the year ended 31 December 2015.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgments made by management in applying the group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015, with the exception of changes in estimates that are required in determining the income tax expense for the period.

The company does not show in the income statement, balance sheet and cash flow statement the amount of balances with related parties, separately by line item (pursuant to Consob resolution no. 15519 of 27 July 2006). This indication would not be significant for the representation of the financial and economic position of the group; furthermore, transactions with related parties are disclosed in Note 45 of this consolidated interim financial statements.

The items presented in these consolidated financial statements have been slightly adjusted and integrated compared with those previously published, to give a better representation of the financial position and economic performance of the group.

## 3. Accounting policies

Except as described below, the principles adopted are consistent with the recognition and evaluation criteria used in the preparation of the annual financial statements as at 31 December 2015, to which reference is made for additional information.
Some valuation procedures, especially the assessment of fixed assets impairment, if any, are generally carried out in full only during annual report preparation, when all necessary information is available, unless there is an indication of impairment that requires an immediate impairment test. Similarly, the actuarial evaluations on employee benefits are usually only carried out during annual report preparation.
Income tax expense is accrued using the tax rate that would be applicable to expected total annual profit or loss.

The following standards, amendments and interpretations are mandatory for the first time effective from 1 January 2016, but they are not relevant for the group and/or have had no impact on the consolidated interim financial statements presented herein.

- IAS 1 Presentation of financial statements (amendment): disclosure initiative. It is designed to further encourage companies to apply a professional judgment in determining which information to disclose in their financial statements. For example, the amendment makes clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Its adoption had no material effect on the financial statements items, but only an impact on the organization of the disclosures.
- IFRS 11 Joint arrangements (amendment): Accounting of investments in jointly controlled entities. The standard provides clarifications about the method to account for interests in jointly controlled entities which represents an activity segment.
- IAS 16 Property, plant and equipment and IAS 38 Intangible assets (amendments) clarification of acceptable methods of depreciation and amortization. The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate, because such method reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset’s expected future economic benefits.
- IAS 27 Separate financial statements (amendment): equity method in separate financial statements. The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Annual improvements 2012-2014 Cycle; is a series of amendments to IFRSs in response to four issues raised during the 2012-2014 cycle. They relate largely to clarifications, therefore their adoption had no material impact on the group.
- Investment entities (amendments to IFRS 10, IFRS 12 and IAS 28): applying the consolidation exception The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

At the date of this interim report the European Union has not yet endorsed the following standards and amendments:

- IFRS 9 Financial instruments and subsequent amendments (effective from 1 January 2018, early adoption is allowed). The complete version of this standard has been published in July 2014. This new standard replaces IAS 39 Financial instruments: recognition and measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 introduces a new model for expected losses that replaces the one for incurred losses used in IAS 39. For financial liabilities the main change relates to the accounting for changes in fair value attributable to changes in the credit risk of financial liabilities designated at fair value through profit or loss. According to the new accounting principle, those changes shall be presented directly in other comprehensive income, without affecting the income statement. The standard revises also the approach to the so called hedge accounting. IFRS 9 is likely to affect accounting of financial assets and the group is yet to assess its full impact.

- IFRS 15 Revenue from contracts with customers (effective from 1 January 2018). The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, the payment) to which the company expects to be entitled in exchange for those goods or services. The standard results in enhanced disclosures about revenues, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements.
- IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures (amendments): sale or contribution of assets between an investor and its associate or joint venture. A full gain (or loss) is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. At the date of this report the European Union has deferred indefinitely the endorsement process required for the amendment to become effective and since which date.
- IFRS 16 Leases (effective from 1 January 2019). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17 Leases. IFRS 16, which is not applicable to service contracts, but only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leased assets separately from interest expense on lease liabilities in the income statement.
- IAS 12 Income Taxes (amendment): recognition of deferred tax assets for unrealized losses (effective from 1 January 2017). The amendment clarifies how to account for deferred tax assets related to debt instruments measured at fair value.
- IAS 7 Statement of Cash Flows (amendment): disclosure initiative (effective from 1 January 2017). The amendment introducing additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- Clarifications to IFRS 15 Revenue from contracts with customers (effective from 1 January 2018). The amendments clarify several implementation issues discussed by the Transition Resource Group, among which how to identify a performance obligation in a contract; how to determine whether a company is a principal or an agent and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time.

– IFRS 2 Share based payments (amendments): classification and measurement of share-based payment transactions (effective from 1 January 2018).The amendments eliminate diversity in the classification and measurement of particular share-based payment transactions.

The results and financial position of all the group entities that have a functional currency different from the presentation currency have been translated using the following exchange rates:

| euro 1 = | Year-end | | Average | |
|---|---|---|---|---|
| | 30 June | 31 December | 1H | 1H |
| Currency | 2016 | 2015 | 2016 | 2015 |
| US Dollar | 1.1102 | 1.0887 | 1.1159 | 1.1158 |
| Czech Koruna | 27.1310 | 27.0230 | 27.0396 | 27.5021 |
| Ukrainian Hryvnia | 27.5638 | 26.1587 | 28.4164 | 23.8723 |
| Russian Ruble | 71.5200 | 80.6736 | 78.2968 | 64.6407 |
| Polish Zloty | 4.4362 | 4.2639 | 4.3688 | 4.1409 |
| Hungarian Forint | 317.0600 | 315.9800 | 312.7135 | 307.5057 |
| Mexican Peso | 20.6347 | 18.9145 | 20.1731 | 16.8887 |
| Algerian Dinar | 122.4970 | 116.7020 | 121.2926 | 106.7598 |

## 4. Financial risk management and financial instruments

### 4.1 Financial risk factors

The group's activities are exposed to a variety of financial risks such as market risk (including currency and price), credit risk and liquidity risk. The group uses, infrequently, derivative financial instruments to hedge certain risk exposures. A central treasury department carries out risk management and identifies, evaluates and possibly hedges financial risks in close co-operation with the group's operating units.

The consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; therefore they should be read in conjunction with the consolidated annual report as at 31 December 2015. Since year end, there have been no organizational changes in the risk management department or related risk management policies.

### 4.2 Fair value estimation

Hereunder an analysis of financial instruments carried in the balance sheet at fair value. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the assets and liabilities that are measured at fair value at 30 June 2016:

| (thousands of euro) | *Level 1* | *Level 2* | *Level 3* | *Total* |
|---|---|---|---|---|
| **Assets** | | | | |
| Derivative financial instruments (current) | - | 9,323 | - | 9,323 |
| Available-for-sale financial assets (current) | 2,788 | 1 | 715 | 3,504 |
| **Total Assets** | **2,788** | **9,324** | **715** | **12,827** |
| **Liabilities** | | | | |
| Derivative financial instruments (non-current) | - | (40,128) | - | (40,128) |
| **Total Liabilities** | **-** | **(40,128)** | **-** | **(40,128)** |

The following table presents the assets and liabilities that are measured at fair value at 31 December 2015:

| (thousands of euro) | *Level 1* | *Level 2* | *Level 3* | *Total* |
|---|---|---|---|---|
| **Assets** | | | | |
| Derivative financial instruments (non-current) | - | 4,103 | - | 4,103 |
| Derivative financial instruments (current) | - | 7,714 | - | 7,714 |
| Available-for-sale financial assets (current) | 2,889 | 1 | - | 2,890 |
| **Total Assets** | **2,889** | **11,818** | **-** | **14,707** |
| **Liabilities** | | | | |
| Derivative financial instruments (non-current) | - | (47,740) | - | (47,740) |
| **Total Liabilities** | **-** | **(47,740)** | **-** | **(47,740)** |

In the first half of 2016 there were no transfers between the various fair value levels.

The fair value of assets and liabilities was mainly influenced by the trend of the euro/dollar exchange rate, by interest rates curves and by the development of the equity market.

The fair value of derivatives considers the adjustment for credit and/or counterparty risk, also taking into account any guarantees granted. There were no changes in the valuation techniques adopted during both periods.

Several financial instruments are not measured at fair value in the balance sheet. For the majority of these instruments (trade receivables less provision for impairment, trade payables, other receivables, other payables) the carrying amount is considered to approximate their fair value. The fair value of long-term financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

### 4.3 Valuation techniques used to derive level 2 fair value

Level 2 derivatives comprise forward foreign exchange contracts, interest rate swaps, cross currency swaps and the cash settlement option related to the equity linked convertible bond. Forward foreign exchange contracts have been valued considering quoted exchange rates. Interest rate swaps are fairly valued using forward interest rates extracted from observable swap curves and applied to different contract maturities. Cross currency swaps have been fairly valued using the quotation of currency exchange rates and the forward interest rates extracted from observable swap curves and applied to different contract maturities. The fair value of the cash settlement option for the convertible bond has been determined using market quotes of Buzzi Unicem public bonds and ordinary share, considering the implied volatility. The fair value of level 2 available-for-sale financial assets correspond to the nominal value.

## 5. Scope of consolidation

During the first half of 2016 the investments in Lichtner Dyckerhoff Beton Niedersachsen GmbH & Co. KG and Beton Union Plzen sro, previously consolidated line-by-line, were disposed of.
Some mergers occurred within the group, without any impact on the consolidated interim financial statements.
The above mentioned scope changes are not, overall, material for comparative purposes.

## 6. Seasonality of operations

Demand for cement, ready-mix concrete and other construction materials is seasonal because climatic conditions affect the level of activity in the building industry. Buzzi Unicem usually experiences a reduction in sales during the first and fourth quarters, reflecting the effect of the winter season, and tends to see an increase in sales in the second and third quarters, reflecting the effect of the summer season.

## 7. Segment information

The chief operating decision-maker identifies with the executive directors, who review the group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on those reports.

The executive directors consider the business by geographical area of operations and from a product perspective they assess in a combined way the performance of "cement" and "ready-mix concrete and aggregates", since the two businesses, vertically integrated, are strictly interdependent. In particular, ready-mix concrete represents essentially a distribution channel for cement and does not require, for the chief operating decision-maker, evidence of separate results.

The executive directors assess the performance of the reportable operating segments based, as main reference, on a measure of operating profit. Net finance costs and income tax expense are not included in the result of each operating segment reviewed by the executive directors.

The measurement of segment profit or loss and of capital expenditures by segment is consistent with that of the financial statements.

The segment named Central Europe consists of Germany, Luxembourg and the Netherlands; Eastern Europe covers Poland, the Czech Republic, Slovakia, Ukraine and Russia.

| (thousands of euro) | *Italy* | *Central Europe* | *Eastern Europe* | *United States of America* | *Unallocated items and adjustments* | *Total* | *Mexico 100%* |
|---|---|---|---|---|---|---|---|
| **Six month ended 30 June 2016** | | | | | | | |
| Segment revenue | 186,793 | 346,870 | 201,879 | 525,436 | 320 | **1,261,298** | 301,501 |
| Intersegment revenue | (558) | (17) | - | - | 575 | **-** | - |
| Revenue from external customers | 186,235 | 346,853 | 201,879 | 525,436 | 895 | **1,261,298** | 301,501 |
| Ebitda | (9,377) | 43,182 | 45,944 | 142,653 | 92 | **222,494** | 146,491 |
| Operating profit | (24,174) | 22,584 | 28,059 | 102,442 | 86 | **128,997** | 133,785 |

| (thousands of euro) | *Italy* | *Central Europe* | *Eastern Europe* | *United States of America* | *Unallocated items and adjustments* | *Total* | *Mexico 100%* |
|---|---|---|---|---|---|---|---|
| **Six month ended 30 June 2015** | | | | | | | |
| Segment revenue | 188,102 | 341,809 | 219,539 | 488,400 | 324 | **1,238,174** | 320,746 |
| Intersegment revenue | (297) | - | - | - | 297 | **-** | - |
| Revenue from external customers | 187,805 | 341,809 | 219,539 | 488,400 | 621 | **1,238,174** | 320,746 |
| Ebitda | (15,240) | 29,842 | 47,105 | 104,822 | 109 | **166,638** | 131,372 |
| Operating profit | (30,496) | 7,919 | 27,993 | 64,592 | 110 | **70,118** | 116,586 |

## 8. Net sales

Net sales breakdown is as follows:

| (thousands of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| Cement and clinker | 782,622 | 785,497 |
| Ready-mix concrete and aggregates | 463,805 | 440,549 |
| Related activities | 14,871 | 12,128 |
| | **1,261,298** | **1,238,174** |

The 1.9% increase compared with the year 2015 is due to unfavorable currency effects for 1.8%, to a reduction in the scope of consolidation for 0.3% and to favorable market trends for 4.0%. Reference is made to the operating segment information for additional disclosure (note 7).

## 9. Other operating income

This line item consists of income arising both from the ordinary and the non-recurring course of business that is not attributable to core sales of goods and rendering of services.

| (thousands of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| Recovery of expenses | 4,898 | 4,171 |
| Indemnity for damages | 414 | 290 |
| Revenue from leased properties | 4,302 | 4,792 |
| Gains on disposals of property, plant and equipment | 9,720 | 3,022 |
| Capital grants | 210 | 220 |
| Release of provisions | 774 | 5,741 |
| Internal work capitalized | 989 | 1,393 |
| Sale of emission rights | - | 801 |
| Other | 7,981 | 13,504 |
| | **29,288** | **33,934** |

## 10. Raw materials, supplies and consumables

| (thousands of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| Raw materials, supplies and consumables | 312,991 | 312,701 |
| Finished goods and merchandise | 19,064 | 21,075 |
| Electricity | 81,461 | 84,759 |
| Fuels | 73,165 | 86,880 |
| Other goods | 8,094 | 10,830 |
| | **494,775** | **516,245** |

## 11. Services

| (thousands of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| Transportation | 170,167 | 171,060 |
| Maintenance and contractual services | 71,896 | 73,069 |
| Insurance | 6,520 | 6,649 |
| Legal and professional consultancy | 7,056 | 7,684 |
| Operating leases of property and machinery | 18,367 | 17,594 |
| Travel | 2,832 | 2,891 |
| Other | 40,333 | 41,203 |
| | **317,171** | **320,150** |

## 12. Staff costs

| (thousands of euro) | 1H 2016 | 1H 2015 |
|---|---|---|
| Salaries and wages | 167,380 | 166,052 |
| Social security contributions and defined contribution plans | 50,007 | 51,736 |
| Employee severance indemnities and defined benefit plans | 6,727 | 6,306 |
| Other long-term benefits | 127 | (194) |
| Other | 1,095 | 1,613 |
| | **225,336** | **225,513** |

As at 30 June 2016 other costs include restructuring expenses of €187 thousand (2015: €420 thousand) related to Italy.

The average number of employees is the following:

| (number) | 1H 2016 | 1H 2015 |
|---|---|---|
| White collar and executives | 3,704 | 3,752 |
| Blue collar and supervisors | 5,887 | 6,257 |
| | **9,591** | **10,009** |

## 13. Other operating expenses

Other operating expenses, related to both the ordinary and the non-recurring course of business, are composed as follows:

| (thousands of euro) | 1H 2016 | 1H 2015 |
|---|---|---|
| Write-down of receivables | 2,169 | 7,375 |
| Provisions for liabilities and charges | 1,999 | 2,737 |
| Association dues | 2,898 | 2,681 |
| Indirect taxes and duties | 16,976 | 17,797 |
| Losses on disposal of property, plant and equipment | 293 | 352 |
| Other | 5,904 | 7,463 |
| | **30,239** | **38,405** |

## 14. Depreciation, amortization and impairment charges

| (thousands of euro) | 1H 2016 | 1H 2015 |
|---|---|---|
| Amortization of intangible assets | 2,317 | 1,695 |
| Depreciation of property, plant and equipment | 91,023 | 94,789 |
| Impairment losses of non-current assets | 157 | 36 |
| | **93,497** | **96,520** |

## 15. Equity in earnings of associates and joint ventures

The line item includes the share of profit (loss) of investments accounted for under the equity method and possible write-downs, set out in detail below:

| (thousands of euro) | 1H 2016 | 1H 2015 |
|---|---|---|
| **Associates** | | |
| Société des Ciments de Hadjar Soud EPE SpA | 700 | 1,887 |
| Société des Ciments de Sour El Ghozlane EPE SpA | 1,208 | 886 |
| Bétons Feidt S.A. | (153) | 225 |
| Kosmos Cement Company | 833 | 332 |
| w&p Cementi SpA | (371) | (150) |
| Salonit Anhovo Gradbeni Materiali d.d. | 385 | 255 |
| Other associates | 602 | 508 |
| | **3,204** | **3,943** |
| **Joint ventures** | | |
| Corporación Moctezuma, SAB de CV | 33,558 | 27,398 |
| Other joint ventures | (368) | (1,175) |
| | **33,190** | **26,223** |
| | | |
| | **36,394** | **30,166** |

## 16. Gains on disposal of investments

This line item consists of non-recurring income arising mainly from the sale of the ownership interest in the associates Lichtner Dyckerhoff Beton Niedersachsen GmbH & Co.KG e Beton Union Plzen s.r.o..

## 17. Finance revenues and Finance costs

| (thousands of euro) | 1H 2016 | 1H 2015 |
|---|---|---|
| **Finance revenues** | | |
| Interest income on liquid assets | 1,696 | 1,461 |
| Interest income on interest rate swap contracts | 1,085 | 2,120 |
| Interest income on plan assets of employee benefits | 4,903 | 5,316 |
| Changes in the fair value of derivative instruments | 7,612 | 15,122 |
| Foreign exchange gains | 12,594 | 8,409 |
| Dividend income | 203 | 203 |
| Other | 1,538 | 2,551 |
| | **29,631** | **35,182** |
| **Finance costs** | | |
| Interest expense on bank borrowings | (5,672) | (7,165) |
| Interest expense on senior notes and bonds | (32,400) | (30,984) |
| Interest expense on employee benefits | (10,602) | (10,774) |
| Changes in the fair value of derivative instruments | (2,495) | (10,058) |
| Discount unwinding on liabilities | (328) | (432) |
| Foreign exchange losses | (13,586) | (24,933) |
| Other | (950) | (2,685) |
| | **(66,033)** | **(87,031)** |
| **Net finance costs** | **(36,402)** | **(51,849)** |

The decrease in net finance costs from the previous year is mainly influenced by a more favorable net balance of the foreign exchange differences (both gains and losses).

## 18. Income tax expense

| (thousands of euro) | 1H 2016 | 1H 2015 |
|---|---|---|
| Current tax | 42,755 | 27,918 |
| Deferred tax | (5,380) | (6,801) |
| Tax relating to prior years | 332 | (3,386) |
| | **37,707** | **17,731** |

The increase in current tax is ascribable essentially to a higher taxable income produced in those geographical areas of operations where trading conditions were favorable (especially the United States of America).

The deferred taxes related to the interim period, like the ones related to the previous period, are negatively affected by the non-recognition of deferred tax assets on tax losses accrued in Italy, due to the judgment on their future utilization over the next five years.

## 19. Earnings per share

*Basic*

Basic earnings per share is calculated, per each class of shares, by dividing net profit attributable to equity owners of the company by the weighted average number of shares outstanding during the period, excluding treasury shares. To calculate basic earnings per share attributable to ordinary shares, net profit is adjusted for the amount of the preferential dividend to which savings shares are entitled.

| | | *1H 2016* | *1H 2015* |
|---|---|---|---|
| Net profit attributable to owners of the company | *thousands of euro* | 90,312 | 34,876 |
| - attributable to ordinary shares | *thousands of euro* | 72,044 | 27,581 |
| - attributable to savings shares | *thousands of euro* | 18,269 | 7,295 |
| Average number of ordinary shares outstanding | | 164,849,149 | 164,849,149 |
| Average number of savings shares outstanding | | 40,682,659 | 40,682,659 |
| Basic earnings per ordinary share | *euro* | 0.437 | 0.167 |
| Basic earnings per savings share | *euro* | 0.449 | 0.179 |

*Diluted*

Diluted earnings per share is calculated by adjusting the earnings and weighted average number of shares for the effects of dilutive options and other potential dilutive shares. In particular, the instrument “Buzzi Unicem €220,000,000 1.375% Equity-Linked Bonds due 2019” is assumed to have been converted into ordinary shares and the net profit attributable to owners of the company is adjusted to eliminate both the mark-to-market valuation of the cash settlement option and interest expense on the bond itself.

The conversion option attached to the bond “Buzzi Unicem €220,000,000 1.375% Equity-Linked Bonds due 2019”, is exercisable from 1 January 2014; nevertheless, since the market price for Buzzi Unicem shares as at 30 June 2016 is lower than the strike price, no dilution effect exists and therefore basic and diluted earnings per share are equivalent.

## 20. Goodwill and Other intangible assets

| (thousands of euro) | Goodwill | Other intangible assets<br>Industrial patents, licenses and similar rights | Assets in progress and advances | Others |
|---|---|---|---|---|
| **At 1 January 2016** | | | | |
| Cost/deemed cost | 756.558 | 69.699 | 336 | 4.796 |
| Accumulated depreciation and impairment charges | (212.487) | (31.434) | - | (2.277) |
| **Net book amount** | **544.071** | **38.265** | **336** | **2.519** |
| **Six month ended 30 June 2016** | | | | |
| Opening net book amount | 544.071 | 38.265 | 336 | 2.519 |
| Translation differences | 4.702 | 3.788 | 2 | - |
| Depreciation and impairment charges | - | (2.188) | - | (129) |
| Additions | 5.135 | 725 | 75 | - |
| Reclassifications | - | 215 | (179) | - |
| Disposals and other | - | (44) | - | - |
| **Net book amount** | **553.908** | **40.761** | **234** | **2.390** |
| **At 30 June 2016** | | | | |
| Cost/deemed cost | 745.920 | 73.723 | 234 | 4.757 |
| Accumulated depreciation and impairment charges | (192.012) | (32.962) | - | (2.367) |
| **Closing net book amount** | **553.908** | **40.761** | **234** | **2.390** |

At 30 June 2016, the caption industrial patents, licenses and similar rights mainly includes the rights to exploit the subsoil of the plant in Korkino (€36,334 thousand), application software for plant and office automation (€2,834 thousand), mining rights (€989 thousand), industrial patents rights (€419 thousand), trademarks (€185 thousand).

The translation differences of the goodwill (€4,702 thousand) refer for €5,623 thousand to the adjustment at the final exchange rate of the amount allocated to OOO Dyckerhoff Korkino Cement.

The additions to goodwill of €5,135 thousand refer to the provisional amount generated in Italy following the business combination of the ready-mix concrete unit Monvil Beton Srl, occurred in the first semester (note 46).

Goodwill at 30 June 2016 amounts to €553,908 thousand and is broken-down as follows:

| (thousands of euro) | 30 Jun 2016 | 31 Dec 2015 |
|---|---|---|
| Italy (cement sector) | 40,500 | 40,500 |
| Italy (ready mix sector) | 5,135 | - |
| United States of America | 39,518 | 40,156 |
| Germany | 95,948 | 95,948 |
| Luxembourg | 69,104 | 69,104 |
| Poland | 87,853 | 88,136 |
| Czech Republic/Slovakia | 106,699 | 106,699 |
| Russia | 109,151 | 103,528 |
| | **553,908** | **544,071** |

At 30 June 2016, the company has revised the indicators of possible impairment losses following the ongoing uncertainty of future profitability prospects of some CGUs: Cement Italy, Ready-mix Concrete Italy, Russia and Ukraine.

Based on the currently available information, there are no indicators that would require the review of the recoverable value of the assets, therefore there was no need to recognize any impairment loss.

## 21. Property, plant and equipment

| (thousands of euro) | *Land and buildings* | *Plant and machinery* | *Industrial commercial equipment* | *Assets in progress and advances* | *Other* | *Total* |
|---|---|---|---|---|---|---|
| **At 1 January 2016** | | | | | | |
| Cost/deemed cost | 2,757,345 | 4,246,543 | 381,446 | 338,671 | 104,349 | 7,828,354 |
| Accumulated depreciation and impairment charges | (1,149,464) | (3,174,703) | (292,801) | (30,252) | (90,245) | (4,737,465) |
| **Net book amount** | **1,607,881** | **1,071,840** | **88,645** | **308,419** | **14,104** | **3,090,889** |
| **Six month ended 30 June 2016** | | | | | | |
| Opening net book amount | 1,607,881 | 1,071,840 | 88,645 | 308,419 | 14,104 | 3,090,889 |
| Translation differences | (21,672) | 403 | (506) | (4,753) | (128) | (26,656) |
| Additions | 5,103 | 19,207 | 10,766 | 79,856 | 1,630 | 116,562 |
| Change in scope of consolidation | | (154) | (37) | (97) | (5) | (293) |
| Disposals and other | (1,884) | (998) | (1,348) | 145 | (6) | (4,091) |
| Depreciation and impairment charges | (15,286) | (65,767) | (8,458) | | (1,595) | (91,106) |
| Reclassifications | 3,080 | 43,448 | (15,576) | (29,704) | (4,025) | (2,777) |
| **Closing net book amount** | **1,577,222** | **1,067,979** | **73,486** | **353,866** | **9,975** | **3,082,528** |
| **At 30 June 2016** | | | | | | |
| Cost/deemed cost | 2,728,059 | 4,335,047 | 323,776 | 384,070 | 84,691 | 7,855,643 |
| Accumulated depreciation and impairment charges | (1,150,837) | (3,267,068) | (250,290) | (30,204) | (74,716) | (4,773,115) |
| **Net book amount** | **1,577,222** | **1,067,979** | **73,486** | **353,866** | **9,975** | **3,082,528** |

Additions of €116,562 thousand in the period are shortly described in the management report, to which reference is made. In the cash flow statement and in the management report, capital expenditures are reported according to the actual outflows (€126,199 thousand).

Negative translation differences of €26,656 thousand reflect the weakening in the dollar/euro exchange rate, partially offset by the strengthening of the Russian ruble. In the first half of 2015 the trend in the exchange rates of the dollar and other minor currencies had given rise to positive translation differences of €158,169 thousand.

Real guarantees on assets of consolidated companies are represented by liens on industrial and commercial equipment for the amount of €149 thousand at 30 June 2016 (December 2015: €156 thousand).

Rent expenses amounting to €18,367 thousand (2015: €17,594 thousand) relating to the operating lease of property and machinery are included in the income statement among services (note 11).

## 22. Investment property

| (thousands of euro) | *30 Jun 2016* | *31 Dec 2015* |
|---|---|---|
| **At 1 January** | | |
| Cost/deemed cost | 35,790 | 35,694 |
| Accumulated depreciation and impairment charges | (13,004) | (11,872) |
| **Net book amount** | **22,786** | **23,822** |
| Translation differences | (24) | 134 |
| Additions | 18 | 243 |
| Disposals and other | (662) | - |
| Depreciation and impairment charges | - | (1,409) |
| Reclassifications | - | (4) |
| **At 30 June** | **22,118** | **22,786** |
| Cost/deemed cost | 33,981 | 35,790 |
| Accumulated depreciation and impairment charges | (11,863) | (13,004) |
| **Net book amount** | **22,118** | **22,786** |

## 23. Investments in associates and joint ventures

The amounts recognized in the balance sheet are as follows:

| (thousands of euro) | *30 Jun 2016* | *31 Dec 2015* |
|---|---|---|
| Associates valued by the equity method | 191,654 | 187,963 |
| Joint ventures valued by the equity method | 170,248 | 185,294 |
| Associates and joint ventures valued at cost | 78 | 78 |
| | **361,980** | **373,335** |

The net decrease of €11,355 thousand was affected upwards by equity earnings for €36,394 thousand and downwards by translation differences for €18,388 thousand and by dividend distributions for €29,675 thousand.

### 23.1 Investments in associates

Set out below are the associates as at 30 June 2016, which, in the opinion of the directors, are material to the group. These associates have share capital consisting solely of ordinary shares, which are held directly or indirectly by the company. The country of incorporation is also their principal place of business.

Nature of investments in associates:

| *Name of entity* | *Place of business/country of incorporation* | *% of ownership interest* | *Book value* | *Measurement method* |
|---|---|---|---|---|
| Société des Ciments de Hadjar Soud EPE SpA | Algeria | 35.0 | 43,341 | equity |
| Société des Ciments de Sour El Ghozlane EPE SpA | Algeria | 35.0 | 43,216 | equity |
| Kosmos Cement Company | United States of America | 25.0 | 37,668 | equity |
| Salonit Anhovo Gradbeni Materiali dd | Slovenia | 25.0 | 24,823 | equity |
| Other | | | 42,607 | equity |
| **Total** | | | **191,654** | |

**Summarized financial information for associates**

Set out below are the summarized financial information for the associates that are material to the group, all valued by the equity method.

| | *Société des Ciments de Hadjar Soud EPE SpA* | | *Société des Ciments de Sour El Ghozlane EPE SpA* | | *Kosmos Cement Company* | | *Salonit Anhovo Gradbeni Materiali dd* | |
|---|---|---|---|---|---|---|---|---|
| | *Jun-16* | *Dec-15* | *Jun-16* | *Dec-15* | *Jun-16* | *Dec-15* | *Jun-16* | *Dec-15* |
| (thousands of euro) | | | | | | | | |
| Total assets | 129,640 | 137,629 | 134,152 | 143,958 | 171,117 | 177,551 | 142,914 | 130,419 |
| Total liabilities | 25,993 | 53,705 | 28,233 | 67,732 | 20,445 | 17,217 | 45,282 | 37,371 |

| | *Société des Ciments de Hadjar Soud EPE SpA* | | *Société des Ciments de Sour El Ghozlane EPE SpA* | | *Kosmos Cement Company* | | *Salonit Anhovo Gradbeni Materiali dd* | |
|---|---|---|---|---|---|---|---|---|
| | *Jun-16* | *Jun-15* | *Jun-16* | *Jun-15* | *Jun-16* | *Jun-15* | *Jun-16* | *Jun-15* |
| (thousands of euro) | | | | | | | | |
| Net revenues | 24,045 | 27,319 | 19,361 | 21,382 | 41,779 | 33,827 | 29,423 | 28,455 |
| Net profit | 3,451 | 5,391 | 2,000 | 2,531 | 3,332 | 1,328 | 1,644 | 714 |

The above information reflects the amounts presented in the financial statements of each associate (not Buzzi Unicem’s share of those amounts) adjusted for possible differences in the accounting policies between the group and the associates, as well as consolidation adjustments.

**23.2 Investment in joint ventures**

Set out below is the only joint venture as at 30 June 2016, which, in the opinion of the directors, is material to the group. The joint venture has share capital consisting solely of ordinary shares, which is held indirectly by the company. The country of incorporation is also its main place of business.

As at 30 June 2016, the fair value of our interest in Corporación Moctezuma, SAB de CV, which is listed on the Bolsa Mexicana de Valores, was €833,223 thousand (at the end of 2015: €861,193 thousand); the corresponding book value was €166,307 thousand (2015: €169,032 thousand).

There are no contingent liabilities relating to the group's interest in the joint venture.

**Summarized financial information for joint ventures**
Set out below are the summarized financial information for Corporación Moctezuma, SAB de CV group, which is accounted for using the equity method.

| (thousands of euro) | *Jun-16* | *Dec-15* |
|---|---|---|
| Total assets | 605,980 | 635,397 |
| Total liabilities | 107,881 | 129,189 |

| (thousands of euro) | *Jun-16* | *Jun-15* |
|---|---|---|
| Revenues | 301,501 | 320,746 |
| Net profit | 100,156 | 81,771 |

The above information reflects the amounts presented in the financial statements of the joint venture (not Buzzi Unicem's share of those amounts), adjusted for possible differences in accounting policies between the group and the joint venture.

## 24. Available-for-sale financial assets

The non-current portion refers to the investments in unconsolidated subsidiaries and other companies, all of which are unlisted.

| (thousands of euro) | *Subsidiaries* | *Other* | *Total* |
|---|---|---|---|
| At 1 January 2016 | 568 | 1,566 | 2,134 |
| Additions | - | 5 | 5 |
| Disposals and other | (243) | (17) | (260) |
| **At 30 June 2016** | **325** | **1,554** | **1,879** |

The current portion, amounting to €3,504 thousand, refers to short-term or marketable securities.

## 25. Derivative financial instruments

The derivative contracts, entered into to mitigate currency, interest rate and market price risks, are all "plain vanilla" type. They do not qualify for hedge accounting under IFRS.

| | *30 June 2016* | | *31 December 2015* | |
|---|---|---|---|---|
| (thousands of euro) | *Assets* | *Liabilities* | *Assets* | *Liabilities* |
| **Non-current** | | | | |
| Not designated as hedges | - | 40,128 | 4,103 | 47,740 |
| **Current** | | | | |
| Not designated as hedges | 9,323 | - | 7,714 | - |

Liabilities include the value of the cash settlement option related to the equity-linked convertible bond issued by the company, for a total amount of €40,128 thousand (2015: €47,740 thousand).
During the first six months of 2016 the changes in the fair value of derivative financial instruments recognized in the income statement are positive for €5,117 thousand.

## 26. Other non-current assets

| (thousands of euro) | *30 Jun 2016* | *31 Dec 2015* |
|---|---|---|
| Receivables from associates | 77 | 115 |
| Tax receivables | 815 | 843 |
| Receivables from personnel | 376 | 467 |
| Loans to customers | 1,213 | 654 |
| Guarantee deposits | 15,412 | 15,465 |
| Loans to third parties and leasing | 11,177 | 11,479 |
| Other | 6,849 | 7,060 |
| | **35,919** | **36,083** |

Loans to customers include interest bearing advances granted to some major accounts in the United States. Loans to third parties and leasing include debentures for an amount of €9,103 thousand, mainly interest-bearing and adequately secured.

## 27. Inventories

| (thousands of euro) | *30 Jun 2016* | *31 Dec 2015* |
|---|---|---|
| Raw materials, supplies and consumables | 232,270 | 236,283 |
| Work in progress | 61,195 | 61,360 |
| Finished goods and merchandise | 79,237 | 78,840 |
| Advances | 1,357 | 1,199 |
| | **374,059** | **377,682** |

The amount shown is net of an allowance for obsolescence of €23,038 thousand (€24,795 thousand in the previous year).

## 28. Trade receivables

| | 30 Jun 2016 | 31 Dec 2015 |
|---|---|---|
| (thousands of euro) | | |
| Trade receivables | 458,297 | 393,828 |
| Less: Provision for receivables impairment | (34,427) | (37,934) |
| **Trade receivables, net** | **423,870** | **355,894** |
| Other trade receivables: | | |
| - From associates | 11,689 | 8,427 |
| - From parent companies | 9 | 21 |
| | **435,644** | **364,342** |

The increase of €71,302 thousand in net trade receivables is mainly attributable to the business seasonality and to increased turnover, especially in the United States.

## 29. Other receivables

| | 30 Jun 2016 | 31 Dec 2015 |
|---|---|---|
| (thousands of euro) | | |
| Tax receivables | 45,556 | 40,049 |
| Receivables from social security institutions | 1,061 | 435 |
| Receivables from unconsolidated subsidiaries and associates | 334 | 1,017 |
| Loans to customers | 341 | 256 |
| Receivables from suppliers | 4,807 | 4,525 |
| Receivables from personnel | 367 | 375 |
| Receivables from sale of equity investments | 407 | 26 |
| Loans to third parties and leasing | 765 | 1,034 |
| Accrued interest income | 1,608 | 1,132 |
| Other accrued income and prepaid expenses | 9,697 | 9,494 |
| Other | 39,103 | 29,784 |
| | **104,046** | **88,127** |

Tax receivables include income tax payments in advance and the debit balance of periodic value added tax liquidation.

Loans to customers represent the current portion of the interest bearing lending granted in the United States (note 26).

Receivables from suppliers include mainly advances on procurement of gas, electricity and other services.

Accrued interest income is made up primarily of finance revenues on marketable securities and time deposits. Prepaid expenses relate to operating costs pertaining to the following period.

Other receivables include the discount on electric power costs granted in Italy to the energy-intensive firms, so-called system charges bonus, for an amount of €28,933 thousand (2015: €22,947 thousand).

## 30. Cash and cash equivalents

| (thousands of euro) | *30 Jun 2016* | *31 Dec 2015* |
|---|---|---|
| Cash at banks and in hand | 843,704 | 445,464 |
| Short-term deposits | 3,642 | 57,990 |
| | **847,346** | **503,454** |

Foreign operating companies hold about 32.1% of the balance of €847,346 thousand (72.4% in 2015). At the closing date, short-term deposits and securities earn interest at about 0.6% on average (0.9% in 2015), yield in euro is around 0.1%, in dollar 0.3%, and in other currencies 5.5%. The average maturity of such deposits and securities is lower than 60 days.

## 31. Assets and liabilities held for sale

The assets held for sale relate to the land and some equipment and machinery of the inactive plant in Cairo Montenotte (€2,793 thousand), to some equipment and machinery of the idle plant in Santarcangelo di Romagna (€1,070 thousand), to the mothballed Travesio plant (€900 thousand), to the variable component (earn-out) of the sale price of the investment in Addiment Italia Srl (€700 thousand), to machinery and equipment originally purchased to expand production capacity in Russia (€807 thousand), to some lots of land in Italy for €725 thousand and in the United States for €401 thousand.

In 2015 assets held for sale referred basically to the same capital. The item also included the assets and liabilities of the subsidiary Beton Union Plzen sro, following the preliminary sales agreement of the investment signed on 11 January 2016, as follows:

| (thousands of euro) | *31 Dec 2015* |
|---|---|
| **Assets held for sale** | |
| Property, plant and equipment | 1,470 |
| Other receivables | 1,300 |
| Cash and cash equivalents | 844 |
| | **3,614** |
| **Liabilities held for sale** | |
| Other payables | 462 |
| Deferred income tax liabilities | 50 |
| | **512** |

### 32. Share capital

At the balance sheet date the share capital of the company is as follows:

| (number of shares) | *30 Jun 2016* | *31 Dec 2015* |
|---|---|---|
| **Shares issued and fully paid** | | |
| - Ordinary shares | 165,349,149 | 165,349,149 |
| - Savings shares | 40,711,949 | 40,711,949 |
| | **206,061,098** | **206,061,098** |
| Share capital *(thousands of euro)* | 123,637 | 123,637 |

The number of shares outstanding by category is the following:

| number of shares | *Ordinary* | *Savings* | *Total* |
|---|---|---|---|
| **At 30 June 2016** | **164,849,149** | **40,682,659** | **205,531,808** |
| Shares issued | 165,349,149 | 40,711,949 | 206,061,098 |
| Less: Treasury shares | (500,000) | (29,290) | (529,290) |
| **Shares outstanding** | **164,849,149** | **40,682,659** | **205,531,808** |

### 33. Other reserves

The line item encompasses several captions, which are listed and described here below:

| (thousands of euro) | *30 Jun 2016* | *31 Dec 2015* |
|---|---|---|
| Translation differences | (328,396) | (301,950) |
| Revaluation reserves | 88,287 | 88,286 |
| Merger surplus | 247,530 | 247,530 |
| Other | 116,493 | 115,356 |
| | **123,914** | **149,222** |

The translation differences reflect the exchange rate variations that were generated starting from the first time consolidation of financial statements denominated in foreign currencies. The negative change in the balance of €26,446 thousand is the result of a series of separate effects: a decrease of €35,195 thousand due to the weakening of the US dollar, a decrease of €13,865 thousand due to the weakening of the Mexican peso, a decrease of €4,295 thousand due to the weakening of the Algerian dinar, an increase of €37,960 due to the strengthening of the Russian ruble and a decrease of €11,051 thousand due to the weakening of the other Eastern European currencies.

### 34. Non-controlling interests

The balance as at 30 June 2016 refers to OAO Sukholozhskcement for €23,618 thousand, to Cimalux SA for €2,926 thousand, to Betonmortel Centrale Groningen (B.C.G.) BV for €1,387 thousand.

## 35. Debt and borrowings

| (thousands of euro) | *30 Jun 2016* | *31 Dec 2015* |
|---|---|---|
| **Long-term debt** | | |
| Senior notes and bonds | 843,169 | 380,892 |
| Convertible bonds | 196,819 | 193,342 |
| Finance lease obligations | 1,130 | 1,143 |
| Unsecured term loans | 376,911 | 395,132 |
| | **1,418,029** | **970,509** |
| **Current portion of long-term debt** | | |
| Senior notes and bonds | 421,742 | 502,350 |
| Finance lease obligations | 761 | 1,024 |
| Unsecured term loans | 20,885 | 24,359 |
| Debts to banks | 1,194 | 1,701 |
| | **444,582** | **529,434** |

### Senior Notes and Bonds

The change in the period is mainly due to an increase of €494,007 thousand for new issues, a decrease of €109,030 thousand for principal repayments and a decrease of €4,143 thousand for translation differences.

In April 2016 was issued the bond Buzzi Unicem SpA €500.000.000 2,125% due 2023". The notes, placed with institutional investors only, have a minimum denomination of € 100,000 and pay a fixed annual coupon of 2.125%. The issue price of the bonds is equal to 99.397% of face value. The bond is governed by English law and its due date is 28 April 2023 in a single installment. This bond is carried at amortized cost, corresponding to an effective interest rate of 2.31% and to an amount of €494,144 thousand in the balance sheet.

The Senior Unsecured Notes privately placed in the US market (USPP) include covenants for the issuer and for Buzzi Unicem SpA as the guarantor, which require compliance with certain financial ratios. Such commitments are common in the international practice for bond issues of this type. In particular the most significant financial conditions consist of a minimum consolidated net worth and a ratio of consolidated net debt to EBITDA not exceeding 3.0 times. At 30 June 2016, such contractual covenants are all complied with.

### Term loans and other borrowings

During the period short-term bank loans increased by €647 thousand and principal repayments were made for €21,520 thousand.

The following table provides the carrying amounts of debt and borrowings in comparison with their fair values.

| (thousands of euro) | 30 Jun 2016 Carrying amount | 30 Jun 2016 Fair value | 31 Dec 2015 Carrying amount | 31 Dec 2015 Fair value |
|---|---|---|---|---|
| **Fix rate borrowings** | | | | |
| Senior notes and bonds | 1,264,911 | 1,346,617 | 855,698 | 920,363 |
| Convertible bonds | 196,819 | 264,220 | 193,342 | 272,800 |
| Unsecured term loans | 72,090 | 76,487 | 69,883 | 76,193 |
| | **1,533,820** | **1,687,324** | **1,118,923** | **1,269,356** |
| **Floating rate borrowings** | | | | |
| Senior notes and bonds | - | | 27,545 | |
| Finance lease obligations | 1,891 | | 2,167 | |
| Unsecured term loans | 325,706 | | 349,607 | |
| Debts to banks | 1,194 | | 1,701 | |
| | **328,791** | | **381,020** | |

The fair values are based on the cash flows discounted at current borrowing rates for the group and are within level 2 of the specific hierarchy.
The carrying amount of floating rates and short-term borrowings approximates their fair value, as the impact of discounting is not significant.

## 36. Employee benefits

The obligations for employee benefits are analyzed as follows:

| (thousands of euro) | 30 Jun 2016 | 31 Dec 2015 |
|---|---|---|
| **By category** | | |
| Post-employment benefits: | | |
| - Pension plans | 358,138 | 304,491 |
| - Healthcare plans | 102,478 | 98,072 |
| - Employee severance indemnities | 18,860 | 19,608 |
| Other long-term benefits | 8,409 | 10,092 |
| | **487,885** | **432,263** |
| **By geographical area** | | |
| Italy | 19,807 | 20,554 |
| Germany, Luxembourg, Netherlands | 290,942 | 260,886 |
| United States of America | 174,633 | 148,436 |
| Other Countries | 2,503 | 2,387 |
| | **487,885** | **432,263** |

## 37. Provisions for liabilities and charges

| (thousands of euro) | *Environmental risks and restoration* | *Antitrust* | *Local claims Tax risks* | *Other risks* | *Total* |
|---|---|---|---|---|---|
| At 1 January 2016 | 59,185 | 15,445 | 17,313 | 16,240 | 108,183 |
| Additional provisions | 598 | - | 846 | 3,460 | 4,904 |
| Discount unwinding | 307 | - | (524) | 9 | (208) |
| Unused amounts released | (355) | - | (431) | (109) | (895) |
| Used during the period | (793) | (396) | (375) | (5,595) | (7,159) |
| Translation differences | (311) | (494) | (33) | 138 | (700) |
| Change in scope of consolidation | - | - | - | (34) | (34) |
| Other changes | 72 | - | - | 738 | 810 |
| **At 30 June 2016** | **58,703** | **14,555** | **16,796** | **14,847** | **104,901** |

Total provisions can be analyzed as follows:

| (thousands of euro) | *30 Jun 2016* | *31 Dec 2015* |
|---|---|---|
| Non-current | 84,433 | 86,916 |
| Current | 20,468 | 21,267 |
| | **104,901** | **108,183** |

The provisions for other risks include €2,547 thousand referring to workers compensation claims not covered by insurance and restructuring costs of €187 thousand. Uses include the payment of worker compensation for €3,360 and restructuring costs for €1,932 thousand.

## 38. Other non-current liabilities

| (thousands of euro) | *30 Jun 2016* | *31 Dec 2015* |
|---|---|---|
| Purchase of equity investments | 3,974 | 3,791 |
| Non-controlling interests in partnerships | 2,520 | 2,521 |
| Payables to personnel | 641 | 763 |
| Other | 13,815 | 10,988 |
| | **20,950** | **18,063** |

A former manager has an obligation to sell his minority interest in the subsidiary OAO Sukholozhskcement. The liability for purchase of equity investments recognizes the present value of this obligation, which is due in 2017.

## 39. Trade payables

| (thousands of euro) | 30 Jun 2016 | 31 Dec 2015 |
|---|---|---|
| Trade payables | 224,141 | 244,208 |
| Other trade payables: | | |
| - To unconsolidated subsidiaries | 10 | - |
| - To associates | 1,224 | 1,029 |
| | **225,311** | **245,237** |

## 40. Other payables

| (thousands of euro) | 30 Jun 2016 | 31 Dec 2015 |
|---|---|---|
| Advances | 2,764 | 2,044 |
| Payables to social security institutions | 11,471 | 13,871 |
| Payables to personnel | 47,118 | 45,990 |
| Payables to customers | 6,979 | 6,487 |
| Accrued interest expense | 33,937 | 12,677 |
| Other accrued expense and deferred income | 8,491 | 7,658 |
| Tax payables | 27,349 | 10,965 |
| Other | 14,962 | 15,057 |
| | **153,071** | **114,749** |

Accrued interest expense includes finance costs on bank loans, leasing and bonds. Deferred income relates to operating revenues pertaining to the following period.
The caption tax payables includes value added tax for €15,455 thousand (2015: €4,839 thousand).

## 41. Cash generated from operations

| (thousands of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| **Profit before tax** | **129,160** | **54,140** |
| Adjustments for: | | |
| Depreciation, amortization and impairment charges | 93,497 | 96,520 |
| Equity in earnings of associates | (36,394) | (30,166) |
| Gains on disposal of fixed assets | (9,598) | (8,376) |
| Net change in provisions and employee benefits | (12,882) | (13,208) |
| Net finance costs | 36,402 | 51,849 |
| Other non-cash movements | 1,852 | 2,916 |
| Changes in operating assets and liabilities: | | |
| - Inventories | 2,591 | 1,173 |
| - Trade and other receivables | (86,070) | (67,883) |
| - Trade and other payables | 17,988 | 28,421 |
| **Cash generated from operations** | **136,546** | **115,386** |

## 42. Dividends

The dividends distributed in 2016 and 2015 were respectively €15,415 thousand (7.5 eurocent per ordinary share and per savings share) and €10,277 thousand (5 eurocent per ordinary share and per savings share).

## 43. Commitments

| (thousands of euro) | *1H 2016* | *31 Dec 2015* |
|---|---|---|
| Guarantees granted | 4,489 | 4,489 |
| Other commitments and guarantees | 69,164 | 80,141 |

## 44. Legal claims and contingencies

Buzzi Unicem is exposed to legal risks, stemming from the variety and complexity of the norms and regulations that apply to the industrial operations of the group, particularly in the areas of environment, health safety, product liability, taxation and competition. Consequently there are claims arising in the normal course of business that are pending against the group. While it is not feasible to predict the outcome of any case, it is the opinion of management that the ultimate dispositions will not have a material adverse effect on the group's financial condition. Instead, when it is likely that an outflow of resources is required to settle obligations and the amount can be reliably estimated, the group recognized specific provisions for this purpose.

As regards the two notices of assessment on the year 2000 related to the deductibility of the antitrust fines inflicted to the group by the European authority, the company has fully paid the tax-assessment bills received. To date the appeal with the Supreme Court has not been discussed yet.

As regards the litigation with the Italian Revenue Service (approximately €2.2 million), referring to the purchase in 2008 of the 100% ownership interest in Cementi Cairo Srl and requalified by the financial administration as purchase of a line of business, the Tax Courts rejected our reconsideration case. The company, deeming that the defense elements are well-grounded, has appealed to the Supreme Court. To date the appeal has not been discussed yet. The additional taxes with interests and sanctions due have been fully paid.

About the litigation with the Italian Revenue Service (for a total amount of €0.4 million, of which €0.2 million pertaining to the subsidiary Unical), referring to the purchase in October 2008 of the 100% ownership interest in Calcestruzzi Nord Ovest Srl and requalified by the financial administration as purchase of a line of business, the Provincial Tax Court ruled in our favor. Against that judgment the Italian Revenue Service filed an appeal to the Regional Tax Court, which by its judgment of 12 July 2016 reversed the first-instance decision accepting the view of the Revenue Service. The company is considering whether to appeal to the Supreme Court against this decision. The additional taxes with interests and sanctions in charge to the subsidiary Unical have been fully paid.

At the end of 2011 and in 2012, the company underwent a tax audit by the Revenue Service concerning the years from 2006 to 2011. The inspection ended with a single remark on the fair market value of the intra-group interest expense and consequently with a notification of a higher taxable income of €19.6 million approximately, referring to all the years being audited. So far the company received notices of assessment for the years from 2006 to 2010 including a total claim of approximately €10.5 million for higher taxes assessed, sanctions and interests and paid temporarily a third of the amounts being object of the tax assessments themselves (approximately €1.7 million for higher corporate income tax and interest). The company has appealed against the notices of assessment received for the years 2006 to 2009 by the Provincial Tax Court of Turin which, in its judgment of 1 April 2015, upheld the appeals. The Revenue Service has appealed against that judgment and reimbursed the company only the amount paid for the years 2006 and 2007 (about €1 million compared to the total amount paid of €1.7 million). The company, also to avoid further legal costs and considering the timing of the trial process, reached an agreement with the Revenue Service for all the years (2006-2011) which provides for the reduction of the additional taxable income from €19.6 million to about €1.3 million, resulting in the definition of additional taxes, interest and penalties due by Buzzi Unicem in a total of approximately €0.5 million, compared with €10.5 million notified. Based on this agreement, the company still has to receive by the Revenue Service about €0.6 million as a refund of the amount paid on a provisional basis while the judgment was pending and not otherwise compensated.

As regards the measures adopted for the remediation of the Augusta (SR) roadstead, the land areas and the respective underneath aquifers, Buzzi Unicem is involved in a legal suit and had to institute a number of proceedings before the Regional Administrative Court (TAR) of Sicily – Catania division – against the Ministry and various public and private entities. The TAR of Sicily, Catania, with judgment dated 11 September 2012, not appealed by the Ministry, acknowledged that the company was not involved at all in the pollution of the Augusta roadstead. Conversely, no jurisprudential pronouncements and major developments in the proceedings have been recorded as regards the final project for the remediation and safety of the land areas and underneath aquifer, against which the company has appealed before the competent jurisdiction authorities, together with some subsequent implementation acts. The company has maintained a technical confrontation with the Ministry for Environment in order to evaluate the feasibility, fairness and sustainability of an out-of-court settlement, which however would imply the acceptance of the Plan Agreement. However this option was not pursued, because of both uncertainties on the ensuing economic charges and the questionable compliance with the EC regulations in force about environmental damages. As an alternative to the acceptance of the Plan Agreement, the company has instead brought forward on its own the procedural fulfillments aimed at the characterization, risk analysis and remediation and/or permanent safety of its land areas and portions of the underneath aquifer affected. These requirements are currently being evaluated by the Ministry for Environment which has already ruled favorably on certain aspects through decision-making conference, with requirements that the company has not opposed. Awaiting the development of the above proceedings, the company prudentially maintains in the books the relevant provision of €3.0 million.

As regards the €11.0 million fine inflicted by the Italian Antitrust Authority to the subsidiary Unical SpA for alleged anti-competitive practices in the Milan market and cancelled by the Council of State by judgment of 2009, the Antitrust Authority, by judgment of 10 December 2013, reassessed the fine reducing it to about €7.0 million. The Authority moreover ordered Unical to pay the additional charges due ex art. 27, paragraph 6, of law no 689/81 for a total of about €6.3 million. The subsidiary Unical, deeming that the new assessment of the fine was excessive and not consistent with the precepts of the ruling of the Council of State and the additional charges were not due, appealed the assessment judgment before the TAR of Lazio. In the meantime Unical, for the mere purpose of preventing the accumulation of charges and without agreeing with the decision, considered appropriate to fully pay the fine. To this aim, it required and obtained from the Antitrust Authority the split-up of the penalty in 30 installments. The TAR of Lazio by judgment of 20 April 2015 no. 5758, partially accepted the appeal issue by Unical, recalculating the penalty in €3.5 million and cancelling the Antitrust Authority provision as regards the additional charges, because not due. A new installment plan for the payment of the remaining penalty was established. The Antitrust Authority appealed the judgment of TAR of Lazio to the Council of State on 20 July 2015. Unical has joined the lawsuit initiated by the Antitrust Authority and has also presented incidental appeal, in which it has requested a further reduction of the sanction which had been restated. The matter is currently pending. A specific provision has been maintained in the financial statements.

On 25 November 2015, during an inspection at Buzzi Unicem offices, the Antitrust Authority notified the company of the opening of an investigation under Article 14 of Law 287/90, for infringement of Article 101 TFEU in relation to an alleged agreement between Buzzi Unicem and three other competitors for the coordination of cement sales price increases in a part of the national territory. As for the proceedings it is believed there are no factors such as to constitute cases of breach of the competition law and consequently the company did not create any provision.

In relation to the procedure for the purchase of all outstanding common and preferred shares of the subsidiary Dyckerhoff held by minority shareholders (squeeze-out), concluded in August 2013, a total of 94 requests for price revision have been notified to Buzzi Unicem. The price of the shares was determined based on the evaluation of two different external auditors (one of them appointed by the Court of Frankfurt), pursuant to the enacted German law. On 8 June 2015, the Court of Frankfurt however decided that the price to be paid to the minority shareholders must be increased by €5.24 per share, based on a different valuation method compared to the one used by the company. The company, considering valid its assessment methodology, appealed against the decision of the Court of first instance. A specific provision was added in the books.

The appeal process of a Belgian company (CDC) against Dyckerhoff GmbH and other German cement producers in front of the Court of Düsseldorf, for damages to customers arising from an alleged cartel agreement at the national level, closed with the rejection of the claimants' requests, who did not propose a further appeal against the decision. However

CDC presented in September 2015 another claim against Heidelberg Cement AG at the Court of Mannheim. The claim is based on an alleged breach of the Antitrust Law by Heidelberg Cement and other cement manufacturers including Dyckerhoff in the regions of South and East Germany. Heidelberg Cement has named Dyckerhoff as the third party jointly and severally liable, which has joined to support the defense of Heidelberg considering the CDC claims to be unfounded for procedural and substantive reasons. We do not expect a negative financial impact from these new CDC proceedings.

We confirm that the final decision of the Polish Cartel Office, which inflicted a monetary penalty to six cement producers, including the subsidiary Dyckerhoff Polska that has been fined around €15 million, has been appealed before the Warsaw Regional Court, which issued its pronouncement in December 2013 reducing the penalty to an amount of approximately €11.3 million. Our subsidiary Dyckerhoff Polska appealed against the reassessment of the fine. The revised fine has been fully provided for in the financial statements

In February 2012, the Antitrust Authority in the Netherlands (ACM) opened a preliminary investigation on the domestic ready-mix concrete market, where the company operates through its subsidiaries. The subsidiary Dyckerhoff Basal Netherland presented on 7 March 2016 some formal commitments. The ACM declared those commitments as binding and irrevocable on 29 June 2016. These commitments are identical to those already presented by several other competitors. In addition, the ACM closed the proceedings in progress in respect of all interested parties.

Our Dutch subsidiary Dyckerhoff Basal Toeslagstoffen received on 2 March 2015 a damage-claim in the amount of €7.4 million for an alleged failure to comply with some of its contractual obligations related to a sand quarry. The applicant filed an appeal against the decision of the arbitral tribunal which rejected the claim entirely. The company did not create any provision as the risk of an adverse outcome in case of appeal against the arbitration decision is deemed to be remote

In Ukraine there are pending litigations concerning claims filed by the Revenue Service that relate to value-added tax and deductibility of operating expenses for production plants. After closing some of the proceedings with judgments in favor of the company during 2015 and considering the significant devaluation of the local currency, the total amount of outstanding litigations decreased to approximately €0.9 million. The claims by the Revenue Service seem not to be supported by the enacted legislation and an appeal was lodged against the requests that are still unresolved.

In relation to the proceedings for the sale of the Russian subsidiary ZAO Akmel in 2013, several claims were presented in 2014 against our subsidiaries OAO Sucholoszhkcement and Dyckerhoff. The settlement agreement signed with the plaintiff in April 2015, has been fully implemented.

In the United States of America, numerous lawsuits and claims exist that have been filed against Lone Star Industries, Inc. (LSI) regarding silica-containing or asbestos containing materials sold or distributed by the company or its subsidiaries in the past and used primarily in construction and other industries. The plaintiffs allege that the use of such materials caused work-related injuries. LSI maintained product liability and comprehensive general liability insurance coverage, to the extent available, for most of the time that it sold or distributed silica-containing and asbestos-containing materials. Further, between 2009 and 2010, LSI and its major insurance carriers entered into settlement agreements that define the parties responsibilities and cost shares for these liabilities until 2019. Estimating the costs associated with silica-related and asbestos-related claims involves many uncertainties that may affect the amount and timing of the losses. The Company however maintains a provision for the liabilities not expected to be covered by insurance.

## 45. Related-party transactions

Buzzi Unicem SpA is controlled by Fimedi SpA, which directly and indirectly, through its subsidiary Presa SpA, owns 58.6% of the voting rights.

The company assembles the professional skills, the human resources and the equipment that allow it to provide assistance to other subsidiaries and associates.

Buzzi Unicem SpA regularly carries out trading transactions with a number of associates and/or joint ventures, which mainly consist of sales of goods to entities operating in the business of cement and ready-mix concrete. Furthermore the company provides upon request to the same entities technical and engineering services. Goods are sold on the basis of the price lists in force with non-related parties. Services are usually negotiated with related parties on a cost-plus basis. There are also some transactions of financial nature with the same entities; equally, they have normal terms and interest rate conditions. The main relationship with the parent company Fimedi SpA and its subsidiaries or other entities that are significantly influenced by individuals with significant voting power in Fimedi SpA, consists of sales of services in the area of administration, taxation, legal affairs, payroll and information systems, for limited amounts. The company and its Italian subsidiaries are members of a controlled group of corporations for domestic income tax purposes, with Fimedi SpA acting as the parent.

Set out below are the main transactions carried out with related parties and the corresponding balances at the end of the period:

| (thousands of euro) | *1H 2016* | *in % of reported balance* | *1H 2015* | *in % of reported balance* |
|---|---|---|---|---|
| *Sales of goods and services:* | *20,118* | *3.0* | 18,411 | *1.4* |
| - Associates and unconsolidated subsidiaries | 13,990 | | 13,823 | |
| - Joint ventures | 6,065 | | 4,574 | |
| - Parent companies | 9 | | 9 | |
| - Other related parties | 54 | | 5 | |
| *- Purchases of goods and services:* | *13,688* | *3.8* | *18,961* | *2.2* |
| - Associates and unconsolidated subsidiaries | 12,427 | | 13,991 | |
| - Joint ventures | 807 | | 4,547 | |
| - Other related parties | 454 | | 423 | |
| *Finance revenues:* | *1,017* | *0.3* | 236 | *0.7* |
| - Associates and unconsolidated subsidiaries | 17 | | 30 | |
| - Joint ventures | 1,000 | | 196 | |
| - Other related parties | - | | 10 | |
| *Finance costs* | *1* | *0.0* | 3 | *0.0* |
| - Associates and unconsolidated subsidiaries | 1 | | 3 | |
| *Trade receivables:* | *11,624* | *1.9* | 9,630 | *2.2* |
| - Associates and unconsolidated subsidiaries | 9,815 | | 8,439 | |
| - Joint ventures | 1,723 | | 1,118 | |
| - Parent companies | 9 | | 9 | |
| - Other related parties | 77 | | 64 | |
| *Loans receivable:* | *342* | *1.7* | 430 | *2.0* |
| - Associates and unconsolidated subsidiaries | 235 | | 144 | |
| - Joint ventures | 107 | | 286 | |
| *Other receivables:* | *22,250* | *14.7* | 23,890 | *17.5* |
| - Associates and unconsolidated subsidiaries | 1,961 | | 3,567 | |
| - Joint ventures | 662 | | 385 | |
| - Parent companies | 19,627 | | 19,938 | |
| *Cash and cash equivalents:* | *96* | *0.0* | 96 | *0.0* |
| - Other related parties | 96 | | 96 | |
| *Trade payables:* | *2,918* | *1.3* | 3,199 | *1.3* |
| - Associates and unconsolidated subsidiaries | 2,514 | | 2,883 | |
| - Joint ventures | 261 | | 316 | |
| - Other related parties | 143 | | - | |
| *Other payables:* | *1,540* | *0.9* | 1,473 | *0.9* |
| - Associates and unconsolidated subsidiaries | 1,488 | | 1,473 | |
| - Joint ventures | 52 | | - | |
| *Guarantees granted:* | *1,500* | | 1,500 | |
| - Associates and unconsolidated subsidiaries | 1,500 | | 1,500 | |

Key management includes the directors of the company (executive and non-executive), the statutory auditors and 5 other senior executives.
In 2015 employee benefits include the compensation of a senior executive that has ceased his relationship with the group during the year.
The compensation paid or payable to key management for employee services, not included in the previous table, is shown below:

| (thousands of euro) | *1H 2016* | *1H 2015* |
|---|---|---|
| Salaries and other short-term employee benefits | 2,023 | 2,428 |
| Post-employments benefits | 308 | 564 |
| Other long-term benefits | - | - |
| Termination benefits | - | - |
| Share-based payments | - | - |
| | **2,331** | **2,992** |

## 46. Business combinations

On 31 May 2016 the group signed with Monvil Beton Srl a lease contract of a business unit, with option to purchase within 5 years, related to 8 batching plants operating in the ready-mix concrete sector, mainly located in the Milan hinterland. With the additional integration of the Monvil Beton plants, Buzzi Unicem, through its subsidiary Unical, will rely on a more widespread presence in the Milan metropolitan area and on greater efficiency in the concrete distribution to customers, with more alternative distribution points.
The total purchase price of the business unit amounts to €8,000 thousand, paid partly by deposits upon signing of the lease (€2,500 thousand), partly with annual rents of the business unit (€700 thousand payable annually over 5 years); the balance amounting to €2,000 thousand will be paid upon exercise of the option to purchase the plants. The contract provides that, if the option to purchase is not exercised, the company loses the amounts already funded and must pay a penalty amounting to €1,000 thousand.
From an accounting standpoint, the transaction is considered as a business combination in accordance with IFRS 3, therefore it is assumed that the plants are purchased at the signing of the contract.
The initial accounting for the business combination could be determined only provisionally as of 30 June. Hence, the fair values assigned to the acquiree's assets, liabilities or contingent liabilities represent management’s best estimate of likely values. The provisional goodwill resulting from the acquisition amounts to €5,135 thousand. The final measurement will be determined in the financial statements for the year 2016. None of the provisional goodwill recognized is expected to be deductible for income tax purposes.

The consideration paid, the provisional fair value of the assets acquired and liabilities assumed at the acquisition date, are as follows:

| (thousands of euro) | Amount |
|---|---|
| Cash | 2,500 |
| Equity instruments | - |
| **Total consideration transferred** | **2,500** |
| Barter transaction | **-** |
| Present value of deferred purchase | 5,500 |
| **Total consideration** | **8,000** |
| | |
| **Recognized amounts of identifiable assets acquired and liabilities assumed** | |
| Property, plant and equipment | 2,865 |
| **Total identifiable net assets** | **2,865** |
| **Goodwill** | **5,135** |
| | **8,000** |
| Acquisition-related costs | - |

## 47. Other information

*Material non-recurring events and transactions*

As stated in the management report, the six months period ended 30 June 2016 was affected by material non-recurring events and transactions – as defined in Consob Communication no. DEM/6064293 of 28 July 2006 – with an overall positive impact on EBITDA of €3.199 thousand.

*Atypical and/or unusual transactions*

Please note that Buzzi Unicem did not carry out atypical and/or unusual transactions during the six months period ended 30 June 2016, as defined in Consob Communication no. DEM/6064293 of 28 July 2006.

*Component of net debt*

Set out below is the reconciliation of net debt components not directly inferable from the line items in the balance sheet scheme.

| (thousands of euro) | Note | 30 Jun 2016 | 31 Dec 2015 |
|---|---|---|---|
| - *Other current financial receivables* | | **6,959** | **7,199** |
| Receivables from unconsolidated subsidiaries and associates | 29 | 334 | 1,017 |
| Loans to customers | 29 | 341 | 256 |
| Receivables from sale of equity investments | 29 | 407 | 26 |
| Loans to third parties and leasing | 29 | 765 | 1,034 |
| Accrued interest income | 29 | 1,608 | 1,132 |
| Available-for-sale financial assets | 24 | 3,504 | 2,891 |
| Assets held for sale | 31 | - | 844 |
| - *Other current financial liabilities* | | **(33,937)** | **(12,677)** |
| Accrued interest expense | 40 | (33,937) | (12,677) |
| - *Other not-current financial liabilities* | | **(3,974)** | **(3,791)** |
| Purchase of equity investments | 38 | (3,974) | (3,791) |
| - *Other not-current financial receivables* | | **12,466** | **12,246** |
| Receivables from associates | 26 | 77 | 115 |
| Loans to customers | 26 | 1,213 | 654 |
| Loans to third parties and leasing | 26 | 11,176 | 11,477 |

## 48. Events after the balance sheet date

As far as the trading outlook is concerned, reference is made to the appropriate chapter in the review of operations.

Casale Monferrato, August 3, 2016

On behalf of the Board of Directors
The Chairman
**Enrico Buzzi**

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND OF EQUITY INVESTMENTS

**Companies consolidated on a line-by-line basis**

| Name | Registered office | Share capital | | Ownership interest held by | % of ownership | % of voting rights |
|---|---|---|---|---|---|---|
| Buzzi Unicem S.p.A. | Casale Monferrato (AL) | EUR | 123.636.659 | | | |
| Unical S.p.A. | Casale Monferrato (AL) | EUR | 130.235.000 | Buzzi Unicem S.p.A. | 100,00 | |
| Serenergy S.r.l. | Casale Monferrato (AL) | EUR | 25.500 | Buzzi Unicem S.p.A. | 100,00 | |
| Dyckerhoff GmbH | Wiesbaden DE | EUR | 105.639.816 | Buzzi Unicem S.p.A. | 100,00 | |
| Buzzi Unicem International S.à r.l. | Luxembourg LU | EUR | 37.529.900 | Buzzi Unicem S.p.A. | 100,00 | |
| Buzzi Unicem Algérie S.à r.l. | El Mohammadia - Alger DZ | DZD | 3.000.000 | Buzzi Unicem S.p.A. | 70,00 | |
| Deuna Zement GmbH | Deuna DE | EUR | 5.113.000 | Dyckerhoff GmbH | 100,00 | |
| Tubag GmbH | Kruft DE | EUR | 3.836.000 | Dyckerhoff GmbH | 100,00 | |
| Dyckerhoff Beton GmbH & Co. KG | Wiesbaden DE | EUR | 18.000.000 | Dyckerhoff GmbH | 100,00 | |
| GfBB prüftechnik GmbH & Co. KG | Flörsheim DE | EUR | 50.000 | Dyckerhoff GmbH | 100,00 | |
| Dyckerhoff Basal Nederland B.V. | Nieuwegein NL | EUR | 18.002 | Dyckerhoff GmbH | 100,00 | |
| Cimalux S.A. | Esch-sur-Alzette LU | EUR | 29.900.000 | Dyckerhoff GmbH | 98,40 | |
| Dyckerhoff Polska Sp. z o.o. | Nowiny PL | PLN | 70.000.000 | Dyckerhoff GmbH | 100,00 | |
| Cement Hranice a.s. | Hranice CZ | CZK | 510.219.300 | Dyckerhoff GmbH | 100,00 | |
| ZAPA beton a.s. | Praha CZ | CZK | 300.200.000 | Dyckerhoff GmbH | 100,00 | |
| TOB Dyckerhoff Ukraina | Kyiv UA | UAH | 230.943.447 | Dyckerhoff GmbH | 100,00 | |
| PAT YUGcement | Olshanske UA | UAH | 6.237.414 | Dyckerhoff GmbH | 99,30 | |
| PAT Volyn-Cement | Zdolbuniv UA | UAH | 1.402.422 | Dyckerhoff GmbH<br>TOB Dyckerhoff Ukraina | 98,74<br>0,04 | |
| PAT Dyckerhoff Cement Ukraine | Kyiv UA | UAH | 7.917.372 | Dyckerhoff GmbH<br>TOB Dyckerhoff Ukraina | 99,03<br>0,01 | |
| OOO Russkiy Cement | Ekaterinburg RU | RUB | 350.000 | Dyckerhoff GmbH | 100,00 | |
| OOO Dyckerhoff Korkino Cement | Pervomaysky settlement RU | RUB | 30.000.000 | Dyckerhoff GmbH | 100,00 | |
| OAO Sukholozhskcement | Suchoi Log RU | RUB | 30.625.900 | Dyckerhoff GmbH | 90,38 | |
| Alamo Cement Company | San Antonio US | USD | 200.000 | Buzzi Unicem International S.à r.l. | 100,00 | |
| RC Lonestar Inc. | Wilmington US | USD | 10 | Buzzi Unicem International S.à r.l.<br>Dyckerhoff GmbH | 51,50<br>48,50 | |
| Dyckerhoff Gravières et Sablières Seltz S.A.S. | Seltz FR | EUR | 180.000 | Dyckerhoff Beton GmbH & Co. KG | 100,00 | |
| Dyckerhoff Kieswerk Trebur GmbH | Trebur-Geinsheim DE | EUR | 125.000 | Dyckerhoff Beton GmbH & Co. KG | 100,00 | |
| Dyckerhoff Kieswerk Leubingen GmbH | Erfurt DE | EUR | 101.000 | Dyckerhoff Beton GmbH & Co. KG | 100,00 | |
| SIBO-Gruppe GmbH & Co. KG | Osnabrück DE | EUR | 1.148.341 | Dyckerhoff Beton GmbH & Co. KG | 100,00 | |
| MKB Mörteldienst Köln-Bonn GmbH & Co. KG | Hückelhoven DE | EUR | 125.500 | Dyckerhoff Beton GmbH & Co. KG | 100,00 | |
| Dyckerhoff Transportbeton Thüringen GmbH & Co. KG | Erfurt DE | EUR | 100.000 | Dyckerhoff Beton GmbH & Co. KG | 95,00 | |
| sibobeton Osnabrück GmbH & Co. KG | Osnabrück DE | EUR | 5.368.565 | Dyckerhoff Beton GmbH & Co. KG | 87,63 | |
| sibobeton Wilhelmshaven GmbH & Co. KG | Osnabrück DE | EUR | 920.325 | Dyckerhoff Beton GmbH & Co. KG<br>sibobeton Osnabrück GmbH & Co. KG | 85,44<br>14,56 | |
| sibobeton Ems GmbH & Co. KG | Osnabrück DE | EUR | 2.300.813 | Dyckerhoff Beton GmbH & Co. KG<br>sibobeton Osnabrück GmbH & Co. KG | 68,21<br>19,51 | |
| TBG Lieferbeton GmbH & Co. KG Odenwald | Reichelsheim DE | EUR | 306.900 | Dyckerhoff Beton GmbH & Co. KG | 66,67 | |
| TB Rheinland GmbH & Co. KG | Neuwied DE | EUR | 795.356 | Dyckerhoff Beton GmbH & Co. KG | 55,00 | |
| sibobeton Enger GmbH & Co. KG | Osnabrück DE | EUR | 337.453 | Dyckerhoff Beton GmbH & Co. KG<br>sibobeton Osnabrück GmbH & Co. KG | 50,00<br>50,00 | |

**Companies consolidated on a line-by-line basis (continued)**

| Name | Registered office | Share capital | | Ownership interest held by | % of ownership | % of voting rights |
|---|---|---|---|---|---|---|
| | | | | Dyckerhoff Beton GmbH & Co. KG | 45,13 | |
| | | | | sibobeton Ems GmbH & Co. KG | 24,20 | |
| Ostfriesische Transport-Beton GmbH & Co. KG | Osnabrück DE | EUR | 1.300.000 | sibobeton Wilhelmshaven GmbH & Co. KG | 10,67 | |
| Dyckerhoff Basal Toeslagstoffen B.V. | Nieuwegein NL | EUR | 27.000 | Dyckerhoff Basal Nederland B.V. | 100,00 | |
| Dyckerhoff Basal Betonmortel B.V. | Nieuwegein NL | EUR | 18.004 | Dyckerhoff Basal Nederland B.V. | 100,00 | |
| Béton du Ried S.A.S. | Krautergersheim FR | EUR | 500.000 | Cimalux S.A. | 100,00 | |
| Cimalux Société Immobilière S.à r.l. | Esch-sur-Alzette LU | EUR | 24.789 | Cimalux S.A. | 100,00 | |
| | | | | ZAPA beton a.s. | 99,97 | |
| ZAPA beton SK s.r.o. | Bratislava SK | EUR | 11.859.396 | Cement Hranice a.s. | 0,03 | |
| TOB Dyckerhoff Transport Ukraina | Kyiv UA | UAH | 51.721.476 | TOB Dyckerhoff Ukraina | 100,00 | |
| OOO CemTrans | Suchoi Log RU | RUB | 20.000.000 | OAO Sukholozhskcement | 100,00 | |
| OOO Dyckerhoff Suchoi Log obshestvo po sbitu tamponashnich zementow | Suchoi Log RU | RUB | 4.100.000 | OAO Sukholozhskcement | 100,00 | |
| OOO Omsk Cement | Omsk RU | RUB | 779.617.530 | OAO Sukholozhskcement | 100,00 | |
| Alamo Concrete Products Company | San Antonio US | USD | 1 | Alamo Cement Company | 100,00 | |
| Alamo Transit Company | San Antonio US | USD | 1 | Alamo Cement Company | 100,00 | |
| Buzzi Unicem USA Inc. | Wilmington US | USD | 10 | RC Lonestar Inc. | 100,00 | |
| Midwest Material Industries Inc. | Wilmington US | USD | 1 | RC Lonestar Inc. | 100,00 | |
| Lone Star Industries, Inc. | Wilmington US | USD | 28 | RC Lonestar Inc. | 100,00 | |
| River Cement Company | Wilmington US | USD | 100 | RC Lonestar Inc. | 100,00 | |
| River Cement Sales Company | Wilmington US | USD | 100 | RC Lonestar Inc. | 100,00 | |
| Signal Mountain Cement Company | Wilmington US | USD | 100 | RC Lonestar Inc. | 100,00 | |
| Heartland Cement Company | Wilmington US | USD | 100 | RC Lonestar Inc. | 100,00 | |
| Heartland Cement Sales Company | Wilmington US | USD | 10 | RC Lonestar Inc. | 100,00 | |
| Hercules Cement Holding Company | Wilmington US | USD | 10 | RC Lonestar Inc. | 100,00 | |
| | | | | RC Lonestar Inc. | 99,00 | |
| Hercules Cement Company LP | Harrisburg US | USD | n/a | Hercules Cement Holding Company | 1,00 | |
| Dyckerhoff Transportbeton Schmalkalden GmbH & Co. KG | Erfurt DE | EUR | 512.000 | Dyckerhoff Transportbeton Thüringen GmbH & Co. KG | 67,55 | |
| BTG Beton-Transport-Gesellschaft mbH | Osnabrück DE | EUR | 500.000 | sibobeton Osnabrück GmbH & Co. KG | 100,00 | |
| Harex Nederland B.V. | Nieuwegein NL | EUR | 18.151 | Dyckerhoff Basal Toeslagstoffen B.V. | 100,00 | |
| BSN Beton Service Nederland B.V. | Franeker NL | EUR | 113.445 | Dyckerhoff Basal Betonmortel B.V. | 100,00 | |
| Megamix Basal B.V. | Nieuwegein NL | EUR | 27.227 | Dyckerhoff Basal Betonmortel B.V. | 100,00 | |
| Wolst Transport B.V. | Dordrecht NL | EUR | 45.378 | Dyckerhoff Basal Betonmortel B.V. | 100,00 | |
| Friesland Beton Heerenveen B.V. | Heerenveen NL | EUR | 34.487 | Dyckerhoff Basal Betonmortel B.V. | 80,26 | |
| Betonmortel Centrale Groningen (B.C.G.) B.V. | Groningen NL | EUR | 42.474 | Dyckerhoff Basal Betonmortel B.V. | 66,03 | |
| ZAPA beton HUNGÁRIA k.f.t. | Zsujta HU | HUF | 88.000.000 | ZAPA beton SK s.r.o. | 100,00 | |
| Buzzi Unicem Ready Mix, L.L.C. | Nashville US | USD | n/a | Midwest Material Industries Inc. | 100,00 | |
| RED-E-MIX, L.L.C. | Springfield US | USD | n/a | Midwest Material Industries Inc. | 100,00 | |
| RED-E-MIX Transportation, L.L.C. | Springfield US | USD | n/a | Midwest Material Industries Inc. | 100,00 | |
| Lone Star Properties, Inc. | Wilmington US | USD | 100 | Lone Star Industries, Inc. | 100,00 | |
| Utah Portland Quarries, Inc. | Salt Lake City US | USD | 378.900 | Lone Star Industries, Inc. | 100,00 | |
| Rosebud Real Properties, Inc. | Wilmington US | USD | 100 | Lone Star Industries, Inc. | 100,00 | |
| Compañia Cubana de Cemento Portland, S.A. | Havana CU | CUP | 100 | Lone Star Industries, Inc. | 100,00 | |
| Transports Mariel, S.A. | Havana CU | CUP | 100 | Lone Star Industries, Inc. | 100,00 | |
| Proyectos Industries de Jaruco, S.A. | Havana CU | CUP | 186.700 | Compañia Cubana de Cemento Portland, S.A. | 100,00 | |

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND OF EQUITY INVESTMENTS

**Investments in joint ventures valued by the equity method**

| Name | Registered office | Share capital | | Ownership interest held by | % of ownership | % of voting rights |
|---|---|---|---|---|---|---|
| Cementi Moccia S.p.A. | Napoli | EUR | 7.398.300 | Buzzi Unicem S.p.A. | 50,00 | |
| E.L.M.A. S.r.l. | Sinalunga (SI) | EUR | 15.000 | Unical S.p.A. | 50,00 | |
| S. Paolo S.c.r.l. | Calenzano (FI) | EUR | 50.000 | Unical S.p.A. | 50,00 | |
| Fresit B.V. | Amsterdam NL | EUR | 6.795.000 | Buzzi Unicem International S.à r.l. | 50,00 | |
| Presa International B.V. | Amsterdam NL | EUR | 7.900.000 | Buzzi Unicem International S.à r.l. | 50,00 | |
| Lichtner-Dyckerhoff Beton GmbH & Co. KG | Berlin DE | EUR | 200.000 | Dyckerhoff Beton GmbH & Co. KG | 50,00 | |
| ZAPA UNISTAV s.r.o. | Brno CZ | CZK | 20.000.000 | ZAPA beton a.s. | 50,00 | |
| EKO ZAPA beton a.s. | Praha CZ | CZK | 1.008.000 | ZAPA beton a.s. | 50,00 | |
| | | | | sibobeton Ems GmbH & Co. KG | 25,00 | |
| Hotfilter Pumpendienst GmbH & Co. KG | Nordhorn DE | EUR | 100.000 | sibobeton Osnabrück GmbH & Co. KG | 25,00 | |
| Ravenswaarden B.V. | Lochem NL | EUR | 18.000 | Dyckerhoff Basal Toeslagstoffen B.V. | 50,00 | |
| Roprivest N.V. | Grimbergen BE | EUR | 105.522 | Dyckerhoff Basal Toeslagstoffen B.V. | 50,00 | |
| Aranykavics k.f.t. | Budapest HU | HUF | 11.500.000 | Dyckerhoff Basal Toeslagstoffen B.V. | 50,00 | |
| Betoncentrale Haringman B.V. | Goes NL | EUR | 45.378 | Dyckerhoff Basal Betonmortel B.V. | 50,00 | |
| B.V. Betonmortel Centrale Leeuwarden (B.C.L.) | Leeuwarden NL | EUR | 10.891 | Dyckerhoff Basal Betonmortel B.V. | 50,00 | |
| Eljo Holding B.V. | Groningen NL | EUR | 45.378 | Dyckerhoff Basal Betonmortel B.V. | 50,00 | |
| Megamix-Randstad B.V. | Gouda NL | EUR | 90.756 | Dyckerhoff Basal Betonmortel B.V. | 50,00 | |
| VOF CBDB | Cruquius NL | EUR | 1 | Dyckerhoff Basal Betonmortel B.V. | 50,00 | |
| | | | | Fresit B.V. | 51,51 | |
| Corporación Moctezuma, S.A.B. de C.V. | Mexico MX | MXN | 171.376.652 | Presa International B.V. | 15,16 | |
| Cementos Moctezuma, S.A. de C.V. | Mexico MX | MXN | 1.127.317.866 | Corporación Moctezuma, S.A.B. de C.V. | 100,00 | |
| Cementos Portland Moctezuma, S.A. de C.V. | Emiliano Zapata MX | MXN | 50.000 | Corporación Moctezuma, S.A.B. de C.V. | 100,00 | |
| Cemoc Servicios Especializados S.A. de C.V. | Mexico MX | MXN | 50.000 | Corporación Moctezuma, S.A.B. de C.V. | 100,00 | |
| Comercializadora Tezuma S.A. de C.V. | Mexico MX | MXN | 50.000 | Corporación Moctezuma, S.A.B. de C.V. | 100,00 | |
| Latinoamericana de Agregados y Concretos, S.A. de C.V. | Mexico MX | MXN | 10.929.252 | Corporación Moctezuma, S.A.B. de C.V. | 100,00 | |
| Latinoamericana de Comercio, S.A. de C.V. | Emiliano Zapata MX | MXN | 10.775.000 | Corporación Moctezuma, S.A.B. de C.V. | 100,00 | |
| Lacosa Concretos, S.A. de C.V. | Emiliano Zapata MX | MXN | 11.040.000 | Corporación Moctezuma, S.A.B. de C.V. | 100,00 | |
| Proyectos Terra Moctezuma, S.A. de C.V. | Jiutepec MX | MXN | 3.237.739 | Corporación Moctezuma, S.A.B. de C.V. | 100,00 | |
| | | | | Corporación Moctezuma, S.A.B. de C.V. | 99,05 | |
| Latinoamericana de Concretos, S.A. de C.V. | Mexico MX | MXN | 512.670.821 | Cementos Portland Moctezuma, S.A. de C.V. | 0,05 | |
| | | | | Corporación Moctezuma, S.A.B. de C.V. | 98,00 | |
| Inmobiliaria Lacosa, S.A. de C.V. | Mexico MX | MXN | 50.068.500 | Cementos Portland Moctezuma, S.A. de C.V. | 2,00 | |
| | | | | Latinoamericana de Concretos, S.A. de C.V. | 99,00 | |
| Concretos Moctezuma de Durango, S.A. de C.V. | Mexico MX | MXN | 100.000 | Cementos Moctezuma, S.A. de C.V. | 1,00 | |
| Concretos Moctezuma del Pacifico S.A. de C.V. | Mexico MX | MXN | 29.472.972 | Latinoamericana de Concretos, S.A. de C.V. | 85,00 | |
| Latinoamericana de Concretos de San Luis, S.A. de C.V. | Mexico MX | MXN | 15.676.550 | Latinoamericana de Concretos, S.A. de C.V. | 60,00 | |
| Concretos Moctezuma de Xalapa, S.A. de C.V. | Xalapa MX | MXN | 10.000.000 | Latinoamericana de Concretos, S.A. de C.V. | 60,00 | |
| Concretos Moctezuma de Torreón, S.A. de C.V. | Mexico MX | MXN | 14.612.489 | Latinoamericana de Concretos, S.A. de C.V. | 55,00 | |
| Maquinaria y Canteras del Centro, S.A. de C.V. | Mexico MX | MXN | 5.225.000 | Latinoamericana de Concretos, S.A. de C.V. | 51,00 | |
| Concretos Moctezuma de Jalisco S.A. de C.V. | Mexico MX | MXN | 100.000 | Latinoamericana de Concretos, S.A. de C.V. | 51,00 | |
| CYM Infraestructura, S.A.P.I. de C.V. | Mexico MX | MXN | 100.000 | Latinoamericana de Concretos, S.A. de | 50,00 | |

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND OF EQUITY INVESTMENTS

**Investments in associates valued by the equity method**

| Name | Registered office | Share capital | | Ownership interest held by | % of ownership | % of voting rights |
|---|---|---|---|---|---|---|
| Premix S.p.A. | Melilli (SR) | EUR | 3.483.000 | Buzzi Unicem S.p.A. | 40,00 | |
| Société des Ciments de Sour El Ghozlane EPE S.p.A. | Sour El Ghozlane DZ | DZD | 1.900.000.000 | Buzzi Unicem S.p.A. | 35,00 | |
| Société des Ciments de Hadjar Soud EPE S.p.A. | Azzaba DZ | DZD | 1.550.000.000 | Buzzi Unicem S.p.A. | 35,00 | |
| Laterlite S.p.A. | Solignano (PR) | EUR | 22.500.000 | Buzzi Unicem S.p.A. | 33,33 | |
| Salonit Anhovo Gradbeni Materiali d.d. | Anhovo SI | EUR | 36.818.921 | Buzzi Unicem S.p.A. | 25,00 | |
| w&p Cementi S.p.A. | San Vito al Tagliamento (PN) | EUR | 2.000.000 | Buzzi Unicem S.p.A. | 25,00 | |
| Edilcave S.r.l. | Villarfocchiardo (TO) | EUR | 72.800 | Unical S.p.A. | 30,00 | |
| Calcestruzzi Faure S.r.l. | Salbertrand (TO) | EUR | 53.560 | Unical S.p.A. | 24,00 | |
| NCD Nederlandse Cement Deelnemingsmaatschappij B.V. i.L. | Nieuwegein NL | EUR | 82.750 | Dyckerhoff GmbH | 63,12 | |
| Warsteiner Kalksteinmehl GmbH & Co. KG | Warstein DE | EUR | 51.129 | Dyckerhoff GmbH | 50,00 | |
| Nordenhamer Transportbeton GmbH & Co. KG | Nordenham DE | EUR | 322.114 | Dyckerhoff Beton GmbH & Co. KG | 51,59 | |
| TRAMIRA Transportbetonwerk Minden-Ravensberg GmbH & Co. KG | Minden-Dankersen DE | EUR | 1.000.000 | Dyckerhoff Beton GmbH & Co. KG | 50,00 | |
| Niemeier Beton GmbH & Co. KG | Diepholz DE | EUR | 766.938 | Dyckerhoff Beton GmbH & Co. KG | 33,33 | |
| Transass S.A. | Schifflange LU | EUR | 50.000 | Cimalux S.A. | 41,00 | |
| S.A. des Bétons Frais | Schifflange LU | EUR | 2.500.000 | Cimalux S.A. | 41,00 | |
| Cobéton S.A. | Differdange LU | EUR | 100.000 | Cimalux S.A. | 33,32 | |
| Bétons Feidt S.A. | Luxembourg LU | EUR | 2.500.000 | Cimalux S.A. | 30,00 | |
| Houston Cement Company LP | Houston US | USD | n/a | Alamo Cement Company | 20,00 | |
| TB Rheinland Betonlogistik GmbH | Neuwied DE | EUR | 25.000 | TB Rheinland GmbH & Co. KG | 50,00 | |
| BLN Beton Logistiek Nederland B.V. | Nieuwegein NL | EUR | 26.000 | Dyckerhoff Basal Betonmortel B.V. | 50,00 | |
| Van Zanten Holding B.V. | Zuidbroek NL | EUR | 18.151 | Dyckerhoff Basal Betonmortel B.V. | 25,00 | |
| V.O.F. "Bouwdok Barendrecht" | Barendrecht NL | EUR | n/a | Dyckerhoff Basal Betonmortel B.V. | 22,65 | |
| Kosmos Cement Company | Louisville US | USD | n/a | Lone Star Industries, Inc. | 25,00 | |
| Cooperatie Megamix B.A. | Almere NL | EUR | 80.000 | Megamix Basal B.V. | 37,50 | |

**Other investments in subsidiaries, associates and joint ventures**

| Name | Registered office | Share capital | | Ownership interest held by | % of ownership | % of voting rights |
|---|---|---|---|---|---|---|
| Siefic Calcestruzzi S.r.l. | Isernia | EUR | 3.176.000 | Unical S.p.A. | - | 50,00 |
| GfBB prüftechnik Verwaltungs GmbH | Flörsheim DE | EUR | 25.600 | Dyckerhoff GmbH | 100,00 | |
| Dyckerhoff Beton Verwaltungs GmbH | Wiesbaden DE | EUR | 46.100 | Dyckerhoff GmbH | 100,00 | |
| Lieferbeton Odenwald Verwaltungs GmbH | Flörsheim DE | EUR | 25.000 | Dyckerhoff GmbH | 100,00 | |
| Warsteiner Kalksteinmehl Verwaltungsgesellschaft mbH | Warstein DE | EUR | 25.600 | Dyckerhoff GmbH | 50,00 | |
| Bildungs-Zentrum-Deuna Gemeinnützige GmbH | Deuna DE | EUR | 25.565 | Dyckerhoff GmbH | 50,00 | |
| Projektgesellschaft Warstein-Kallenhardt Kalkstein mbH | Warstein DE | EUR | 25.200 | Dyckerhoff GmbH | 25,00 | |
| Köster/Dyckerhoff Vermögensverwaltungs GmbH | Warstein DE | EUR | 25.000 | Dyckerhoff GmbH | 24,90 | |
| Köster/Dyckerhoff Grundstücksverwaltungs GmbH & Co. KG | Warstein DE | EUR | 10.000 | Dyckerhoff GmbH | 24,90 | |
| sibobeton Hannover Beteiligungsgesellschaft mbH | Osnabrück DE | EUR | 25.000 | Dyckerhoff Beton GmbH & Co. KG | 100,00 | |
| SIBO-Gruppe Verwaltungsgesellschaft mbH | Osnabrück DE | EUR | 25.565 | Dyckerhoff Beton GmbH & Co. KG | 100,00 | |
| Nordenhamer Transportbeton GmbH | Nordenham DE | EUR | 25.565 | Dyckerhoff Beton GmbH & Co. KG | 56,60 | |
| TB Rheinland Verwaltungs GmbH | Neuwied DE | EUR | 26.000 | Dyckerhoff Beton GmbH & Co. KG | 55,00 | |
| Lichtner-Dyckerhoff Beton Verwaltungs GmbH | Berlin DE | EUR | 25.000 | Dyckerhoff Beton GmbH & Co. KG | 50,00 | |
| Niemeier-Beton GmbH | Sulingen DE | EUR | 25.565 | Dyckerhoff Beton GmbH & Co. KG | 33,20 | |
| ARGE Betonüberwachung Nesserlander Schleuse GbR | Haren DE | EUR | n/a | GfBB prüftechnik GmbH & Co. KG | 50,00 | |
| OOO Sukholozhskcemremont | Suchoi Log RU | RUB | 10.000 | OAO Sukholozhskcement | 100,00 | |
| Dyckerhoff Transportbeton Thüringen Verwaltungs GmbH | Erfurt DE | EUR | 25.565 | Dyckerhoff Transportbeton Thüringen GmbH & Co. KG | 100,00 | |
| Dyckerhoff Transportbeton Schmalkalden Verwaltungs GmbH | Erfurt DE | EUR | 25.600 | Dyckerhoff Transportbeton Thüringen GmbH & Co. KG | 67,58 | |
| ARGE Betonversorgung ICE Feste Fahrbahn Erfurt-Halle GbR | Erfurt DE | EUR | n/a | Dyckerhoff Transportbeton Thüringen GmbH & Co. KG | 37,00 | |
| MKB Mörteldienst Köln-Bonn Verwaltungsgesellschaft mbH | Hückelhoven DE | EUR | 25.000 | MKB Mörteldienst Köln-Bonn GmbH & Co. KG | 100,00 | |
| Hotfilter Pumpendienst Beteiligungsgesellschaft mbH | Nordhorn DE | EUR | 25.000 | sibobeton Ems GmbH & Co. KG<br>sibobeton Osnabrück GmbH & Co. KG | 25,00<br>25,00 | |

**CERTIFICATION OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS AMENDED**

The undersigned Pietro Buzzi, as Chief Executive Finance, and Silvio Picca, as Manager responsible for preparing Buzzi Unicem's financial reports, hereby certify, pursuant to the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, that the administrative and accounting procedures for the preparation of consolidated financial statements during the first six months of 2016:

– are adequate with respect to the company structure and

– have been effectively applied.

The undersigned also certify that:

a) the consolidated financial statements

- have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel dated 19 July 2002;
- correspond to the results documented in the books and the accounting records;
- provide a true and correct representation of the financial conditions, results of operations and cash flows of the issuer and of the entities included in the scope of consolidation.

b) the interim management report contains a reliable analysis with reference to the important events which occurred during the first six months of the current financial year and their impact on the condensed financial statements. as well as a description of the major risks and uncertainties for the remaining six months of the financial period; the interim management report also includes a reliable analysis of the information about material related party transactions.

.

Casale Monferrato, August 3, 2016

| Chief Executive Finance | Manager responsible for preparing financial reports |
|---|---|
| **Pietro Buzzi** | **Silvio Picca** |

EY
Building a better
working world

EY S.p.A.
Via Meucci, 5
10121 Torino

Tel: +39 011 5161611
Fax: +39 011 5612554
ey.com

## Review report on the interim condensed consolidated financial statements
## (Translation from the original Italian text)

To the Shareholders of
Buzzi Unicem S.p.A.

### Introduction

We have reviewed the half-yearly condensed consolidated financial statements, comprising the consolidated balance sheet as of June 30, 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the period then ended and the related notes of Buzzi Unicem S.p.A. and its subsidiaries (the "Buzzi Unicem Group"). The Directors of Buzzi Unicem S.p.A. are responsible for the preparation of the half-yearly condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these half-yearly condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of Buzzi Unicem Group as of June 30, 2016 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, August 3, 2016

EY S.p.A.
Signed by: Stefania Boschetti, Partner

*This report has been translated into the English language solely for the convenience of international readers*

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale € 2.750.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta all'Albo Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997



A member firm of Ernst & Young Global Limited