Buzzi Unicem

Half-Yearly financial report as at June 30, 2019

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

The dynamics of international growth continued to attenuate, although during the first quarter some of the major advanced economies achieved better-than-expected results. International trade suffered further contractions: both the trade restrictions which have been adopted since last year and the consequent deterioration of investments and of the climate of business confidence weighed on the trading trend. Growth prospects appear to be weaker, and the risks connected with a further worsening of commercial tensions, a possible slowdown in growth in China as well as the uncertainties about the timing and methods of the Brexit continue to weigh on them.

In the United States, economic expansion remained more vigorous than expected, although mainly determined by the decline in imports, the accumulation of stocks and other temporary factors, in a context of weak domestic demand. The orientation of the Federal Reserve became more accommodating and the possibility of future rate reductions was reported.

In Europe, economic activity remained weak and more subject to downside risks. After a slight acceleration at the beginning of the year, thanks to the boost of domestic demand and the scarce contribution of foreign trade, the economic indicators foreshadow a slowdown due to the effects of commercial tensions on foreign demand, which affected particularly the manufacturing sector in Germany and Italy. The ECB Governing Council prolonged the monetary expansion and announced further accommodating measures that will have to be adopted in the absence of improvements in the macroeconomic framework.

Among the emerging countries, we point out a deceleration in economic activity in China and a slowdown in growth in Brazil and Russia.
Crude oil prices, after the recovery in the first months of the year, declined in spring, reflecting an increase in production, particularly in the United States, as well as the weakness of the international economy.
Consumer inflation remains moderate in the main advanced economies. The expectations of price increase became less significant both in the United States and in Europe.

In this environment, the total cement and ready-mix concrete volumes sold by the group, after a first quarter widely facilitated by the weather conditions, followed a more regular trend, closing the first half-year up in the cement business and with an output almost in line with the same period of the previous year in the ready-mix concrete division. The most significant favorable variances were recorded in Central Europe, particularly in Germany, mainly thanks to the additional sales referred to the change in scope, and in Eastern Europe, due to favorable developments in Russia, Ukraine and Poland. Both in the United States of America, despite the significant production and logistics difficulties suffered in June due to the exceptional flood of the Mississippi River, and in Italy, deliveries to customers improved the levels reached in the same period of the previous year.
Net sales revenues for the first half-year were up 13.6% to €1,518.7 million compared to €1,337.4 million in 2018, while Ebitda increased by 26.9%, from €227.4 to €288.6 million. The price effect in local currency showed a favorable variance in all the countries where the group is present, while the volume effect was favorable everywhere except for a moderate decline in Luxembourg and one, even more marginal, in the Czech Republic. The currency trend had a net favorable impact of €37.7 million on sales and of €9.0 million on Ebitda. Net of exchange rate movements, of the scope of consolidation and of the adoption of IFRS 16 (new accounting standard on leasing), net sales would have increased by 10.2%, and recurring Ebitda by 23.2% (to €266.7 million). After amortization and depreciation of €123.0 million (€104.0 million in the previous year), Ebit amounted to €165.6 million (+€42.2 million on 2018). The income statement for the half-yearly period closed with a net profit of €134.7 million, compared to €123.4 million in the same period of 2018.

Operating and financial performance

Cement sales of the group in the first six months of 2019 recorded an increase of 7.1% compared to the same period in 2018, achieving 13.9 million tons. Changes were favorable in all the markets where we operate, except for a moderate decline in Luxembourg and marginally in the Czech Republic. Ready-mix concrete output was in line with the previous year and equal to 5.8 million cubic meters (-0.5%). In this sector some progress was recorded in the United States of America and a slight growth in Benelux and Germany. Volumes in Italy were moderately reduced, while production was down in the Czech Republic, Poland and Ukraine.

The Italian market achieved net revenues of €253.4 million (+11.2%), thanks to the better performance of domestic demand, the good trend of export volumes and the upward adjustment of selling prices.

In the United States, the second quarter was characterized by very serious floods of the Mississippi River and by the resulting boating ban for the entire month of June. Nevertheless, thanks to the clear progress recorded in the first quarter, to the soundness of underlying demand and to some improvement in average prices in local currency, net sales in dollars increased anyway. Furthermore considering the contribution of the favorable exchange rate effect, the net revenues achieved amounted to €577.1 million (+€15.7%).

The turnover of Central Europe, favored by the additional contribution of Seibel & Söhne, amounted to €404.5 million (+9.5%).

The good performance of shipments in Russia, Ukraine and Poland and the strengthening of selling prices in local currency, which also affected the Czech Republic, led the revenues of Eastern Europe as a whole to reach €285.8 million (+17.6%).

The consolidated Ebitda came in at €288.6 million, versus €227.4 million in 2018 (+26.9%). The figure for the first half includes a non-recurring benefit of €12.3 million due to the first-time adoption of IFRS 16 (net non-recurring income of 11.0 million in the same period of 2018). Net of that amount Ebitda for the first half of 2019 would have increased by €59.9 million (+27.7% to €276.3 million). Exchange rates variances had a favorable net impact essentially due to the strengthening of the dollar. Like for like the recurring Ebitda for the first half of 2019 would have increased by 23.2%. The recurring Ebitda to sales margin in the first six months was up by 200 basis points, with favorable changes in all the markets, except for the United States and the Czech Republic. Production and distribution costs showed an unfavorable trend in the main variable items (energy factors) as well as in labor and services in general.

After amortization and depreciation of €123.0 million (€104.0 million in the first half of 2018), Ebit amounted to €165.6 million (€123.5 million in June 2018). Profit before tax stood at €170.8 million (€159.3 million in 2918), considering a contribution of €33.9 million from equity earnings (€40.0 million in 2018), gains on sale of investments of €0.3 million (€0.1 million in 2018) and net financial costs of €29.0 million (€4.4 million in 2018), the variance of which was affected by the valuation of derivative financial instruments. After income taxes of €36.1 million (€35.8 million in 2018) the income statement closed with a net profit of €134.7 million, versus €123.4 million in the first six months of 2018. Net profit attributable to the owners of the company increased from €123.0 million in 2018 to €134.6 million during the period under review.

Net debt as at 30 June 2019, on which the adoption of the new IFRS 16 standard impacted upwards for €93.5 million, stood at €819.0 million, down €71.5 million from €890.5 million at 31 December 2018. In the six months under review the group distributed dividends of €26.6 million and completed total capital expenditures of €126.8 million. Investments in property, plant and equipment referring to expansion or special projects totaled €27.9 million, almost entirely related to the purchase and transport of the machinery and equipment for the revamping of the Korkino plant (Russia) and to the second phase of the modernization and upgrade project of the Maryneal plant (Texas). The liability side of net debt includes the fair value of the cash settlement option attached to the outstanding convertible bond for €13.7 million (€10.3 million at year-end 2018). The assets and liabilities forming the net financial position, broken down by their degree of liquidity, are reported in the following table:

(millions of euro)	*1H 2019*	*31.12.2018*
Cash and short-term financial assets:		
- Cash and cash equivalents	634.3	440.5
- Other current financial receivables	4.9	10.2
Short-term financial liabilities:		
- Current portion of long-term debt	(222.0)	(327.8)
- Current portion of lease liabilities	(21.4)	(0.2)
- Short-term debt	(108.9)	(14.4)
- Derivative financial instruments	(13.7)	(10.4)
- Other current financial liabilities	(45.1)	(34.5)
Net short-term cash	**228.1**	**63.4**
Long-term financial liabilities:		
- Long-term debt	(970.9)	(920.7)
- Lease liabilities	(72.1)	(1.7)
- Other non-current financial liabilities	(7.4)	(35.8)
Net financial position of continuing operations	**(822.3)**	**(894.8)**
Long-term financial assets:		
- Other non-current financial receivables	3.3	4.3
Net debt	**(819.0)**	**(890.5)**

As at 30 June 2019, total equity, inclusive of non-controlling interests, amounted to €3,396.1 million vs. €3,143.6 million as at 31 December 2018. Consequently the debt/equity ratio was equal to 0.24 (0.28 at 2018 year-end).

Italy

After a modest improvement in the first quarter, supported by foreign trade, construction investments and consumption, economic activity remained stationary. The weakness of the industrial cycle, that reflects the continuation of international trade tensions and the reduction of investments in machinery and transport vehicles, apparently contributed to this situation. Although disposable income recovered, consumption only slightly increased, the propensity to save began to improve again, while the increase in labor costs did not pass on to prices and consumer inflation remained weak. The confidence index of manufacturing firms worsened, reflecting the deterioration in the opinions on orders and production expectations. GDP development for the entire current year is estimated down on the previous year and only marginally positive (+0.1%). Investments in the construction sector accelerated at the beginning of the year. Housing sales increased and the operators' prospects for the trend of the real estate market improved, although the decline in prices has not stopped yet.

Our sales of hydraulic binders and clinker closed the first six months up on the same period of the previous year (+3.9%), with sales prices clearly strengthening. The ready-mix concrete sector confirmed its output, also with prices recovering. Net sales of the Italian operations amounted to €253.4 million, up 11.2% (€227.9 million in 2018). Ebitda for the first six months closed in positive territory at €32.1 million (compared to -€8.9 million in 2018). It should also be noted that the 2019 result includes lower non-recurring costs of €1.6 million referring to the adoption of IFRS 16 (compared to net non-recurring costs of €6.1 million in 2018). Net of non-recurring items Ebitda

showed a positive variance of €33.4 million. Unit production costs recorded an unfavorable trend, mainly due to inflation related to electricity and fuels, although partially offset by an effective control of fixed costs. Moreover it is important to highlight that during the period the company achieved other operating revenues of €15.0 million deriving from the sale within the group of CO_2 emission rights.
As part of the process of rationalizing and consolidating the production structure as well as of strengthening the market position, following the preliminary contract signed on April 5 with HeidelbergCement, on July 1 we executed the purchase of a full-cycle cement plant in Tuscany, two grinding plants in Piedmont and three concrete batching plants in the same regions. The capital invested for this transaction was about €80.0 million. Thanks to the synergies deriving from economies of scale and from commercial and logistics coordination, a positive impact on profitability is expected within some months.

	1H 2019	*1H 2018*
(millions of euro)		
Net sales	253.4	227.9
EBITDA	32.1	-8.9
EBITDA recurring	30.6	-2.9
% of net sales	*12.1*	*-1.3*
Capital expenditures	14.6	7.8
Headcount end of period n.	1,470	1,539

Germany
The slowdown in the expansionary phase, which was already quite evident in the second half of 2018, has continued during the current year, still reflecting the effect of - partly temporary - circumstances, related to the decrease in the automotive sector and to the difficulties of the river transportation system, due to the lack of water. During the spring months, the outcome of international trade tensions affected in particular the manufacturing sector and weakened the export prospects of those companies. The strength of the labor market and domestic demand and a more favorable trend, which is foreseen in the second half, suggest a GDP growth for the whole year at +0.8%. Construction investments are expected to grow.
After a start to the year characterized by a favorable climate and additional deliveries related to the Seibel & Söhne production plant in Erwitte, the pace of shipments resumed a more regular momentum, also favored by some strengthening of the demand for oil well special products. In the first half of the year our cement business recorded an increase in sales of 11.2% compared to the same period of the previous year, with average prices marginally strengthening. The ready-mix concrete sector showed a slight increase in production compared to the same period of 2018, with prices recovering.
Overall net sales came in at €322.4 million (€287.2 million in 2018), up 12.3%, while Ebitda stood at €42.1 million compared to €24.9 million (+69.0%). It should be remembered, however, that the 2019 figure includes lower net non-recurring costs of €1.7 million referring to the adoption of IFRS 16 (compared to non-recurring costs of €5.0 million in 2018). Net of non-recurring items and changes in scope, Ebitda showed a positive change of €10.4 million (+31.3%). The unit production costs posted a slightly favorable change, thanks to the stabilization of energy factors, in particular as regards fuels, and lower fixed costs. Moreover during this period the business incurred other operating costs of €8.2 million for the purchase of CO_2 emission rights from the parent company.

(millions of euro)	1H 2019	1H 2018
Net sales	322.4	287.2
EBITDA	42.1	24.9
EBITDA recurring	40.3	29.9
% of net sales	*12.5*	*10.4*
Capital expenditures	16.9	72.3
Headcount end of period n.	1,852	1,946

Luxembourg and the Netherlands
In Luxembourg, the international financial sector, main driver of economic expansion, although maintaining a less dynamic profile, is still confirmed as a significant source of income. GDP growth for the year as a whole (+2.7%), estimated to be slightly down on the previous year, still refers to the expansion of domestic demand, driven by the solid growth of available income and employment rate.

In the Netherlands, the more moderate development expected in exports, investments and employment rate suggests a forecast for GDP growth in the current year (+1.8%) slowing down versus 2018.

Our cement deliveries, inclusive of exports, closed the first half-year down (-4.6%), with average unit revenues slightly progressing compared to the previous year. The production volumes of the ready-mix concrete sector slightly strengthened (+2.6%), with prices also improving. Net sales stood at €96.7 million, basically in line with the previous year (€96.5 million). Ebitda increased by €1.0 million, from €8.0 million achieved in 2018 to €9.0 million in the period under review. Electric power cost showed an unfavorable change, which was offset by improving fixed production costs. It should be noted that during the period other operating costs were incurred equal to €1.1 million for the purchase of CO_2 emission rights from the parent company.

(millions of euro)	1H 2019	1H 2018
Net sales	96.7	96.5
EBITDA	9.0	8.0
EBITDA recurring	8.7	8.0
% of net sales	9.0	8.3
Capital expenditures	2.6	3.7
Headcount end of period n.	309	305

Czech Republic and Slovakia
Expansion remained robust, but the economic cycle is expected to continue at a more moderate pace. Domestic demand, which is still supported by the growth of disposable income and the unemployment rate at minimum levels, continues to underpin GDP growth, while, for the second consecutive year, the lower demand for goods by the main trading partner countries should lead to a negative contribution of net exports. Inflation is expected to stabilize at 2.3% and GDP growth for the current year is estimated at 2.9%, in line with the level achieved in the previous year. Construction investments are expected to increase.
Cement sales of the first six months of the year recorded a slight decrease (-1.5%), although with average prices in local currency recovering well. The ready-mix concrete sector, which also includes Slovakia, showed weaker production levels (-12.1%) but with prices increasing. Overall net sales, marginally penalized by the negative exchange rate effect, stood at €74.9 million compared to €75.7

million in 2018 (-1.1%), while Ebitda decreased by €1.6 million, from €19.3 million in 2018 to €17.7 million in the period under review (-8.5%). At constant exchange rates, net sales and Ebitda would have decreased by 0.5% and 7.8% respectively. The unit production costs in local currency showed a double-digit percentage increase, mainly due to the unfavorable trend of electric power. It should be noted that in the period other operating costs of €1.6 million were incurred for the purchase of CO_2 emission rights from the parent company.

(millions of euro)	1H 2019	1H 2018
Net sales	74.9	75.7
EBITDA	17.7	19.3
EBITDA recurring	16.9	19.3
% of net sales	*22.5*	*25.5*
Capital expenditures	4.3	3.4
Headcount end of period n.	757	774

Poland

The country's economic growth is expected to continue solidly, albeit at a more moderate pace. Domestic consumption is constantly supported by favorable wage dynamics and by a high mood of confidence, while the unemployment rate is confirmed at an all-time low. The contribution of net exports is still slightly negative, due to the slowdown in exports and the gradual acceleration of imports. The recovery of investments in the private sector should offset the slowdown in the public segment co-financed with European Union structural funds. Inflation, which is rising slightly, is expected to be around 2% and GDP growth for the current year is estimated at 3.8%.

Cement volumes sold by our plant, clearly expanding during the first quarter thanks to favorable weather conditions, subsequently resumed a more regular pace, closing the semester with an improvement compared to the volumes achieved in the same period of the previous year (+6.3%), and with an average level of prices in local currency clearly trending upward. On the other hand ready-mix concrete output decreased (-8.9%), however associated with a recovery in prices in local currency. Due to these market dynamics net sales came in at €58.2 million, compared to €50.1 million in 2018 (+16.3%) and Ebitda decreased from €15.4 to €12.5 million. It should be remembered however that the result of 2018 included non-recurring income of €5.4 million and that the slight weakening of the zloty (-1.7%) led to a negative exchange rate effect. On a like-for-like basis, net sales would have increased by 18.2% and recurring Ebitda by 27.4%. The electric power cost posted an unfavorable change, which was offset by improving fixed production costs. It should be noted that in the period other operating costs of €4.1 million were incurred for the purchase of CO_2 emission rights from the parent company.

(millions of euro)	1H 2019	1H 2018
Net sales	58.2	50.1
EBITDA	12.5	15.4
EBITDA recurring	12.4	9.9
% of net sales	*21.4*	*19.8*
Capital expenditures	2.3	1.8
Headcount end of period n.	357	358

Ukraine

The prospects for economic development and the country's relationships with the international financial community will be influenced by the recent outcome of the early parliamentary elections, promoted by the newly elected President. The GDP growth estimate for the entire 2019, slightly down on the previous year, is set at +2.7%, while the inflation rate, although decreasing, should still remain at high levels (+8%). Construction investments are expected in line with the previous year or slightly strengthening.

In the first six months, the cement volumes sold by our plants clearly improved (+26.4%), with average prices in local currency still sustained upwards by inflation. Overall net sales amounted to €52.9 million (€35.5 million in 2018), up 48.9%, while Ebitda stood at €7.1 million (€1.6 million in the first half 2018). The strengthening of the local currency (+6.0%) had a favorable impact on the translation of the results into euros: net of non-recurring effects and at constant exchange rates, net sales would have been up 40.0%, while Ebitda would have shown a positive variance equal to €4.9 million. The electric power cost posted an unfavorable change, which was offset by some savings in the main fixed costs.

(millions of euro)	*1H 2019*	*1H 2018*
Net sales	52.9	35.5
EBITDA	7.1	1.6
EBITDA recurring	6.9	1.6
% of net sales	*13.1*	*4.5*
Capital expenditures	4.2	2.8
Headcount end of period n.	1,334	1,403

Russia

Economic activity, after the acceleration achieved in the last months of the previous year, supported in particular by the robust increase of production in the energy sector and by the expansion of domestic demand, at the start to the year attenuated its pace of development. GDP growth in 2019 is estimated at 1.6%, down compared to the previous year, and inflation is expected to reach 5%. The slowdown in recovery is affected by fuel price trends, the international sanctions to which the country is subject and the progress of structural reforms, while domestic demand suffers from the inflationary pressure and the rising cost of money. Construction investments, although benefiting from significant public modernization and infrastructure improvement programs, are expected to slow down.

Sales in the first half confirmed a clear improvement (+15.0%) compared to the volumes achieved in the previous year, thanks to the expansion of the distribution network and the recovery in the category of oil well cements, with rising average unit prices in local currency. Net sales amounted to €100.6 million, up 21.8% compared to €82.6 million in the same period of 2018. Ebitda increased from €19.6 to €24.6 million, up €5.0 million. The weakening of the ruble (-2.5%) negatively impacted on the translation of the results into euros. Net of the exchange rate effect, net sales and Ebitda would have been up 24.8% and 28.3% respectively. Among the main operating costs in local currency, a clearly unfavorable variance was recorded for electric power and a less visible one for fuels.

(millions of euro)	1H 2019	1H 2018
Net sales	100.6	82.6
EBITDA	24.6	19.6
EBITDA recurring	24.5	19.6
% of net sales	*24.4*	*23.7*
Capital expenditures	24.3	6.7
Headcount end of period n.	1,490	1,511

United States of America
The substantial procyclical fiscal stimulus, which was implemented through tax reduction and the increase in public spending, continued to give stimulus to growth. During the first months of 2019 economic activity was more vigorous than expected, supported by the positive contribution of net exports, by the firmness of the labor market and by favorable financial conditions, while domestic demand was more modest. GDP growth forecast for 2019 (+2.8%) outlines a less brilliant expansion over the previous year. As regards construction investments, a slowdown of growth is foreseen both in the residential (+0.9%) and the commercial (+0.5%) segment, while for public works is expected a strong recovery (+5.4%); this should translate into some improvement in the level of cement consumption.

Our cement sales, after the strong improvement during the first quarter, which stabilized during the spring months, suffered considerable hindrances in distribution, in addition to non-scheduled production shutdowns, during the month of June, due to severe floods in the areas along the Mississippi river, which particularly penalized the plants of Festus and Cape Girardeau, in Missouri. Despite the difficulties experienced, thanks to the previously accumulated advantage, to the good trend in demand in the South-East and South-West regions and to the recovery of oil well cements, the volumes sold by the end of June exceeded the level reached in the previous year (+3.4%), with average prices in local currency being characterized by a slight favorable change. Ready-mix concrete production, mainly located in Texas, which at the beginning of the year had benefited from the “pent-up demand” associated with construction sites blocked by bad weather in autumn, confirmed a good recovery also in spring, closing the half-year visibly up (+13.5%) over the same period of the previous year and with selling prices slightly improving. Net sales amounted to $652.0 million, up 8.0% from $603.5 million in the same period of 2018. Ebitda stood at $161.6 million (-6.6% from the previous $173.1 million). Net sales in euros, positively influenced by the strengthening of the dollar, increased from €498.6 to €577.1 million (+15.7%) while Ebitda came in at €143.0 million, equal to the result achieved in the same period of the previous year. It should also be noted that the 2019 result includes lower non-recurring costs of €7.7 million referring to the adoption of IFRS 16 (compared to non-recurring income of €16.7 million in 2018). Net of foreign exchange and non-recurring items, net sales variance was equal to +8.0% while Ebitda would have been identical to the one achieved in the first half of the previous year. The increase in cement production costs was in line with the inflation rate, also thanks to the favorable trend in energy factors.

(millions of euro)	1H 2019	1H 2018
Net sales	577.1	504.7
EBITDA	143.0	143.0
EBITDA recurring	135.3	126.3
% of net sales	*23.4*	*25.0*
Capital expenditures	57.7	58.9
Headcount end of period n.	2,361	2,281

Mexico (valued by the equity method)
At the start to the year GDP showed some contraction, albeit slight. The renewed intensity of the commercial tensions, the possible delays in the approval process of the commercial treaty between the USA, Mexico and Canada and the threats of aggravated duties for exports to the USA linked to the level of migrants negatively affected investments and business confidence. Furthermore, traditionally, the first year of new administration in the country is marked by lower public expenses, in particular for investments. GDP growth for the entire 2019, slowing down over the previous year, is expected to reach +1.6% and inflation +3.8%.
The sales trend of the joint venture continues to be penalized by the uncertainties over the economic policy decisions that the new executive intends to make. Cement deliveries weakened (-8.6%) and average prices in local currency showed some decline. Ready-mix concrete output was rather weak, although the price change, in local currency, was favorable. Net sales and Ebitda, in local currency, recorded a decrease of 9.6% and 18.8% respectively. The strengthening of the Mexican peso (+6.2%) favored the translation of the results into euros. With reference to 100% of the associate, net sales amounted to €303.7 million (-3.7%) and Ebitda decreased from €153.2 to €132.6 million (-13.5%). The equity earnings referring to Mexico, which are included in the line item that encompasses the investments valued by the equity method, amount to €28.1 million (€34.3 million in 2018).

Brazil (valued by the equity method)
The pace of recovery, after the 2015-2016 two-year recession, remained rather weak, with GDP growth of just over 1% both in 2017 and in 2018. The economic expectations for the current year, although improving (+2.1%), still remain below the potential of the country, held back by the weakness of foreign demand and the low level of investments. The new administration, which has been recently established, is preparing an important plan for structural reforms to reduce the weight of the state in the economy, organize greater openness to privatization, reduce trade barriers and simplify tax obligation.
The favorable development of cement sales achieved by the new joint venture was facilitated by the comparison with the first half of the previous year, which was characterized by a long period of truck drivers' strike. Shipments posted a growth of 6.2%, particularly thanks to the development in the North-East region, however, unfortunately, such recovery was associated with an unfavorable variance of the average selling price in local currency. Net sales amounted to €65.5 million and Ebitda closed at €7.5 million. The equity earnings referring to Brazil, which are included in the line item that encompasses the investments valued by the equity method, amount to -€2.0 million (not applicable in 2018).

Algeria (valued by the equity method)
According to local estimates, in Algeria cement consumption in the first half of 2019 further declined compared to the same period of the previous year. Expectations on an annual basis, to date, are for consumption of around 23 million tons compared to 24 million tons in 2018 (-4%).
The first half of 2019 was characterized by the popular protest that first determined the withdrawal of the (only) candidacy of the former President Bouteflika from the presidential elections, then the

cancellation of the same elections, the resignation of the President and the establishment of an unprecedented institutional crisis. Every Friday, after prayer, millions of people pour into the streets of the capital and of the main cities of the country, clamoring for a total change of the ruling class. So far the protest has been peaceful and no political solution has yet emerged that can be pursued to overcome the crisis. In the meantime, all economic policy decisions have been postponed and, in the construction sector, only the projects which had been previously approved, continue.
The Sour El Ghozlane cement plant has already begun to suffer from this situation and recorded a -16% in the volumes sold compared to the previous year. The Hadjar Soud cement plant, on the other hand, maintained a substantial stability in sales: +3% compared to the first half of the previous year.
As for the economic data, the figures for the first half of 2019, referring to 100% of the operations, closed with net sales at €42.9 million, -2.4% compared to €44.0 million in the first half of 2018. Ebitda amounted to €18.5 million, significantly down (-19.9%) compared to €23.1 million of the first half of 2018. The equity earnings referring to Algeria, which are included in the line item that encompasses the investments valued by the equity method, amount to €1.1 million (€3.0 million in 2018).

Slovenia (valued by the equity method)
GDP growth expectations for the current year (+3.4%), although slowing down on the previous year, remain positive, supported by domestic demand, thanks to the growth in available income and the unemployment rate below 5%, as well as by the robust level of investments, co-financed by the European Union in the infrastructure sector (public works).
The cement sales of our associate continued to be favored both by the good level of domestic demand and by the progress of exports, also thanks to the recent acquisition from HeidelbergCement of a grinding plant in Trieste. Net sales amounted to €39.1 million (+4.6%) and Ebitda increased from €10.4 to €10.8 million (+3.2%). The equity earnings referring to Slovenia, which are included in the line item that encompasses the investments valued by the equity method, amount to €1.4 million (€1.1 million in 2018).

Risk management and description of main risks
The companies included in the scope of risk assessment are the parent company Buzzi Unicem SpA and its subsidiaries.
Risks are assessed by considering their likelihood of occurrence and their impact on group equity, in accordance with certain standards, as well as their relevance.
We analyze the risks categories attached to the entire business activity of our companies in terms of production, finance, law and taxation. Overall, compared with the situation as at June 2018, the amount of total residual risks has increased for the parent company and the Central European subsidiaries.
Concerning the individual categories, currency risks are significant on intercompany loans, on future collection of dividends and for their possible impacts on Ebitda, due to the conversion into euros of the financial statements prepared by the subsidiaries.
The risk of loss on capital invested in the banks, which fluctuates mainly in relation to the available liquidity, is constant.
About trading conditions, the risks remain stable, while sales volume risks are decreasing for the Ukrainian companies.
Following the mitigation actions already implemented or envisaged, the residual risks represent a limited share of book equity.

Transactions with related parties
Information on transactions with related parties is available in note 46 of these half-yearly condensed consolidated financial statements as at 30 June 2019.

Outlook
The operating trend of the first six months of 2019, for the group as a whole, was characterized by very mild weather conditions during the winter quarter and by a favorable development of exchange rates, which led to better-than-expected operating results.
For Italy, in the second half of the year, we estimate the volume effect to attenuate and the price effect to be confirmed. Considering that 2018 had been penalized by credit losses higher than the average, the year should confirm a considerable improvement of operating results.
In Central Europe, where the favorable effect due to the change in scope will be less relevant, we expect in the second quarter that the moderate expansion in demand will continue, and subsequently that the positive operating trend achieved so far will be confirmed.
In Poland and the Czech Republic, partially differing from the first half of the year, we expect the volumes to stabilize, due to full capacity utilization. The favorable price trend should allow to absorb the higher cost for power and CO_2 emission rights, and to achieve slightly improving operating results.
In Ukraine, albeit the social and political environment is still fragile and uncertain, we foresee still robust volumes and selling prices, which should translate into a positive progression of the operating results compared to the disappointing 2018.
Also in Russia we expect a solid second half, in the wake of the results at the end of June. Assuming that the ruble exchange rate remains at current values, we expect to slightly round up the improvement in operating results in euros.
In the United States of America we believe that the activity level of the construction industry remains high and that the easy comparison basis in the third quarter may allow our sales to compensate, at least partially, the severe logistics and economical inconveniences resulting from the exceptional flood of the Mississippi river. We expect operating results in local currency in line with 2018, while Ebitda to sales margin will still be penalized by the drastic reduction of inventory occurred during the first six months.
Based on the above considerations, for the entire 2019, we expect that the improvement of recurring Ebitda will be higher than the one assumed in the statements already disclosed to the market, i.e. that such indicator may post a favorable variance of about 10% compared to the previous year.

* * *

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 contribution 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 no. 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)	1° H 2019	1° H 2018
Ebitda	**288.6**	**227.4**
Restructuring costs	-	2.4
Additions to provisions for risks	-	0.5
Gains on disposal of fixed assets	-	(16.7)
Other expenses	-	2.8
IFRS 16 adoption	(12.3)	-
EBITDA recurring	**276.3**	**216.4**

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

- **Net debt**: it is 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 2, 2019

For the Board of Directors

Enrico BUZZI
(Chairman)

CONSOLIDATED INCOME STATEMENT

(thousands of euro)	Note	Jan-Jun 2019	Jan-Jun 2018
Net sales	8	**1,518,723**	**1,337,380**
Changes in inventories of finished goods and work in progress		(15,383)	(4,634)
Other operating income	9	22,034	52,285
Raw materials, supplies and consumables	10	(580,082)	(525,416)
Services	11	(368,597)	(348,090)
Staff costs	12	(252,680)	(241,942)
Other operating expenses	13	(35,417)	(42,155)
EBITDA		**288,598**	**227,428**
Depreciation, amortization and impairment charges	14	(122,950)	(103,959)
Operating profit (EBIT)		**165,648**	**123,469**
Equity in earnings of associates and joint ventures	15	33,856	40,029
Gains on disposal of investments	16	302	146
Finance revenues	17	23,645	43,156
Finance costs	17	(52,674)	(47,539)
Profit before tax		**170,777**	**159,261**
Income tax expense	18	(36,085)	(35,850)
Profit for the period		**134,692**	**123,411**
Attributable to:			
Owners of the company		134,615	123,040
Non-controlling interests		77	371

(euro)			
Earnings per share	19		
basic			
- ordinary		0.659	0.595
- savings		0.671	0.607
diluted			
- ordinary		0.659	0.502
- savings		0.671	0.514

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of euro)	Jan-Jun 2019	Jan-Jun 2018
Profit for the period	**134,692**	**123,411**
Items that will not be reclassified to profit or loss		
Actuarial gains on post-employment benefits	(31,579)	12,127
Fair value changes of equity investments	179	3,318
Income tax relating to items that will not be reclassified	9,029	(3,403)
Total items that will not be reclassified to profit or loss	**(22,371)**	**12,042**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	61,380	41,967
Share of currency translation differences of associates and joint ventures valued by the equity method	6,016	3,228
Total items that may be reclassified subsequently to profit or loss	**67,396**	**45,195**
Other comprehensive income for the period, net of tax	**45,025**	**57,237**
Total comprehensive income for the period	**179,717**	**180,648**
Attributable to:		
Owners of the company	179,301	177,615
Non-controlling interests	416	3,033

CONSOLIDATED BALANCE SHEET

(thousands of euro)	Note	Jun 30, 2019	Dec 31, 2018
ASSETS			
Non-current assets			
Goodwill	20	580,859	575,537
Other intangible assets	20	42,516	38,609
Right-of-use assets	21	92,999	-
Property, plant and equipment	22	3,091,206	3,059,276
Investment property	23	20,266	20,280
Investments in associates and joint ventures	24	506,477	515,897
Equity investments at fair value	25	8,942	8,804
Deferred income tax assets		45,517	34,340
Other non-current assets	26	22,872	25,063
		4,411,654	**4,277,806**
Current assets			
Inventories	27	443,463	457,592
Trade receivables	28	501,360	399,396
Other receivables	29	90,386	92,355
Cash and cash equivalents	30	634,282	440,499
		1,669,491	**1,389,842**
Assets held for sale	31	4,505	6,499
Total Assets		**6,085,650**	**5,674,147**

(thousands of euro)	Note	Jun 30, 2019	Dec 31, 2018
EQUITY			
Equity attributable to owners of the company			
Share capital	32	123,637	123,637
Share premium		458,696	458,696
Other reserves	33	61,895	5,260
Retained earnings		2,758,697	2,669,357
Treasury shares		(12,738)	(119,465)
		3,390,187	**3,137,485**
Non-controlling interests	34	5,920	6,120
Total Equity		**3,396,107**	**3,143,605**
LIABILITIES			
Non-current liabilities			
Long-term debt	35	971,041	920,674
Lease liabilities	21	72,054	1,720
Employee benefits	37	422,296	391,563
Provisions for liabilities and charges	38	70,272	69,281
Deferred income tax liabilities		336,189	335,928
Other non-current liabilities	39	11,865	40,515
		1,883,717	**1,759,681**
Current liabilities			
Current portion of long-term debt	35	221,955	327,840
Short-term debt	35	108,867	14,381
Current portion of lease liabilities	21	21,404	193
Derivative financial instruments	36	13,712	10,340
Trade payables	40	240,092	234,985
Income tax payables		20,268	8,844
Provisions for liabilities and charges	38	21,768	30,957
Other payables	41	157,760	143,321
		805,826	**770,861**
Total Liabilities		**2,689,543**	**2,530,542**
Total Equity and Liabilities		**6,085,650**	**5,674,147**

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of euro)	Note	Jan-Jun 2019	Jan-Jun 2018
Cash flows from operating activities			
Cash generated from operations	42	195,249	96,011
Interest paid		(19,312)	(15,092)
Income tax paid		(27,502)	(27,713)
Net cash generated from operating activities		**148,435**	**53,206**
Cash flows from investing activities			
Purchase of intangible assets	20	(2,026)	(1,501)
Purchase of property, plant and equipment	22	(124,233)	(106,328)
Acquisition of subsidiaries, net of cash acquired		-	(43,729)
Purchase of other equity investments	24,25	(300)	-
Proceeds from sale of property, plant and equipment		5,276	26,132
Proceeds from sale of equity investments		471	146
Changes in available-for-sale financial assets	31	5,659	4,700
Changes in financial receivables		325	4,462
Dividends received from associates		49,050	51,867
Interest received		771	6,356
Net cash used in investing activities		**(65,007)**	**(57,895)**
Cash flows from financing activities			
Proceeds from long-term debt	35	49,850	-
Repayment of long-term debt	35	(9,392)	(10,967)
Net change in short-term debt	35	99,986	(179)
Repayments of lease liabilities	3	(10,467)	-
Changes in other financial payables		4,928	(3,885)
Changes in ownership interests without loss of control		(219)	(10,746)
Dividends paid to owners of the company		(26,559)	(28,135)
Dividends paid to non-controlling interests		(256)	(146)
Net cash generated (used) in financing activities		**107,871**	**(54,058)**
Increase (decrease) in cash and cash equivalents		**191,299**	**(58,747)**
Cash and cash equivalents at beginning of period		440,499	810,630
Translation differences		2,484	10,328
Change in scope of consolidation		-	1
Cash and cash equivalents at end of period	30	**634,282**	**762,212**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(thousands of euro)	*Attributable to owners of the company*						*Non-controlling interests*	***Total Equity***
	Share capital	*Share premium*	*Other reserves*	*Retained earnings*	*Treasury shares*	***Total***		
Balance as at January 1, 2018	**123,637**	**458,696**	**(61,553)**	**2,328,589**	**(813)**	**2,848,556**	**6,490**	**2,855,046**
Profit for the period	**-**	**-**	**-**	**123,040**	**-**	**123,040**	**371**	**123,411**
Other comprehensive income for the period, net of tax	-	-	45,550	9,074	-	**54,624**	(307)	**54,317**
Total comprehensive income for the period	**-**	**-**	**45,550**	**132,114**	**-**	**177,664**	**64**	**177,728**
Dividends paid	-	-	-	(28,135)	-	**(28,135)**	(164)	**(28,299)**
Withholding tax on foreign dividends	-	-	-	(332)	-	**(332)**	-	**(332)**
Acquisition of non-controlling interests	-	-	-	(301)	-	**(301)**	(1,900)	**(2,201)**
Other changes	-	-	11,647	(10,888)	-	**759**	1,589	**2,348**
Balance as at June 30, 2018	**123,637**	**458,696**	**(4,356)**	**2,421,047**	**(813)**	**2,998,211**	**6,079**	**3,004,290**
Balance as at January 1, 2019	**123,637**	**458,696**	**5,260**	**2,669,357**	**(119,465)**	**3,137,485**	**6,120**	**3,143,605**
Profit for the period	**-**	**-**	**-**	**134,615**	**-**	**134,615**	**77**	**134,692**
Other comprehensive income for the period, net of tax	-	-	67,541	(22,528)	-	**45,013**	12	**45,025**
Total comprehensive income for the period	**-**	**-**	**67,541**	**112,087**	**-**	**179,628**	**89**	**179,717**
Dividends paid	-	-	-	(26,559)	-	**(26,559)**	(279)	**(26,838)**
Withholding tax on foreign dividends	-	-	-	(473)	-	**(473)**	-	**(473)**
Acquisition of non-controlling interests	-	-	-	(210)	-	**(210)**	(10)	**(220)**
Other changes	-	-	(10,906)	4,495	106,727	**100,316**	-	**100,316**
Balance as at June 30, 2019	**123,637**	**458,696**	**61,895**	**2,758,697**	**(12,738)**	**3,390,187**	**5,920**	**3,396,107**

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, Mexico and Brazil.

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 (part of London Stock Exchange Group).

These consolidated interim financial statements were authorized for issue by the board of directors on 2 August 2019.

2. Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2019 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 2018.

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 such 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 2018, 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 46 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 2018, 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 preparation of the annual report.

Income tax expense is accrued using the tax rate that would be applicable to expected total annual profit or loss.

Standards, amendments and interpretations adopted in 2019:

- IFRS 16 Leases. 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 ruled by IAS 17; instead, it 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.

  Buzzi Unicem, elected the modified retrospective adoption with the lease liability as an amount equal to the right-of-use assets, net of any advanced payments. During the transition the group has used the exemption proposed by the standard for contracts with a lease term of 12 months or less after the effective date. Moreover, the group decided to use the practical expedient that allows the exclusion of short-term leases and leases for which the underlying asset is of low value (less than €5.000). Most part of the contracts previously considered as operating leases, has been recognized in the balance sheet, increasing fixed assets and financial liabilities, with no material effect on the net assets of the group. The expenses arising from operating leases that in the past years were recognized as services expenses, are now split up between depreciation and interest expense, except for short-term and low value asset contracts.

  Before IFRS 16 adoption, a leasing contract was classified as finance lease if it substantially transferred all the risks and benefits associated with the asset use to the lessee, otherwise it was classified as operating lease.

  Upon IFRS 16 adoption, the group recognized in the balance sheet right-of-use assets and lease liabilities referred to leases that were previously classified as operating leases according to IAS 17 Leases. Lease liabilities have been measured by calculating the net present value of the remaining leasing fees, discounted with the incremental borrowing rate of the lessee (IBR), starting from 1 January 2019.

  The IBR at contract date is calculated as reference rate, considering the lease contract, the geography and the group specific rates.

  For leases which were previously classified as finance leases the group did not change the initial carrying amount of the assets and liabilities at the first-time application date, therefore the right-of-use assets and the capital lease obligations coincide with assets and liabilities recognized according to IAS 17.

  Each lease repayment is split up into liabilities and finance costs.

  The right of use of the asset is amortized on a straight line, based on the shortest between its useful life and the effective duration of the leasing.

  Lease contract within the group relates essentially to land, buildings, plant and machinery, vehicles and other equipment.

  Until 31 December 2018, payment for operating leases was recognized in the cash flow statement within the cash flow from operating activities; with IFRS 16 adoption, cash flows are split up between interest payments and repayments of the financial liability: the repayments of the financial liability are classified within cash flows from financial activities

As at 31 December 2018 the group had non-cancellable operating lease commitments for €124,017 thousand. Of these commitments, €4,365 thousand were related to short-term leases which have been recognized as expense for services in profit or loss.

For the remaining lease commitments the group recognized right-of-use assets for €94,379 thousand on 1 January 2019 and lease liabilities for €93,729 thousand; the difference refers to low value assets, so-called “non-lease components” (ancillary charges as insurance, stamps, etc…) and to the effect of discounting.

The new accounting standard, all other things being equal, had a positive effect of €12,336 thousand on the operating cash flow of the first half 2019 (decrease in service costs), while for the operating profit the impact reduces to €773 thousand (increase in assets depreciation). In the cash flow statement, the amount reclassified from operating activities to financing activities was €10,467 thousand.

The following table shows the detail and changes in the amounts recognized in the balance sheet and the income statement for lease contracts, by category of assets:

	Right-of-use assets					*Lease liabilities*
	Land and buildings	*Plant and machinery*	*Industrial and commercial equipment*	*Other*	*Total*	
(thousands of euro)						
At 1 January 2019						
Cost/deemed cost	30,203	8,841	11,882	43,453	94,379	93,729
Accumulated depreciation and write-downs	-	-	-	-	-	-
Net book amount	**30,203**	**8,841**	**11,882**	**43,453**	**94,379**	**93,729**
Six months ended 30 June 2019						
Opening net book amount	30,203	8,841	11,882	43,453	94,379	93,729
Translation differences	111	17	(122)	(227)	(221)	(217)
Additions	2,308	-	6,685	2,996	11,989	8,967
Extinctions	(15)	(1,570)	-	-	(1,585)	-
Change in scope of consolidation	-	-	-	-	-	
Depreciation and impairment charges	(2,595)	(606)	(1,329)	(7,033)	(11,563)	-
Interest expense	-	-	-	-	-	1,446
Repayment	-	-	-	-	-	(10,467)
Closing net book amount	**30,012**	**6,682**	**17,116**	**39,189**	**92,999**	**93,458**
At 30 June 2019						
Cost/deemed cost	32,613	7,290	18,436	46,183	104,522	-
Accumulated depreciation and write-downs	(2,601)	(608)	(1,320)	(6,994)	(11,523)	-
Net book amount	**30,012**	**6,682**	**17,116**	**39,189**	**92,999**	**-**

In addition on 30 June 2019 the group recognized in the income statement short-term lease expenses of €2,480 thousand, lease expenses for low value assets of €282 thousand and variable lease costs, not determinable in advance and generally based on quantities produced, for €68 thousand.

Assets and liabilities deriving from leasing contracts are initially valued at present value.

Lease liabilities include the present value of the following payments:

- fixed leases, net of any incentives;
- variable leases, based on an index or a rate, so determinable in advance;
- amounts that the lessee will pay as guarantee on the residual value of the underlying asset;
- price to exercise the purchase option, if the lessee is reasonably certain to exercise it;
- penalties for termination, if the contract provides that the lessee can excise this option.

The right-of-use assets are recognized at cost, that includes the following:

- initial amount of the lease liability;
- lease payments made at the start date or before the start date of the contract, less bonuses received;
- direct initial costs attributable to the contract;
- any final restoration costs.

The following standards, amendments and interpretations have been adopted since 1 January 2019, without any material effect on these interim financial statements.

− IFRIC 23 Uncertainty over income tax treatment. IFRIC 23 provides additional guidance with respect to IAS 12 by specifying how to reflect the effects of uncertainty in the accounting tax treatment of a specific transaction or circumstance.

− IFRS 9 Financial instruments (amendments): features of the extinctions with negative compensation. The amendments allow companies to measure particular financial assets characterized by an early settlement option with the so-called “negative compensation” at amortized cost or at fair value through other comprehensive income if specific conditions are met, instead of at fair value through profit and loss.

− IAS 28 Investments in associates and joint ventures (amendments): long-term interests in associates and joint ventures. The amendments clarify that IFRS 9 must be applied when an entity finances its associates and joint ventures with preferred shares or by granting loans for which no reimbursement is expected in the foreseeable future.

− Annual Improvements 2015-2017 Cycle: it is a series of amendments to four standards (IFRS 3, IFRS 11, IAS 12, IAS 23). They relate largely to clarifications, therefore their adoption will not have a material impact on the group.

− IAS 19 Employee benefits (amendment): plan amendment, curtailment or settlement. The reworking of the standard clarifies how to account for the amendment, curtailment, or settlement of a defined benefit plan. It is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

The following standards and amendments have been issued, but they are not effective for the fiscal year started on 1 January 2019 and they have not been early adopted (at the date of this interim report the European Union has not yet completed the endorsement process for the application):

− 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 associates or joint ventures. 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 17 Insurance contracts (effective from 1 January 2021). It replaces the previous standard IFRS 4 Insurance contracts and solves the comparison issues created by the same standard, by requiring all insurance contracts to be accounted for in a consistent manner, to the benefit of both investors and insurance companies. Insurance obligations will be accounted for using current values instead of historical cost.

- IFRS 3 business combinations (amendment): definition of a business (effective from 1 January 2020). The amendment improves the definition of a business versus the definition of a group of asset, clarifying that a business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods and services to customers, generating investment income (in the form of dividends or interests) or generating other income from ordinary activities. The distinction is important because the acquirer will be able to recognize goodwill only in the latter case.

- IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors (amendments): definition of material (effective from 1 January 2020). The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS standards.

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*	
Currency	*30 June 2019*	*31 December 2018*	*1H 2019*	*1H 2018*
US Dollar	1.1380	1.1450	1.1298	1.2104
Czech Koruna	25.4470	25.7240	25.6845	25.5005
Ukrainian Hryvnia	29.7654	31.7362	30.4227	32.3742
Russian Ruble	71.5975	79.7153	73.7444	71.9601
Polish Zloty	4.2496	4.3014	4.2920	4.2207
Hungarian Forint	323.3900	320.9800	320.4198	314.1128
Mexican Peso	21.8201	22.4921	21.6543	23.0850
Algerian Dinar	135.1447	135.4881	134.4534	139.0348
Brazilian Real	4.3511	4.4440	4.3417	4.1415

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, price and interest rate), credit risk and liquidity risk. The group uses, infrequently, derivative financial instruments to hedge certain risk exposures. A central treasury and finance department carries out risk management and identifies, evaluates and possibly hedges financial risks in close cooperation 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 2018. 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 the 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 2019.

(thousands of euro)	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets				
Other non-current assets	11,225	2,042	-	13,267
Equity investments at fair value	-	-	9,169	9,169
Total Assets	**11,225**	**2,042**	**9,169**	**22,436**
Liabilities				
Derivative financial instruments (current)	-	(13,712)	-	(13,712)
Total Liabilities	**-**	**(13,712)**	**-**	**(13,712)**

The following table presents the assets and liabilities that are measured at fair value at 31 December 2018:

(thousands of euro)	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets				
Other non-current assets	10,879	1,456	-	12,335
Current financial assets	-	5,425	-	5,425
Equity investments at fair value	-	-	8,804	8,804
Total Assets	**10,879**	**6,881**	**8,804**	**26,564**
Liabilities				
Derivative financial instruments (current)	-	(10,340)	-	(10,340)
Total Liabilities	**-**	**(10,340)**	**-**	**(10,340)**

In the first half of 2019, there were no transfers between the various fair value levels.

Level 2 derivatives consist of the cash settlement option related to the equity-linked bond. This option has been fair valued using market quotes of the public bonds and of Buzzi Unicem ordinary share, considering the implied volatility.

The equity investments at fair value are classified as level 3 and are all valued at fair value through other comprehensive income (OCI). When a multi-year plan is not available, the valuation at book value of equity is considered as the best approximation of the fair value (note 25).

Level 3 derivatives also include the put and call option on the remaining 50% shares capital of BCPAR SA, following the purchase agreement signed in 2018. Being a jointly controlled entity, the option represents a derivative financial instrument whose value is equal to the difference between the exercise price of the option and the fair value of the shares to be acquired. Since the price of the option is defined on the basis of the equity value of BCPAR, we deem that it reasonably approximates the fair value of the ownership interest held by Brennand Cimentos. The value of the derivative financial instrument is therefore equal to zero at the date of these half-year consolidated financial statements. Any subsequent changes in the fair value of the derivative will be recognized directly in profit or loss, according to IFRS 9 (note 35).

The group holds several financial instruments which 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.

5. Scope of consolidation

In the first half of 2019 no changes in scope occurred within the group.

It is worth recalling that, during the first half of 2018, Buzzi Unicem acquired a 100% interest in Portland Zementwerke Seibel & Söhne GmbH & Co. KG. The company has been consolidated line by line beginning 1 May 2018. Therefore, in the interpretation of the income statement and cash flows data, it shall be considered that the first six months of 2018 only partially included (two months) the Seibel & Söhne figures.

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 economic performance is consistent with the one 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%*	*Brazil 100%*
Six month ended 30 June 2019								
Segment revenue	251,335	404,502	285,806	577,080	-	**1,518,723**	303,722	65,451
Intersegment revenue	(2,065)	(323)	-	-	2,388	**-**	-	-
Revenue from external customers	249,270	404,179	285,806	577,080	2,388	**1,518,723**	303,722	65,451
Ebitda	32,741	51,060	61,754	143,043	-	**288,598**	132,618	7,454
Operating profit	9,306	28,707	41,888	85,747	-	**165,648**	118,823	(1,620)

(thousands of euro)	*Italy*	*Central Europe*	*Eastern Europe*	*United States of America*	*Unallocated items and adjustments*	*Total*	*Mexico 100%*	*Brazil 100%*
Six month ended 30 June 2018								
Segment revenue	226,311	369,525	243,132	498,589	(177)	**1,337,380**	315,297	-
Intersegment revenue	(1,587)	-	-	-	1,587	**-**	-	-
Revenue from external customers	224,724	369,525	243,132	498,589	1,410	**1,337,380**	315,297	-
Ebitda	(4,336)	32,915	55,829	143,020	-	**227,428**	153,245	-
Operating profit	(23,674)	13,246	36,942	96,955	-	**123,469**	141,320	-

8. Net sales

Revenues from contracts with customers derive from goods and services transferred at a specific time, whose breakdown is illustrated below:

(thousands of euro)	1 H 2019 Cement	 Concrete and aggregates	 Total
Goods and services transferred at a point of time	1,002,654	516,069	**1,518,723**
By markets:			
Italy	143,376	107,959	**251,335**
Germany	175,270	133,512	**308,782**
Luxembourg and the Netherlands	48,430	47,290	**95,720**
Poland	39,231	19,003	**58,234**
Czech Republic and Slovakia	18,214	55,823	**74,037**
Russia	100,600	-	**100,600**
Ukraine	49,445	3,490	**52,935**
United States of America	428,088	148,992	**577,080**
	1,002,654	**516,069**	**1,518,723**

(thousands of euro)	1 H 2018 Cement	 Concrete and aggregates	 Total
Goods and services transferred at a point of time	867,894	469,486	**1,337,380**
By markets:			
Italy	125,754	100,557	**226,311**
Germany	154,350	125,402	**279,752**
Luxembourg and the Netherlands	49,482	40,114	**89,596**
Poland	31,501	18,584	**50,085**
Czech Republic and Slovakia	15,708	59,185	**74,893**
Russia	82,610	-	**82,610**
Ukraine	30,931	4,613	**35,544**
United States of America	377,558	121,031	**498,589**
	867,894	**469,486**	**1,337,380**

The 13.6% increase compared with 2018 is due to favorable foreign currency effects for 2.8%, to an increase in the scope of consolidation for 0.6% and to favorable market trends for 10.2%. Reference is made to the 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 2019*	*1H 2018*
Recovery of expenses	3,913	3,665
Indemnity for damages	860	520
Revenue from leased properties	4,280	3,929
Gains on disposal of property, plant and equipment	1,504	21,662
Capital grants	252	271
Release of provisions	896	6,379
Internal work capitalized	544	1,217
Sale of emission rights	-	223
Other	9,785	14,419
	22,034	**52,285**

In the comparative period, the caption gains on disposal of property, plant and equipment included the amount associated with the sale of the business relating to the licensed production of packaged concrete, located in San Antonio (Texas), to The Quikrete Companies, for a total of €16,684 thousand.

Always in 2018 the release of provisions included €5,399 thousand related to the antitrust risk in Poland.

The caption other contains a revenue of €900 thousand deriving from the waiver of the deposit paid in 2014 by Wietersdorfer group, following the withdrawal from the purchase contract of the mothballed plant in Travesio (PN).

10. Raw materials, supplies and consumables

(thousands of euro)	*1H 2019*	*1H 2018*
Raw materials, supplies and consumables	333,732	325,003
Finished goods and merchandise	39,389	16,958
Electricity	95,557	81,665
Fuels	101,016	93,039
Other goods	10,388	8,751
	580,082	**525,416**

11. Services

(thousands of euro)	*1H 2019*	*1H 2018*
Transportation	220,736	190,826
Maintenance and contractual services	79,579	77,518
Insurance	7,373	6,105
Legal and professional consultancy	5,624	9,563
Operating leases of property and machinery	2,830	17,738
Travel	3,129	2,960
Other	49,326	43,380
	368,597	**348,090**

The decrease of the caption operating leases of property and machinery is essentially due to the adoption of IFRS 16 Leasing, that determined the capitalization of operating lease fees (€12,336 thousand, see note 3).

12. Staff costs

(thousands of euro)	*1H 2019*	*1H 2018*
Salaries and wages	187,487	176,220
Social security contributions and defined contribution plans	57,187	51,973
Employee severance indemnities and defined benefit plans	6,201	5,931
Other long-term benefits	270	325
Other	1,535	7,493
	252,680	**241,942**

The increase of the line item is due to the favorable exchange rate effect for an amount of €10,315 thousand.

In 2018 the caption other included restructuring charges of €6,407 thousand.

The average number of employees is the following:

(number)	*1H 2019*	*1H 2018*
White collar and executives	3,611	3,701
Blue collar and supervisors	6,274	6,324
	9,885	**10,025**

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 2019*	*1H 2018*
Write-down of receivables	2,442	4,401
Provisions for liabilities and charges	2,751	8,042
Association dues	3,411	2,984
Indirect taxes and duties	17,669	17,793
Losses on disposal of property, plant and equipment	299	459
Other	8,845	8,476
	35,417	**42,155**

In 2018, provisions for liabilities and charges included €5,889 thousand related to the ongoing litigation with the Municipality of Guidonia (Rome) concerning property taxes on quarry land for the years 2012-2015.

14. Depreciation, amortization and impairment charges

(thousands of euro)	*1H 2019*	*1H 2018*
Amortization of intangible assets	2,258	2,202
Depreciation of right-of-use assets	11,563	-
Depreciation of property, plant and equipment	109,395	101,725
Impairment losses of non-current assets	(266)	32
	122,950	**103,959**

The caption right-of-use assets refers to the depreciation calculated on the capitalization of leased assets, recognized in the balance sheet since 1 January 2019 with the first-time application of IFRS 16 Leasing (note 3).

The caption impairment losses of non-current assets includes an amount of €400 thousand for the reversal of the impairment on the Travesio (PN) plant (note 31).

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:

	1H 2019	*1H 2018*
(thousands of euro)		
Associates		
Société des Ciments de Hadjar Soud EPE SpA	2,324	1,046
Société des Ciments de Sour El Ghozlane EPE SpA	(1,244)	2,005
Bétons Feidt S.A.	729	(16)
Kosmos Cement Company	1,726	743
Houston Cement Company	77	(255)
w&p Cementi SpA	478	344
Salonit Anhovo Gradbeni Materiali dd	1,431	1,101
Other associates	711	673
	6,232	**5,641**
Joint ventures		
Corporación Moctezuma, SAB de CV	28,076	34,294
BCPAR SA	(2,011)	-
Cementi Moccia	448	(281)
LICHTNER DY Berlin	445	11
Other joint ventures	666	364
	27,624	**34,388**
	33,856	**40,029**

16. Gains on disposal of investments

These are non-recurring revenues arising mainly from the liquidation of the ownership interest in the associate Hotfilter Pumpendienst GmbH & Co. KG.

17. Finance revenues and Finance costs

(thousands of euro)	1H 2019	1H 2018
Finance revenues		
Interest income on liquid assets	5,640	6,298
Interest income on plan assets of employee benefits	5,227	4,608
Changes in the fair value of derivative instruments	-	17,578
Foreign exchange gains	12,245	13,831
Dividend income	27	35
Other	506	806
	23,645	**43,156**
Finance costs		
Interest expense on bank borrowings	(7,672)	(5,083)
Interest expense on senior notes and bonds	(10,503)	(21,906)
Interest expense on employee benefits	(9,604)	(9,098)
Changes in the fair value of derivative instruments	(3,372)	-
Discount unwinding on liabilities	(376)	(24)
Foreign exchange losses	(17,811)	(10,101)
Other	(3,336)	(1,327)
	(52,674)	**(47,539)**
Net finance costs	**(29,029)**	**(4,383)**

The increase in net finance costs compared to the previous period is mainly due to the unfavorable change in non-cash items, such as the fair value estimation of the cash settlement option embedded in the equity-linked bond and currency losses.

18. Income tax expense

(thousands of euro)	1H 2019	1H 2018
Current tax	40,323	37,533
Deferred tax	(4,190)	(1,907)
Tax relating to prior years	(48)	224
	36,085	**35,850**

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.

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 2019	1H 2018
Net profit attributable to owners of the company	*thousands of euro*	134,615	123,040
- attributable to ordinary shares	*thousands of euro*	107,324	98,347
- attributable to savings shares	*thousands of euro*	27,290	24,693
Average number of ordinary shares outstanding		162,905,851	165,299,149
Average number of savings shares outstanding		40,682,659	40,682,659
Basic earnings per ordinary share	*euro*	0.659	0.595
Basic earnings per savings share	*euro*	0.671	0.607

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.

Between 4 April and 10 July 2019 (deadline for the submission) the company received conversion notices for the total nominal amount of €220,000,000, corresponding to overall no. 13,762,011 ordinary shares.

The company decided to proceed with the reimbursement without issuing new shares, that is by delivering treasury shares, until depletion, and by cash (Cash Alternative Amount) for the residual amount of the shares required in conversion. Therefore no diluted effect exists and in the first half of 2019 basic and diluted earnings per share are identical.

		1H 2019	1H 2018
Net profit attributable to owners of the company	*thousands of euro*	134,615	110,766
- attributable to ordinary shares	*thousands of euro*	107,324	89,862
- attributable to savings shares	*thousands of euro*	27,290	20,905
Average number of ordinary shares outstanding		162,905,851	179,061,190
Average number of savings shares outstanding		40,682,659	40,682,659
Diluted earnings per ordinary share	*euro*	0.659	0.502
Diluted earnings per savings share	*euro*	0.671	0.514

20. Goodwill and Other intangible assets

(thousands of euro)	Goodwill	Other intangible assets: Industrial patents, licenses and similar rights	Assets in progress and advances	Others	Total
At 1 January 2019					
Cost/deemed cost	783,605	77,030	476	5,503	83,009
Accumulated depreciation and write-downs	(208,068)	(41,195)	(17)	(3,188)	(44,400)
Net book amount	**575,537**	**35,835**	**459**	**2,315**	**38,609**
Six months ended 30 June 2019					
Opening net book amount	575,537	35,835	459	2,315	38,609
Translation differences	5,322	3,457	14	-	3,471
Depreciation and impairment charges	-	2,241	262	-	2,503
Reclassifications	-	(1,976)	-	(282)	(2,258)
Disposals and other	-	193	(2)	-	191
Closing net book amount	**580,859**	**39,750**	**733**	**2,033**	**42,516**
At 30 June 2019					
Cost/deemed cost	788,979	83,936	733	5,503	90,172
Accumulated depreciation and write-downs	(208,120)	(44,186)	-	(3,470)	(47,656)
Net book amount	**580,859**	**39,750**	**733**	**2,033**	**42,516**

At 30 June 2019, the column industrial patents, licenses and similar rights is made up of industrial licences (€34,576 thousand), application software for plant and office automation (€2,519 thousand), mining rights (€2,422 thousand), industrial patents (€233 thousand).

The translation differences of the goodwill mainly refer to the CGU Russia (€5,041 thousand) and the CGU United States of America (€193 thousand).

Goodwill at 30 June 2019 amounts to €580,859 thousand and is broken-down as follows:

(thousands of euro)	30 Jun 2019	31 Dec 2018
Italy (Cement sector)	40,500	40,500
United States of America	38,728	38,536
Germany	128,569	128,569
Luxembourg	69,104	69,104
Poland	88,160	88,072
Czech Republic/Slovakia	106,700	106,699
Russia	109,098	104,057
	580,859	**575,537**

At the balance sheet date, 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 to review the recoverable value of the assets, therefore there was no need to conduct any impairment test.

21. Right-of-use assets and Lease liabilities

Effective 1 January 2019 the company adopted IFRS 16 Leasing; see note 3 for the table with the changes during the period.

Rental fees related to the operating lease of fixed assets have been recognized among services in the income statement until December 2018, while from 1 January 2019, following IFRS 16 adoption, they have been capitalized for an amount of €94,379 thousand, by posting a lease obligation of €93,729 thousand in the liability side of the balance sheet.

The amounts that in 2019 continue to be expensed in profit and loss stand at €2,830 thousand and they mainly include low value asset leases, contracts with duration of less than one year and contracts with variable fees (notes 3 and 11).

22. Property, plant and equipment

(thousands of euro)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Assets in progress and advances	Other	Total
At 1 January 2019						
Cost/deemed cost	2,782,711	4,832,041	410,690	121,916	117,168	8,264,526
Accumulated depreciation and write-downs	(1,079,028)	(3,684,501)	(314,677)	(29,664)	(97,380)	(5,205,250)
Net book amount	**1,703,683**	**1,147,540**	**96,013**	**92,252**	**19,788**	**3,059,276**
Six months ended 30 June 2019						
Opening net book amount	1,703,683	1,147,540	96,013	92,252	19,788	3,059,276
Translation differences	11,723	16,154	1,747	2,373	262	32,259
Additions	4,529	23,695	10,651	72,979	897	112,751
Disposals and other	(2,894)	107	(404)	(160)	(26)	(3,377)
Depreciation and impairment charges	(19,853)	(76,487)	(10,012)	(67)	(3,173)	(109,592)
Reclassifications	1,470	14,603	1,696	(23,987)	6,107	(111)
Closing net book amount	**1,698,658**	**1,125,612**	**99,691**	**143,390**	**23,855**	**3,091,206**
At 30 June 2019						
Cost/deemed cost	2,799,797	4,887,835	418,939	173,124	123,459	8,403,154
Accumulated depreciation and write-downs	(1,101,139)	(3,762,223)	(319,248)	(29,734)	(99,604)	(5,311,948)
Net book amount	**1,698,658**	**1,125,612**	**99,691**	**143,390**	**23,855**	**3,091,206**

Additions in the first six months amount to €112,751 thousand. In the cash flow statement and in the management review of operations capital expenditures are reported according to the actual outflows (€126,828 thousand).

Positive translation differences of €32,259 thousand reflect the strengthening of the dollar/euro, ruble/euro and hryvnia/euro exchange rates. In the first half of 2018 the weakening overall positive translation differences of €44,352 thousand were recorded.

Real guarantees on assets of consolidated companies are represented by liens on real estate property for the amount of €132 thousand at 30 June 2019 (December 2018: €132 thousand).

23. Investment property

	30 Jun 2019	31 Dec 2018
(thousands of euro)		
At 1 January		
Cost/deemed cost	28,550	34,586
Accumulated depreciation and write-downs	(8,271)	(11,883)
Net book amount	**20,280**	**22,703**
Translation differences	6	49
Additions	-	16
Disposals and other	-	(2,601)
Depreciation and impairment charges	(20)	113
At 30 June	**20,266**	**20,280**
Cost/deemed cost	28,556	28,550
Accumulated depreciation and write-downs	(8,290)	(8,270)
Net book amount	**20,266**	**20,280**

24. Investments in associates and joint ventures

The amounts recognized in the balance sheet are as follows:

	30 Jun 2019	31 Dec 2018
(thousands of euro)		
Associates valued by the equity method	197,818	207,516
Joint ventures valued by the equity method	308,659	308,381
	506,477	**515,897**

The net decrease of €9,420 thousand was affected upwards by equity earnings of €33,856 thousand and exchange gains of €9,157 thousand, downwards by dividend distributions of €52,172 thousand.

24.1 Investments in associates

Set out below are the associates as at 30 June 2019, 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 also corresponds to their principal place of business.

Nature of investments in associates:

Name of entity	*Place of business/country of incorporation*	*% of ownership interest*	*Book value*
Société des Ciments de Hadjar Soud EPE SpA	Algeria	35.0	44,082
Société des Ciments de Sour El Ghozlane EPE SpA	Algeria	35.0	41,457
Kosmos Cement Company	United States of America	25.0	34,618
Salonit Anhovo Gradbeni Materiali dd	Slovenia	25.0	26,869
Other			50,792
Total			**197,818**

Summarized financial information for associates

Set out below is 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-19	*Dec-18*	*Jun-19*	*Dec-18*	*Jun-19*	*Dec-18*	*Jun-19*	*Dec-18*
(thousands of euro)								
Total assets	129,714	123,333	124,536	106,917	178,914	198,505	144,852	149,153
Total liabilities	3,766	16,031	17,736	15,140	41,640	29,408	35,556	34,390

	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-19	*Jun-18*	*Jun-19*	*Jun-18*	*Jun-19*	*Jun-18*	*Jun-19*	*Jun-18*
(thousands of euro)								
Net revenues	23,583	21,504	19,329	22,473	53,200	43,519	39,122	37,409
Profit for the period	6,640	2,987	(2,968)	5,727	6,903	3,220	5,474	4,565

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.

24.2 Investments in joint ventures

Set out below are the two joint ventures as at 30 June 2019, which, in the opinion of the directors, are material to the group

Name of entity	*Place of business/country of incorporation*	*% of ownership interest*
Corporación Moctezuma, SAB de CV	Mexico	33.3
BCPAR SA	Brazil	50.0

Corporación Moctezuma SAB de CV has a share capital consisting solely of ordinary shares, which is held indirectly by the company. As at 30 June 2019, the fair value of our interest in Corporación Moctezuma, SAB de CV, which is listed on the Bolsa Mexicana de Valores, was €909,376 thousand (at the end of 2018: €880,548 thousand); the corresponding book value was €149,292 thousand (2018: €150,078 thousand).

BCPAR SA is the holding company of a group that produces and sells cement in Brazil. It has a share capital consisting solely of ordinary shares, which is held indirectly by the company. The corresponding book value is €156,090 thousand.

Summarized financial information for joint ventures

Set out below is the summarized financial information for the joint ventures that are material to the group, valued by the equity method.

	Corporación Moctezuma, SAB de CV		*BCPAR SA*	
	Jun-19	*Dec-18*	*Jun-19*	*Dec-18*
(thousands of euro)				
Total assets	549,184	549,170	404,092	417,314
Total liabilities	(105,400)	(100,284)	(170,875)	(185,239)

	Corporación Moctezuma, SAB de CV		*BCPAR SA*	
	Jun-19	*Jun-18*	*Jun-19*	*Jun-18*
(thousands of euro)				
Revenues	303,722	315,297	65,451	-
Profit for the period	83,812	102,413	(3,822)	-

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

25. Equity Investments at fair value

The line item refers to investments in unconsolidated subsidiaries and in other companies, all of them unlisted.

	Subsidiaries	*Other*	*Total*
(thousands of euro)			
At 1 January 2019	**350**	**8,454**	**8,804**
Fair value changes	-	179	179
Disposals and other	-	(41)	(41)
At 30 June 2019	**350**	**8,592**	**8,942**

26. Other non-current assets

(thousands of euro)	30 Jun 2019	31 Dec 2018
Loans to third parties and leasing	1,801	2,145
Loans to associates	123	136
Loans to customers	1,214	485
Receivables from purchase of equity investments	-	1,317
Receivables from sale of equity investments	200	200
Tax receivables	1,110	620
Receivables from personnel	451	464
Guarantee deposits	14,250	13,924
Other	3,723	5,772
	22,872	**25,063**

Loans to third parties and leasing consist of the former for an amount of €831 thousand, mainly interest-bearing and adequately secured.

Loans to customers include interest bearing advances granted to some major accounts in the United States.

Receivables from purchase of equity investments relate to the amounts due by the previous majority shareholder of Cementizillo and have been reclassified within other short-term receivables (note 29).

The guarantee deposits mainly represent assets held in trust to secure the payment of benefits under certain executive pension plans, besides insurance deposits.

27. Inventories

(thousands of euro)	30 Jun 2019	31 Dec 2018
Raw materials, supplies and consumables	288,684	283,446
Work in progress	75,782	78,063
Finished goods and merchandise	75,768	88,985
Advances	1,048	729
Emission rights	2,181	6,369
	443,463	**457,592**

The amount shown is net of an allowance for obsolescence of €27,295 thousand (€27,503 thousand in the previous year).

28. Trade receivables

(thousands of euro)	30 Jun 2019	31 Dec 2018
Trade receivables	520,759	419,747
Less: Provision for receivables impairment	(32,142)	(33,208)
Trade receivables, net	**488,617**	**386,539**
Other trade receivables:		
- From associates	12,705	12,829
- From parent companies	38	28
	501,360	**399,396**

Trade receivables are non-interest bearing and generally have maturity of between 30 and 120 days.

The increase of €101,964 thousand in net trade receivables is attributable to the business seasonality and to the increased turnover, especially in the United States, Germany, Italy and Eastern Europe.

29. Other receivables

(thousands of euro)	30 Jun 2019	31 Dec 2018
Tax receivables	38,156	44,425
Receivables from public institutions	13,100	13,100
Receivables from social security institutions	1,102	128
Receivables from unconsolidated subsidiaries and associates	200	701
Loans to customers	187	166
Receivables from suppliers	8,481	4,932
Receivables from personnel	331	285
Receivables from sale of equity investments	226	226
Receivables from purchase of equity investments	2,681	2,451
Current financial assets	-	5,425
Loans to third parties and leasing	777	581
Accrued interest income	860	607
Other accrued income and prepaid expenses	15,108	10,746
Other	9,177	8,582
	90,386	**92,355**

As at 31 December 2018, current financial assets included time deposits for an amount of €5,425 thousand.

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

The receivable from the energy and environmental services authority (public institution) corresponds to the rebate on electric power costs granted in Italy to the energy-intensive firms, so-called system charges bonus. Since 2018 the benefit has been directly deducted from the purchase costs of electrical power.

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.

Most part of the receivables from purchase of equity investments (€2,351 thousand) refer to the amounts owed by the previous controlling shareholder of Cementizillo, based on the guarantees contractually identified in the share purchase agreement.

Prepaid expenses refer to operating costs pertaining to the following period.

30. Cash and cash equivalents

(thousands of euro)	*30 Jun 2019*	*31 Dec 2018*
Cash at banks and in hand	453,971	328,535
Short-term deposits	180,311	111,964
	634,282	**440,499**

Foreign operating companies hold about 60% of the balance of €634,282 thousand (70% in 2018). At the closing date, short-term deposits and securities earn interest at about 1.66% on average (2.36% in 2018), yield in euro is around 0.03%, in dollar 2.1%, and in other currencies 4.9%. The average maturity of such deposits and securities is lower than 60 days.

31. Assets held for sale

They mainly relate to some equipment and machinery of the mothballed Travesio plant, whose carrying value has been aligned to the sale price following a new sale agreement (€1,300 thousand, compared to €900 thousand in 2018), and to some non-instrumental lots of land belonging to the concrete and cement business in Italy for €3,205 thousand (€3,146 thousand in 2018).

32. Share capital

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

(number of shares)	*30 Jun 2019*	*31 Dec 2018*
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

As at 30 June 2019 the number of shares outstanding by category is the following:

number of shares	*Ordinary*	*Savings*	*Total*
Shares issued	165,349,149	40,711,949	206,061,098
Less: Treasury shares	(731,988)	(29,290)	(761,278)
Shares outstanding	**164,617,161**	**40,682,659**	**205,299,820**

33. Other reserves

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

(thousands of euro)	30 Jun 2019	31 Dec 2018
Translation differences	(389,269)	(456,652)
Revaluation reserves	88,286	88,286
Merger surplus	247,530	247,530
Other	115,348	126,096
	61,895	**5,260**

The translation differences reflect the effect of changes in exchange rates that occurred starting from the first-time consolidation of financial statements denominated in foreign currencies. The positive change in the balance of €67,383 thousand is due to the strengthening of the US dollar (€13,528 thousand), the Ukrainian hryvnia and the Russian ruble (€46,033 thousand), the Mexican peso (€5,254 thousand), the Algerian dinar (€217 thousand) and of the other functional currencies (€2,351 thousand) versus the euro.

34. Non-controlling interests

The balance mainly refers to Cimalux SA for €3,086 thousand and to Betonmortel Centrale Groningen (B.C.G.) BV for €1,397 thousand.

35. Debt and borrowings

(thousands of euro)	30 Jun 2019	31 Dec 2018
Long-term debt		
Senior notes and bonds	496,597	496,173
Unsecured term loans	474,444	424,501
	971,041	**920,674**
Current portion of long-term debt		
Convertible bonds	117,698	215,646
Secured term loans	-	56
Unsecured term loans	104,257	112,138
	221,955	**327,840**
Short-term debt		
Bank debts	100,301	1,577
Accrued interest expense	8,566	12,804
	108,867	**14,381**

In the first half of the year the group received proceeds from new loans for €149,850 thousand and principal repayments amounted to €1,577 thousand.

In relation to the conversion notices of the instrument “Buzzi Unicem €220,000,000 1.375% Equity-Linked Bonds due 2019”, maturing on 10 July 2019, the company decided to deliver the available treasury shares and, partially, to repay by cash the value of the shares for which the conversion right was exercised. This amount, the so-called Cash Alternative Amount, corresponds to the average listing of the ordinary share across a period of twenty days following the exercise of the option, according to the single requests notified to the company.

Due to this decision the repayment of the convertible bond will occur without issuance of new shares. Starting from April and till the end of the half year conversion options for an amount of nominal €102,100 thousand (on a total nominal amount of €220,000 thousand) have been exercised and no. 6,386,822 treasury shares have been delivered to the investors accordingly. For the options exercised within 31 May no. 6,318,012 ordinary shares held in portfolio have been transferred, by withdrawal from equity reserve. For the options exercised after 15 June (€1,100 thousand nominal value, to which no. 68,810 treasury shares will be assigned on 12 July 2019), the related liability has been reclassified from convertible bonds to other liabilities (note 41).

The following table shows the carrying amounts of the borrowings compared with their fair value:

	30 Jun 2019	*30 Jun 2019*	*31 Dec 2018*	*31 Dec 2018*
	Carrying amount	*Fair value*	*Carrying amount*	*Fair value*
(thousands of euro)				
Floating rate borrowings				
Secured term loans	-	-	56	56
Unsecured term loans	127,752	128,123	150,650	147,493
Fix rates borrowings				
Senior notes and bonds	496,597	517,672	496,173	508,095
Convertible bonds	117,698	129,655	215,646	232,043
Unsecured term loans	550,980	575,899	387,567	398,347
	1,293,027	**1,351,349**	**1,250,092**	**1,286,034**

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.

36. Derivative financial instruments

They consist solely of the fair value of the cash settlement option embedded in the convertible bond issued by the parent company, that after the exercise of the conversion options occurred during the first half (note 35), amounts to €13,712 thousand (€10,340 thousand at the end of 2018).
In the first half of 2019, changes in the fair value of this derivative financial instrument recognized in the income statement are negative for €3,372 thousand.

The put and call option on the remaining 50% interest in the capital of BCPAR SA represents a derivative financial instrument, whose value is equal to the difference between the exercise price of the option and the fair value of the shares to be acquired. Since the price of the option (€199,295 thousand) has been defined based on the equity value, we deem that it reasonably approximates the fair value of the ownership interest in BCPAR still held by Brennand cimentos. Therefore, at the date of these interim financial statements, the value of the derivative financial instrument is equal to zero.

37. Employee benefits

The obligations for employee benefits are analyzed as follows:

(thousands of euro)	30 Jun 2019	31 Dec 2018
By category		
Post-employment benefits:		
- Pension plans	323,820	296,627
- Healthcare plans	72,169	67,703
- Employee severance indemnities	17,217	18,035
- Other	1,538	1,521
Other long-term benefits	7,552	7,677
	422,296	**391,563**
By geographical area		
Italy	18,755	19,556
Germany, Luxembourg, Netherlands	285,079	265,029
United States of America	115,618	104,346
Other Countries	2,844	2,632
	422,296	**391,563**

38. Provisions for liabilities and charges

(thousands of euro)	*Environmental risks and restoration*	*Legal claims Tax risks*	*Other risks*	*Total*
At 1 January 2019	61,383	20,101	18,754	100,238
Additional provisions	761	161	3,099	4,021
Discount unwinding	358	180	9	547
Unused amounts released	(164)	(733)	(373)	(1,270)
Used during the year	(587)	(4,456)	(6,996)	(12,039)
Translation differences	240	67	175	482
Reclassifications	-	61	-	61
At 30 June 2019	**61,991**	**15,381**	**14,668**	**92,040**

Total provisions can be analyzed as follows:

(thousands of euro)	30 Jun 2019	31 Dec 2018
Non-current	70,272	69,281
Current	21,768	30,957
	92,040	**100,238**

The additional provisions related to other risks include €2,383 thousand for workers' compensation claims not covered by insurance.

Uses of provision for legal claims and tax risks include €4,075 thousand referred to the legal dispute with the supplier TKIS (note 45).

Uses of provision for other risks mainly include payments for workers' compensation claims not covered by insurance for €1,641 thousand and the use of CO_2 emission rights in Germany for €4,189 thousand.

39. Other non-current liabilities

	30 Jun 2019	31 Dec 2018
(thousands of euro)		
Purchase of equity investments	5,674	24,509
Non-controlling interests in partnerships	2,120	2,054
Payables to personnel	246	250
Financial tax payables	742	1,044
Payables to antitrust authority	955	10,203
Other	2,128	2,455
	11,865	**40,515**

Payables for the purchase of equity investments include the future installments contractually agreed upon in the business combinations Cementizillo, equal to €1,451 thousand (additional €19,384 thousand have been reclassified to short term), and Seibel & Söhne (€2,570 thousand).

Accounts payable to the antitrust authority include the residual portion of the penalty inflicted on Unical in Italy (note 45).

All non-current liabilities are due within five years from the balance sheet date, except for the caption non-controlling interests in partnerships, whose maturity is indefinite. The carrying amount of the line item is deemed to approximate its fair value.

40. Trade payables

	30 Jun 2019	31 Dec 2018
(thousands of euro)		
Trade payables	237,149	232,327
Other trade payables:		
- To associates	2,943	2,658
	240,092	**234,985**

41. Other payables

(thousands of euro)	30 Jun 2019	31 Dec 2018
Advances	2,573	2,719
Purchase of equity investments	19,518	126
Payables to social security institutions	12,265	14,331
Payables to personnel	34,607	33,752
Payables to customers	7,267	11,122
Deferred interest income	102	115
Other accrued expenses and deferred income	9,518	9,848
Tax payables	33,573	23,231
Financial tax payables	2,722	7,285
Payables to antitrust authority	22,797	26,992
Other	12,818	13,800
	157,760	**143,321**

Purchase of equity investments include, for an amount of €19,384 thousand, the short-term debt referring to the Cementizillo business combination.

Payables to customers are represented by contractual liabilities, namely short-term advances received following the sale of products and by the volume rebates settled in a separate transaction with the customer.

Deferred income relates to operating revenues pertaining to the following period.

The caption tax payables includes the credit balance of periodic value added tax for €16,285 thousand (2018: €6,522 thousand). It also includes an amount of €858 thousand referring to the tax on real estate transfers in Germany, whose taxable event was reaching full ownership in Dyckerhoff a few years ago.

Accounts payable to the antitrust authority include the current portion of the penalty imposed on Buzzi Unicem within the proceeding that concerned the entire cement industry in Italy for €21,364 thousand (note 45), in addition to the fine imposed on Unical for €1,433 thousand.

42. Cash generated from operations

(thousands of euro)	1H 2019	1H 2018
Profit before tax	**170,777**	**159,261**
Adjustments for:		
Depreciation, amortization and impairment charges	122,950	103,959
Equity in earnings of associates and joint ventures	(33,856)	(40,029)
Gains on disposal of fixed assets	(1,507)	(21,348)
Net change in provisions and employee benefits	(11,629)	(16,140)
Net finance costs	29,029	4,383
Other non-cash movements	745	(715)
Changes in operating assets and liabilities:		
- Inventories	16,917	(6,043)
- Trade and other receivables	(90,368)	(56,215)
- Trade and other payables	(7,809)	(31,102)
Cash generated from operations	**195,249**	**96,011**

43. Dividends

Dividends paid in 2019 and 2018 were respectively €26,559 thousand (12.5 eurocent per ordinary share and 14.9 eurocent per savings share) and €28,135 thousand (12 eurocent per ordinary share and 20.4 eurocent per savings share).

44. Commitments

(thousands of euro)	30 Jun 2019	31 Dec 2018
Guarantees granted	56,519	8,027
Other commitments and guarantees	58,890	74,638

45. 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.

Fiscal
In 2016 the company was subject to audit by the Revenue Service for the year 2012. The same Revenue Service has also submitted a request for documentation for the subsequent years (from 2013 to 2016). Following the audit and the aforementioned checks, in December 2017, in December 2018 and in July 2019 notices of assessment relating to the years 2012, 2013, 2014, 2015 and 2016 have been notified, containing remarks on the corporate income tax (IRES) and the regional tax on production activities (IRAP). The greater taxable amount contested in the notices of assessment mainly refers to the failure to charge a royalty to Buzzi Unicem's foreign subsidiaries

for the use of the corporate logo. For IRES and IRAP purposes, the higher taxable amount established for the five years totals approximately €77.6 million. For IRES purposes for all years the declared tax loss is greater than the disputed amounts, therefore no higher IRES, interest or penalties are due. On the other hand, for IRAP purposes, the higher taxable amount entails a request, only for the years 2012, 2013 and 2014, for higher taxes and related penalties as well as interest for approximately €2.0 million. For the years 2015 and 2016 the declared tax loss is greater than the disputed amounts, therefore for those years no higher IRAP, interest or penalties are due. The company has filed an appeal against all the assessment notices relating to the years 2012, 2013 and 2014 and it will present an appeal for the years 2015 and 2016, considering that the defense elements are well-grounded and sound and the risk of losing is remote. Therefore, no provision was set aside in the financial statements and the amounts paid, on a provisional basis pending judgment, were recorded as receivables in the balance sheet for the current year. It should also be noted that the company submitted a mutual agreement procedure request (MAP) for the 2012, 2013 and 2014 fiscal years and that it intends to present a similar request also for the 2015 and 2016 fiscal years.

Between 2015 and 2018 the Municipality of Guidonia Montecelio (Rome) has notified Buzzi Unicem some notices of assessment related to higher ICI, IMU and TASI, penalties and interests that for the years from 2008 to 2016 overall amount to approximately €13,6 million. The Municipality funds its request on the consideration that the land belonging to Buzzi Unicem which is used to quarry raw materials can be comparable to land for development. Deeming that this request was not founded, the Company has challenged all the tax deeds received before the competent Tax Courts. At present, with reference to the different disputed tax years, the Provincial Tax Commission of Rome and the Regional Tax Commission of Lazio have filed various unfavorable judgments for the company and also some favorable rulings. However, believing that it has valid reasons, Buzzi Unicem has challenged, or intends to challenge, all the sentences of a negative nature, and the related judgments are still pending. With reference to some of the tax years for which Buzzi Unicem was unsuccessful at the outcome of the first instance judgment, the municipality has ordered the payment on a provisional basis, first of an amount of approximately €3.1 million, that the company is providing to pay in installments, and later of approximately €4.9 million, which the company has paid in full. Buzzi Unicem has anyway fully booked in its financial statements the additional taxes together with the related interests and penalties for the years in which the appeals have been rejected at first instance.

Antitrust

On 7 August 2017 Buzzi Unicem was notified of the final decision adopted by the Italian Antitrust Authority following an investigation on the cement sector in Italy which began in 2015. According to the Authority, Buzzi Unicem and other companies operating in the cement market would have established anti-competitive practices from June 2011 until January 2016, aimed at coordinating cement sales prices throughout the country and systematically monitoring the performance of their respective market shares. The fine imposed on Buzzi Unicem amounted to €59.8 million. Buzzi Unicem appealed the provision of the Authority before the TAR of Lazio on 2 October 2017; together with the appeal, a request for revocation of the fine payment was also filed. The hearing to discuss the revocation took place on 8 November 2017. The TAR of Lazio believed that the legal protection needs of Buzzi Unicem could be sufficiently respected by promptly fixing the hearing for discussion on the substance of the case, scheduled for 6 June 2018, also considering the granting of the splitting of the sanction into installments by the Authority. In fact, Buzzi Unicem, for the sole purpose of avoiding the accumulation of interests and without complaisance, has requested and obtained the split-up of the sanction in 30 installments by the Antitrust Authority. On 12 June 2018 the judgment of the ruling of the TAR of Lazio rejecting the appeal presented by Buzzi Unicem was published and on 30 July 2018 the related arguments were delivered. Considering that the reasons adhere slavishly to the position of the Italian Antitrust Authority, ignoring many of the justifications for the appeal adduced by the company, Buzzi Unicem has challenged the ruling in front of the Council of State, being confident to be able to prove its strangeness to the behavior assumed by the Authority. A request for suspension of payment of the fine was also filed together with the appeal. The hearing for the discussion of the suspension was held on 14 February 2019 and the

Council of State considered that the judicial protection requirements of Buzzi Unicem were sufficiently safeguarded through the urgent fixing of the hearing for discussion on the merits, set for 4 July 2019. At the hearing on the merits, the reasons that, according to the company, justify the cancellation of the disputed judgment or, at least, the reduction of the penalty imposed, have been reiterated. The Council of State has detained the lawsuit for the decision, which will probably be published after the summer. The full liability has been recognized in the financial statements.

The Belgian company CDC presented in September 2015 a 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 as the third party jointly and severally liable Dyckerhoff, which has joined to support the defense of Heidelberg considering the CDC claims to be unfounded for procedural and substantive reasons. CDC and Heidelberg Cement have meanwhile closed the proceedings for all parties involved with a settlement agreement whose details are covered by a confidentiality arrangement.

Against the decision of the Antitrust Authority of Poland concluded by imposing sanctions on 6 producers, including the subsidiary Dyckerhoff Polska, for an amount of approximately €15 million, an appeal was filed before the Regional Court of Warsaw which ruled in December 2013 reducing the fine to approximately €12.3 million, entirely provisioned in the financial statements. Dyckerhoff Polska appealed against the recalculation of the penalty. The Court of Appeal, following a procedure of consultation with the Polish Constitutional Court, summarized the proceeding in January 2018 and in the hearing of 27 March 2018 decided to further reduce the fine to approximately €7.5 million, which have been fully paid. The company, once the motivations for the judgment have been acquired, has decided to challenge the decision before the Supreme Court.
In the context of this antitrust proceeding concerning the cement sector, the Polish company Thomas Beton Sp. z o.o. on 13 March 2019 notified a claim for compensation to our subsidiary Dyckerhoff Polska and to six more Polish cement producers, for a total inclusive amount referring to all seven cement producers of €14.4 million, plus interest from 29 January 2019 and costs of the proceeding. The company is defending itself in the proceedings and does not expect a negative impact on the financial statements from this proceeding.

Environmental
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 – and the Administrative Justice Council of the Sicilian Region (CGARS) 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 and, based on this ruling, at the end of 2017 the Ministry warned other companies operating on the Augusta roadstead, with the exception of Buzzi Unicem, to clean up the roadstead. Recently, the CGARS, with sentence dated 15 November 2018, established the need to correctly re-determine the responsibilities of the companies operating on the Augusta roadstead, making reference to the various positions, including that of Buzzi Unicem. 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

compliance actions are currently being evaluated by the Ministry for Environment which has already ruled favorably on certain aspects through decision-making conferences, 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.

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.

Other legal proceedings

In relation to the procedure for the transfer of all outstanding ordinary 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 and is waiting for the decision of the Court of Appeal. A specific provision was added in the books.

Our Dutch subsidiary Dyckerhoff Basal Betonmortel has received a claim for damages of approximately €1 million for alleged contractual violations relating to land in the port of Amsterdam. The company does not expect a negative financial impact from this proceeding.

46. Related-party transactions

Buzzi Unicem SpA is controlled by Fimedi SpA, which directly and indirectly, through its subsidiary Presa SpA, owns 58.9% 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 and purchases of finished and semi-finished products, raw materials and transportation services with entities operating in the business of cement, ready-mix concrete and services. 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 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 in the rendering of services in the area of administration, taxation, legal affairs, payroll and information systems, for limited amounts. The company and its Italian subsidiary Unical SpA 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 2019*	*in % of reported balance*	*1H 2018*	*in % of reported balance*
Sales of goods and services:	*24,687*	*1.6*	*27,602*	*2.0*
- Associates and unconsolidated subsidiaries	15,130		18,193	
- Joint ventures	9,536		9,398	
- Parent companies	11		11	
- Other related parties	10		-	
- Purchases of goods and services:	*21,043*	*2.1*	*21,837*	*2.4*
- Associates and unconsolidated subsidiaries	12,052		13,964	
- Joint ventures	8,604		7,546	
- Other related parties	387		327	
Internal works capitalized	*11*	*2.0*	*7*	*0.6*
- Other related parties	11		7	
Finance revenues:	*1,743*	*7.4*	*753*	*1.7*
- Associates and unconsolidated subsidiaries	1,734		753	
- Joint ventures	9		-	
Trade receivables:	*12,583*	*2.5*	*12,914*	*2.6*
- Associates and unconsolidated subsidiaries	6,982		7,372	
- Joint ventures	5,558		5,531	
- Parent companies	38		11	
- Other related parties	5		-	
Loans receivable:	*323*	*4.2*	*851*	*7.9*
- Associates and unconsolidated subsidiaries	323		838	
- Joint ventures	-		13	
Other receivables:	*24,286*	*21.4*	*19,049*	*16.0*
- Associates and unconsolidated subsidiaries	3,450		4,895	
- Joint ventures	6		-	
- Parent companies	20,830		14,154	
Trade payables:	*1,671*	*0.7*	*3,503*	*1.5*
- Associates and unconsolidated subsidiaries	1,206		3,189	
- Joint ventures	251		307	
- Other related parties	214		7	
Loans payable:	-	-	*125*	*0.1*
- Associates and unconsolidated subsidiaries	-		125	
- Parent companies	-		4,953	
Other payables:	*5,200*	*3.2*	*213*	*0.1*
- Parent companies	5,200		-	
- Other related parties	-		213	
Guarantees granted:	*48,492*		*1,500*	
- Joint ventures	48,492		1,500	

Key management personnel include the directors of the company (executive and non-executive), the statutory auditors and 6 other senior executives.
The compensation paid or payable to key management personnel, not included in the previous table, is shown below:

(thousands of euro)	*1H 2019*	*1H 2018*
Salaries and other short-term employee benefits	2,274	2,270
Post-employments benefits	396	464
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	2,670	**2,734**

47. Other information

Material non-recurring events and transactions
As stated in the management report, the six months period ended 30 June 2019 was affected by material non-recurring events and transactions – as defined in Consob Communication no. DEM/6064293 of 28 July 2006 – with a positive impact on EBITDA of €12,336 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 2019, as defined in Consob Communication no. DEM/6064293 of 28 July 2006.

Components 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.

(thousand of euro)	Note	1H 2019	31 Dec 2018
- Other current financial receivables		**4,931**	**10,157**
Receivables from unconsolidated subsidiaries and associates	29	200	701
Loans to customers	29	187	166
Receivables from sale of equity investments	29	226	226
Receivables from purchase of equity investments	29	2,681	2,451
Loans to third parties and leasing	29	777	581
Accrued interest income	29	860	607
Current financial assets	29	-	5,425
- Other current financial payables		**(45,139)**	**(34,518)**
Purchase of equity investments	41	(19,518)	(126)
Financial tax payables		(2,722)	(7,285)
Payables to antitrust authority	41	(22,797)	(26,992)
Accrued interest income	41	(102)	(115)
- Other non-current financial receivables		**3,338**	**4,283**
Loans to third parties and leasing	26	1,801	2,145
Loans to associates	26	123	136
Loans to customers	26	1,214	485
Receivables from purchase of equity investments	26	-	1,317
Receivables from sale of equity investments	26	200	200
- Other not-current financial payables		**(7,371)**	**(35,756)**
Purchase of equity investments	39	(5,674)	(24,509)
Financial tax payables	39	(742)	(1,044)
Payables to antitrust authority	39	(955)	(10,203)

48. Events after the balance sheet date

Referring to the bond issuance “Buzzi Unicem €220,000,000 1.375% Equity-Linked Bonds due 2019”, it should be noted that between the date of these interim financial statements and 10 July 2019 (deadline for the submission of the requests) we received conversion notices for no. 7,375,189 ordinary shares.
Following these conversion notices:
- firstly the remaining no. 663,178 ordinary treasury shares have been delivered;
- then, for the further no. 6,712,011 ordinary shares for which the conversion option was exercised, the company chose to pay the Cash Alternative Amount. The corresponding cash consideration will be calculated based on the mean of the weighted average price of the ordinary share during 20 consecutive stock exchange days (Calculation Period) following the date on which the bondholders were informed about the choice to pay the Cash Alternative Amount. The calculation period is still in progress and the payment of the respective amounts will take place between 16 and 23 August 2019.
No new ordinary shares will be issued to service the conversions and, therefore, the share capital will remain unchanged.
As a result of the total conversion of the bond, no repayment was made on the natural maturity date of the bond, occurred on 17 July 2019.

On 1 July 2019 Buzzi Unicem SpA purchased three companies from the HeidelbergCement group (Testi Cementi Srl, Borgo Cementi Srl and Arquata Cementi Srl) which respectively own a cement plant in Tuscany (Greve in Chianti) and two grinding units in Piedmont (Borgo San Dalmazzo and Arquata Scrivia). At the same time Unical acquired the batching plants located in Massarosa (LU), Bagno a Ripoli (FI) and Cervasca (CN). The total cash consideration of the acquisition is approximately €80 million, which includes both the cement and the concrete assets.
The transaction is part of the plan aimed at strengthening the national market position, in the framework of the rationalization and consolidation process of the production structure that has been underway in Italy for some years. The transaction, all the determining factors being equal, will also have a positive impact on the profitability of the cement and concrete division in Italy, thanks to synergies deriving from economies of scale and to sales and logistics optimization.

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

Casale Monferrato, 2 August 2019

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 SpA	Casale Monferrato (AL)	EUR	123,636,659			
Unical S.p.A.	Casale Monferrato (AL)	EUR	130,235,000	Buzzi Unicem SpA	100.00	
Calcestruzzi Zillo S.p.A.	Casale Monferrato (AL)	EUR	4,004,676	Buzzi Unicem SpA	100.00	
Serenergy S.r.l.	Casale Monferrato (AL)	EUR	25,500	Buzzi Unicem SpA	100.00	
Dyckerhoff GmbH	Wiesbaden DE	EUR	105,639,816	Buzzi Unicem SpA	100.00	
Buzzi Unicem International S.à r.l.	Luxembourg LU	EUR	37,529,900	Buzzi Unicem SpA	100.00	
Aspdinpar Participações Ltda	São Paulo BR	BRL	50,000	Buzzi Unicem SpA	100.00	
Buzzi Unicem Algérie S.à r.l.	El Mohammadia - Alger DZ	DZD	3,000,000	Buzzi Unicem SpA	70.00	
Ghiaie Beton S.p.A.	Casale Monferrato (AL)	EUR	1,680,000	Calcestruzzi Zillo S.p.A.	69.75	
Deuna Zement GmbH	Deuna DE	EUR	5,113,000	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	
Portland Zementwerke Seibel und Söhne GmbH & Co. KG	Erwitte DE	EUR	250,000	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	98.43	
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	
PrAT Dyckerhoff Cement Ukraine	Kyiv UA	UAH	7,917,372	Dyckerhoff GmbH TOB Dyckerhoff Ukraina	99,98 0,02	
OOO Russkiy Cement	Ekaterinburg RU	RUB	350,000	Dyckerhoff GmbH	100.00	
OOO Dyckerhoff Korkino Cement	Pervomaysky settlement - Korkino district RU	RUB	30,000,000	Dyckerhoff GmbH	100.00	
OAO Sukholozhskcement	Suchoi Log RU	RUB	30,625,900	Dyckerhoff GmbH	100.00	
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. Dyckerhoff GmbH	51,50 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 & Co. KG	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	Lengerich DE	EUR	1,148,341	Dyckerhoff Beton GmbH & Co. KG	100.00	
MKB Mörteldienst Köln-Bonn GmbH & Co. KG	Neuss 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	Lengerich DE	EUR	5,368,565	Dyckerhoff Beton GmbH & Co. KG	87.63	90.70
sibobeton Wilhelmshaven GmbH & Co. KG	Lengerich DE	EUR	920,325	Dyckerhoff Beton GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG	85,44 14,56	
sibobeton Ems GmbH & Co. KG	Lengerich DE	EUR	2,300,813	Dyckerhoff Beton GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG	74,34 19,51	
Dyckerhoff Beton Rheinland-Pfalz GmbH & Co. KG	Neuwied DE	EUR	795,356	Dyckerhoff Beton GmbH & Co. KG	70.97	
TBG Lieferbeton GmbH & Co. KG Odenwald	Reichelsheim DE	EUR	306,900	Dyckerhoff Beton GmbH & Co. KG	66.67	
sibobeton Enger GmbH & Co. KG	Lengerich DE	EUR	337,453	Dyckerhoff Beton GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG	50,00 50,00	
Ostfriesische Transport-Beton GmbH & Co. KG	Lengerich DE	EUR	1,300,000	Dyckerhoff Beton GmbH & Co. KG sibobeton Ems GmbH & Co. KG sibobeton Wilhelmshaven GmbH & Co. KG	45,13 24,20 10,67	

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

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

Name	Registered office	Share capital		Ownership interest held by	% of ownership	% of voting rights
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 SK s.r.o.	Bratislava SK	EUR	11,859,396	ZAPA beton a.s. Cement Hranice a.s.	99,97 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	
Hercules Cement Company LP	Harrisburg US	USD	n/a	RC Lonestar Inc. Hercules Cement Holding Company	99,00 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	Lengerich DE	EUR	500,000	sibobeton Osnabrück GmbH & Co. KG	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	27,228	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 kft.	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	
Utah Portland Quarries, Inc.	Salt Lake City US	USD	378900	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	
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
Cementi Moccia S.p.A.	Napoli	EUR	7,398,300	Buzzi Unicem SpA	50.00
Ecotrade S.p.A.	Genova	EUR	2,400,000	Buzzi Unicem SpA	50.00
E.L.M.A. S.r.l.	Sinalunga (SI)	EUR	15,000	Unical S.p.A.	50.00
Calcestruzzi Doc S.r.l.	Padova	EUR	100,000	Calcestruzzi Zillo S.p.A.	50.00
Calcestruzzi Trieste Nord Est S.r.l. i. L.	Trieste	EUR	100,000	Calcestruzzi Zillo 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
Bildungs-Zentrum-Deuna Gemeinnützige GmbH	Deuna DE	EUR	25,565	Dyckerhoff GmbH	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 s.r.o.	Praha CZ	CZK	1,008,000	ZAPA beton a.s.	50.00
ARGE Betonversorgung ICE Feste Fahrbahn Erfurt-Halle GbR	Erfurt DE	EUR	n/a	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	37.00
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 kft.	Budapest HU	HUF	11,500,000	Dyckerhoff Basal Toeslagstoffen 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
BCPAR S.A.	Recife BR	BRL	873,072,223	Aspdinpar Participações Ltda	50.00
Brennand Projetos S.A.	Recife BR	BRL	11,193,955	BCPAR S.A.	100.00
Mineração Bacupari S.A.	Recife BR	BRL	5,788,950	BCPAR S.A.	100.00
Companhia Nacional de Cimento - CNC	Recife BR	BRL	601,520,831	BCPAR S.A.	100.00
Agroindustrial Delta de Minas S.A.	Recife BR	BRL	26,329,159	BCPAR S.A.	100.00
Brennand Cimentos Paraíba S.A.	Recife BR	BRL	265,173,765	BCPAR S.A.	100.00
CCS Cimento de Sergipe S.A.	Aracaju, BR	BRL	2,196,000	Brennand Projetos S.A.	100.00
Mineração Delta de Sergipe S.A.	Aracaju, BR	BRL	2,373,184	Brennand Projetos S.A.	100.00
Mineração Delta do Rio S.A.	Recife BR	BRL	1,569,385	Brennand Projetos S.A.	100.00
Mineração Delta do Paraná S.A.	Recife BR	BRL	4,394,139	Brennand Projetos S.A.	100.00
Agroindustrial Árvore Alta S.A.	Recife BR	BRL	497,000	Brennand Projetos S.A.	100.00
CCP Holding S.A.	Recife BR	BRL	307,543,000	Brennand Cimentos Paraíba S.A.	85.00
Mineração Sergipe S.A.	Laranjeiras, BR	BRL	898,000	Mineração Delta de Sergipe S.A.	100.00
Companhia de Cimento da Paraíba - CCP	Recife BR	BRL	319,642,205	CCP Holding S.A.	100.00
Mineração Nacional S.A.	Recife BR	BRL	31,756,571	CCP Holding S.A.	100.00
Corporación Moctezuma, S.A.B. de C.V.	Mexico MX	MXN	171,376,652	Fresit B.V. Presa International B.V.	51,51 15,16
Cementos Moctezuma, S.A. de C.V.	Mexico MX	MXN	1,130,605,605	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
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
Latinoamericana de Concretos, S.A. de C.V.	Mexico MX	MXN	1,056,601,073	Corporación Moctezuma, S.A.B. de C.V. Cementos Portland Moctezuma, S.A. de C.V.	99,98 0,02
Inmobiliaria Lacosa, S.A. de C.V.	Mexico MX	MXN	50,068,500	Corporación Moctezuma, S.A.B. de C.V. Cementos Portland Moctezuma, S.A. de C.V.	98,00 2,00
Concretos Moctezuma de Jalisco S.A. de C.V.	Mexico MX	MXN	81,051,001	Latinoamericana de Concretos, S.A. de C.V.	100.00
Concretos Moctezuma del Pacifico S.A. de C.V.	Mexico MX	MXN	81,472,972	Latinoamericana de Concretos, S.A. de C.V. Inmobiliaria Lacosa, S.A. de C.V.	94.57 5.43
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
Maquinaria y Canteras del Centro, S.A. de C.V.	Mexico MX	MXN	19,597,565	Latinoamericana de Concretos, S.A. de C.V.	51.00
CYM Infraestructura, S.A.P.I. de C.V.	Mexico MX	MXN	40,100,000	Latinoamericana de Concretos, S.A. de C.V.	50.00

Investments in associates valued by the equity method continued

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 SpA	40.00	
Société des Ciments de Sour El Ghozlane EPE S.p.A.	Sour El Ghozlane DZ	DZD	1,900,000,000	Buzzi Unicem SpA	35.00	
Société des Ciments de Hadjar Soud EPE S.p.A.	Azzaba DZ	DZD	1,550,000,000	Buzzi Unicem SpA	35.00	
Laterlite S.p.A.	Solignano (PR)	EUR	22,500,000	Buzzi Unicem SpA	33.33	
Salonit Anhovo Gradbeni Materiali d.d.	Anhovo SI	EUR	36,818,921	Buzzi Unicem SpA	25.00	
w&p Cementi S.p.A.	San Vito al Tagliamento (PN)	EUR	2,000,000	Buzzi Unicem SpA	25.00	
Calcestruzzi Faure S.r.l.	Salbertrand (TO)	EUR	53,560	Unical S.p.A.	24.00	
Edilcave S.r.l.	Villar Focchiardo (TO)	EUR	72,800	Unical S.p.A.	20.00	
Nord Est Logistica S.r.l.	Gorizia	EUR	640,000	Calcestruzzi Zillo S.p.A.	32.38	
Warsteiner Kalksteinmehl GmbH & Co. KG	Warstein DE	EUR	51,129	Dyckerhoff GmbH	50.00	
Warsteiner Kalksteinmehl Verwaltungsgesellschaft mbH	Warstein DE	EUR	25,600	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	
Nordenhamer Transportbeton GmbH & Co. KG	Nordenham DE	EUR	322,114	Dyckerhoff Beton GmbH & Co. KG	51.59	
BLD Betonlogistik Deutschland GmbH	Rommerskirchen DE	EUR	25,200	Dyckerhoff Beton GmbH & Co. KG	50.00	
Lichtner-Dyckerhoff Beton Verwaltungs GmbH	Berlin DE	EUR	25,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
TRAMIRA Transportbetonwerk Minden-Ravensberg GmbH & Co. KG	Minden-Dankersen DE	EUR	1,000,000	Dyckerhoff Beton GmbH & Co. KG	50.00	
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	
BLRP Betonlogistik Rheinland-Pfalz GmbH	Rommerskirchen DE	EUR	25,000	Dyckerhoff Beton Rheinland-Pfalz GmbH & Co. KG	50.00	
BLN Beton Logistiek Nederland B.V.	Heteren 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	
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 at fair value

Name	Registered office	Share capital		Ownership interest held by	% of ownership	% of voting rights
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	
Dyckerhoff Kieswerk Trebur Verwaltungs GmbH	Trebur-Geinsheim DE	EUR	25,000	Dyckerhoff Beton GmbH & Co. KG	100.00	
SIBO-Gruppe Verwaltungsgesellschaft mbH	Lengerich DE	EUR	26,000	Dyckerhoff Beton GmbH & Co. KG	100.00	
Dyckerhoff Beton Rheinland-Pfalz Verwaltungs GmbH	Neuwied DE	EUR	26,000	Dyckerhoff Beton GmbH & Co. KG	70.97	
Nordenhamer Transportbeton GmbH	Nordenham DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	56.60	
Seibel Beteiligungsgesellschaft mbH	Erwitte DE	EUR	25,000	Portland Zementwerke Seibel und Söhne GmbH & Co. KG	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	
MKB Mörteldienst Köln-Bonn Verwaltungsgesellschaft mbH	Neuss DE	EUR	25,000	MKB Mörteldienst Köln-Bonn GmbH & Co. KG	100.00	

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 2019:

- 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, 2 August 2019

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

Buzzi Unicem S.p.A.

Review report on the half-yearly condensed consolidated financial statements

(Translation from the original Italian text)

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 income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes of Buzzi Unicem S.p.A. and its subsidiaries (the "Buzzi Unicem Group") as of 30 June 2019. 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 interim 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, 2019 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 2, 2019

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 Euro 2.525.000,00 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 al Registro 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