Half-Yearly financial report as at 30 June 2020

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Contents

Business review

The Covid-19 pandemic, whose intensity is slowing down in Europe but not yet in the emerging countries and in the United States, after causing in the early months of 2020 a sharp contraction in economic activity and having wide repercussions on international trade, during the second quarter led to a rapid deterioration in development and prospects, particularly in the economies of advanced countries.

The number of new daily infections worldwide, currently above 150,000, continues to remain high. The severity and composition of the containment measures adopted were very differentiated between the various countries, in relation to the intensity and spread of the infections. In most cases the measures adopted by government authorities aimed primarily at reducing contacts between the population, with limitation to national and international movements and travel, closing of schools and production activities, as well as indications of social distancing. These measures were generally able to stop the exponential increase in infections.
In Europe the spread of the epidemic started to decrease within three weeks from the introduction of the containment measures. In the United States, following the drop in infections in April, the number of new infections has started to rise again since June, with a different geographical distribution, while in Brazil and Mexico the infection trend does not yet seem to have peaked. Some countries, where the epidemiological picture has improved, have eased containment measures since May. However, measures to encourage social distancing remain in force almost everywhere, such as the partial closure of schools, presence limits in public places and the use of remote working.

Following such developments and the resulting restrictions, the economic prospects for the current year were repeatedly revised downwards, and in recent updates they foresee a decrease in global GDP of 4.9% as well as a contraction of international trade by 14%. In the United States of America, GDP contraction in the first quarter, mainly due to the drop in consumption, was greater than 5%, while in April industrial production declined by approximately 10 percentage points. In Europe, the sharp contraction in business activity in the first quarter was followed by an even more marked decline in the second one, due to the particularly unfavorable trend in April, when, in most countries, the peak in the infection curve and the following entry into force of severe containment measures were recorded, while the trend in May and June anticipates indications of partial recoveries. Furthermore, thanks to the widespread use of wage integration tools, the effects on the labor market remained limited. Among emerging countries, in China, after a first quarter severely penalized by the effects of the pandemic, industrial production returned to growth in April, further strengthening in May. In Latin America - Mexico and Brazil in particular, the epidemic has intensified its spread since May, putting public health response capacity in serious difficulty and increasing uncertainty about the development prospects.

Consumer price index, which has sharply decreased since the beginning of the year, declined below 1% in April in all the major advanced economies, while oil prices, after bottoming out and recording $19 a barrel in mid-April, partially recovered, reaching $43 in early July.

Looking ahead, negative global growth expectations for the current year are associated with downside risks deriving from a possible second wave of infections, which would have repercussions on consumer and investment confidence and decisions. Furthermore, the continuation for a long time of the crisis could have more persistent effects on economic activity and international trade.

In this context, overall volumes of cement and ready-mix concrete sold by the group, after a first quarter partially limited by the spread of the virus, underwent a visible drop in shipments caused by the effects of measures to contain the infections, closing the first half down in the cement sector and with production decreasing even more significantly in the ready-mix concrete sector.
In the period under review, the most significant decline in volumes was recorded in Italy, where the halt in production activities being considered as "non-essential", including the construction sector, effective from the end of March until the first days of May, led to an almost total paralysis of sales in April, which

was only partially mitigated by the good recovery in demand in May and June. A clear decline was recorded in Ukraine, Poland and Russia, while in Central Europe sales volumes were only slightly below the level reached in the same period of 2019. In the United States of America, despite the still uncertain and not stabilized epidemiological picture, the demand was confirmed to be resilient and the trend of shipments remained positive.

Net sales achieved in the half year were substantially stable (+0,1% over 2019) amounting to €1,520.1 million compared to €1,518.7 million in 2019, while Ebitda increased by 8.8%, from €288.6 to €313.9 million. The price effect in local currency showed a favorable or neutral change in all countries where the group operates. The currency trend had a positive net impact of €11.3 million on net sales and of €2.9 million on Ebitda. On a like-for-like basis, net sales would have decreased by 1.4% while Ebitda would have increased by 8.3%. After amortization and depreciation of €128.4 million (€123.0 million in the previous year), Ebit came in at €185.5 million (€165.6 million in 2019). The income statement for the half year closed with a net profit of €216.7 million, compared to €134.7 million in the same period of 2019.

Operating and financial performance

Cement sales of the group in the first six months of 2020 stood at 13.4 million tons, down compared to the same period of 2019 (-3.4%). After a stable quarter, despite the first impacts of the disease and of the containment measures adopted in March, April sales were strongly affected, particularly in Italy and Luxembourg, where, on the initiative of the government authorities, measures have been introduced to stop production and commercial activities. Starting from May, at the same time as the easing of restrictive measures in most countries where we operate, the first signs of recovery in demand began to emerge and further strengthened in June. Considering the trend in cement sales volumes in the first six months as a whole, changes were favorable in the United States of America, facilitated by a comparison with the results for the month of June of the previous year, which had been conditioned by considerable difficulties in production and logistics due to the exceptional flood of the Mississippi River and, albeit less clearly, in the Czech Republic. Changes in the other countries were instead unfavorable, particularly in Italy, Ukraine, Poland and Russia. Ready-mix concrete output recorded a more marked decline, reaching 5.5 million cubic meters, down 6.3% compared to the previous year. In this sector, some progress was recorded in Germany, mainly thanks to the changes in the consolidation area, a moderate positive variation in the Czech Republic and a negative one in the United States of America, while production decreased visibly in Benelux, Italy, Poland and Ukraine.

In Italy, net sales stood at €220.8 million, down 12,9% versus the same period of 2019. The mandatory stop of businesses considered as "non-essential" launched by government authorities to contain the infection, which resulted in the substantial production and commercial halt of our plants from 26 March to 4 May compromised the results of the second quarter, even if, with the restart of plants and sales, domestic demand was recovering and selling prices confirmed their positive performance.

In the United States, where the effects of the pandemic slowed down only the shipments from the plant in Pennsylvania, thanks to the good progress in sales volumes achieved in the first quarter, favored by lively demand and a stable price scenario, the turnover in dollars increased. Considering also the contribution of the favorable exchange rate effect, net sales revenue of €611.6 million were recorded, up 6,0%.

In Central Europe, despite a second quarter affected by the repercussions of the pandemic containment measures, particularly evident in Luxembourg where the interruption of production and commercial activity upset shipments in April, net sales amounted to €416.3 million, up 2.9% compared to 2019.

In Eastern Europe, cement volumes sold during the spring months accentuated the decline already recorded in the first quarter, which was particularly clear in Ukraine, Poland and Russia. In a context of selling prices in local currency that consolidated a favorable performance, revenues reached €273.9 million, down (-4.2%) compared to 2019.

Consolidated Ebitda came in at €313.9 million, increasing (+8.8%) compared to €288.6 million in 2019. Changes in exchange rates had a favorable net impact essentially due to the strengthening of the dollar and the hryvnia. Like for like the recurring Ebitda in the first half of 2020 would have increased by 8.3%.

The recurring Ebitda to sales margin of the group during the first six months of 2020 improved, particularly in Poland, the United States of America, the Czech Republic, Russia and Germany, while Italy, Luxembourg and Ukraine performed unfavorably compared to the previous period.
Production and distribution costs showed an unexpectedly favorable trend in the main variable items (energy factors), which contributed to offset the lower operating leverage in the markets with decreasing productions and sales.
After amortization and depreciation of €128.4 million (€123.0 in the first half of 2019), Ebit amounted to €185.5 million (€165.6 million in June 2019). Profit before tax stood at €279.4 million (€170.8 million in 2019), considering a contribution of €145.3 million from equity earnings (€33.9 million in 2019), of which €108.1 million related to the asset sale carried out by Kosmos Cement, gains on the disposal of investments for €3.6 million (€0.3 million in 2019) and net financial charges of €55.0 million (€29.0 million in 2019), the variation of which was influenced by the fair value estimation of derivative financial instruments. After income taxes of €62.7 million (€36.1 million in 2019), the income statement closed with a net profit of €216.7 million, compared to €134.7 million in the first half of 2019. Net profit attributable to the owners of the company increased from €134.6 million in 2019 to €216.5 million in the period under review.
Net debt as at 30 June 2020 amounted to €385.1 million, up €182.7 million compared to €567.8 million at 31 December 2019. In the six months under review the group collected dividends amounting to $162 million from the associate Kosmos Cement (following the extraordinary disposal of the company's assets), distributed dividends to the owners of the company for €31.8 million, purchased treasury shares for €7.3 million and incurred capital expenditures for a total of €126,56873 million. Investments in property, plant and equipment referring to expansion or special projects totaled €2.5 million, largely attributable to the modernization of the finish mill at Korkino plant (Russia).

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)	6/30/2020	12/31/2019
Cash and short-term financial assets:		
- Cash and cash equivalents	1,041.9	837.4
- Other current financial receivables	3.1	3.5
Short-term financial liabilities:		
- Current portion of long-term debt	(26.1)	(26.4)
- Current portion of lease liabilities	(22.5)	(22.5)
- Short-term debt	(9.7)	(13.7)
- Other current financial liabilities	(4.9)	(32.2)
Net short-term cash	**981.8**	**746.1**
Long-term financial liabilities:		
- Long-term debt	(1,236.5)	(1,235.6)
- Lease liabilities	(75.1)	(74.7)
- Derivative financial instruments	(53.2)	(1.4)
- Other non-current financial liabilities	(4.5)	(5.1)
Net financial position of continuing operations	**(387.5)**	**(570.7)**
Long-term financial assets:		
- Other non-current financial receivables	2.4	2.9
Net debt	**(385.1)**	**(567.8)**

As at 30 June 2020, total equity, inclusive of non-controlling interests, amounted to €3,697.3 million vs. €3,690.8 million as at 31 December 2019. Consequently the debt/equity ratio was equal to 0,10 (0,15 at 2019 year-end).

Italy

Economic activity during the second quarter was markedly affected by the effects of the pandemic. The containment measures implemented by the government with the Prime Ministerial Decree of 22 March forced to stop, until early May, all businesses defined as non-essential. Starting from 4 May, the share of restricted activities has gradually decreased and completely disappeared in June. During the first quarter GDP decreased by 5.3%, due to the decline in domestic demand (particularly for household spending and gross fixed investments), as well as to the negative contribution of foreign trade. In the second quarter GDP contraction intensified and is expected to be around 10%, due to the very unfavorable consequence of the trend of April, with industrial production recording a drop of almost 20 percentage points. Starting from May, signs of gradual recovery emerged with the easing of restrictions. The repercussions on the employment figures were mitigated by the exceptional increase in the use of social shock absorbers. The scenarios on GDP outlook for the entire year are strongly negative, with a fall of 12.8%. Business in the building industry almost stopped in March and April. During the first quarter construction investments and residential sales decreased by 7.9% and 15.3% respectively, while in April the production in the sector declined by more than 50%.

Our sales of hydraulic binders and clinker closed the first six months inevitably declining over the same period of the previous year (-12.2%), however associated with a favorable change of selling prices. The ready-mix concrete sector recorded an even higher contraction (-22.6%) also with prices improving. Net sales in Italy stood at €220.8 million, down 12,9% from €253.4 million in 2019). Ebitda of the first six months reached €8.8 million, clearly decreasing compared to €32.1 million of 2019. On a like-for-like basis, net sales and Ebitda would have decreased by 15.6% and 66.2% respectively. However, during the period no other operating revenues were generated following the sale within the group of CO_2 emission rights (€15.0 million in 2019). Unit production costs recorded a favorable trend, mainly due to the deflation related to electricity and fuels, as well as to the postponement of maintenance programs following the shutdown of the plants.

(millions of euro)	1st Half 2020	1st Half 2019	20/19
Net sales	**220.8**	253.4	-12.9%
EBITDA	**8.8**	32.1	-72.7%
% of net sales	***4.0***	*12.7*	
Capital expenditures	**32.1**	37.1	-13.4%
Headcount end of period n.	**1,584**	1,470	7.8%

Germany

The containment measures adopted in the country since March, when the Covid-19 pandemic began to spread, had a negative impact on many sectors, particularly penalizing the service industry. The social distancing restrictions and the stop of activities such as catering and other deemed non-essential, which were particularly effective in limiting infections, led to a sharp decline in private consumption, exports and investments. In this scenario, during the first quarter GDP contracted by 2.2% and in April industrial production and exports decreased by more than 20 percentage points compared to the levels of March. The measures adopted by the country's government authorities allowed the overall epidemiological picture to be kept under control, effectively limiting the negative impacts of the restrictions on industrial activities and allowing a rapid relaxation of the lockdown. The most recent estimates anyway foresee a GDP contraction for the current year of 7.8%. On the other hand, business in the construction sector continued to be rather resilient.

After the slight progress in sales volumes achieved during the first quarter, shipments of hydraulic binders slowed down considerably during the months of April and May, while in June there was a promising recovery. Overall, in the first six months of 2020, our cement plants posted slightly declining sales (-1.2%) compared to 2019, with average prices strengthening. The ready-mix concrete sector showed a growing production (+5.6%) compared to the same period of 2019, also thanks to the additional contribution of the plants acquired last year in Düsseldorf, with prices also improving.
Overall net sales came in at €339.4 million (€322.4 million in 2019), up 5.3%, while Ebitda stood at €51.8 million (€42.1 million in 2019, +23.1%). Like for like net sales and Ebitda would have been up 3.8% and 22.1% respectively. The unit production costs were in line with the same period of 2019, in return for considerable savings in fuel costs, more than offset by the unfavorable change in electric power and fixed costs.

(millions of euro)	1st Half 2020	1st Half 2019	20/19
Net sales	**339.4**	322.4	5.3%
EBITDA	**51.8**	42.1	23.1%
% of net sales	**15.3**	13.0	
Capital expenditures	**18.6**	16.9	10.2%
Headcount end of period n.	**1,780**	1,852	-3.9%

Luxembourg and the Netherlands

In Luxembourg, the volatility that hit the financial markets following the spread of the pandemic and the resulting decline in economic activity triggered a negative impact on the financial sector, the main source of income for the country. GDP, which clearly declined during the first three months of the year, is expected to further decrease during the second quarter, which was penalized by the drop in consumption and investments following the adoption of stringent containment measures of the infection starting from March and being valid until the end of April. The most recent estimates indicate a GDP contraction for the entire 2020 of 4.9%, while inflation rate is expected to decline to approximately 0.7%.

In the Netherlands, measures to contain the pandemic and the consequent impacts on economy, mainly concentrated in the second quarter of 2020, led to a GDP contraction of over 11 percentage points. Following signs of improvement in the epidemiological picture, restrictive measures have gradually eased since mid-May. GDP for the entire current year is expected to decrease (-7.7%), despite a partial recovery of production and consumption in the second half of 2020.

Our cement deliveries, inclusive of exports, after a promising start to the year suffered a setback in April due to the interruption of the production and commercial activities of our plant, caused by the entry into force of the containment measures. The half year closed down (-4.0%), despite the recovery in demand in May and June, which allowed a good pick-up, albeit partial. Prices maintained a favorable performance. Production volumes in the ready-mix concrete sector were more penalized (-13.3%), however with prices progressing. Net sales amounted to €91.2 million, slowing down compared to the previous year (€96.7 million). Ebitda decreased by €2.6 million, from €9.0 million in 2019 to €6.4 million in the period under review. The unit production costs performed unfavorably, mainly due to the worsening in fixed costs, associated with a decline in productivity and despite the savings achieved in the purchase of fuels.

(millions of euro)	1st Half 2020	1st Half 2019	20/19
Net sales	**91.2**	96.7	-5.7%
EBITDA	**6.4**	9.0	-28.9%
% of net sales	**7.0**	9.3	
Capital expenditures	**2.8**	2.6	6.9%
Headcount end of period n.	**307**	309	-0.6%

Czech Republic and Slovakia

The timeliness of the counter-measures, such as closing the borders, limitations on mobility and social distancing, adopted immediately after the first infections were reported, allowed an effective management of the epidemiological picture in the country. Although these actions did not imply the stop of production activities, they inevitably impacted the domestic economy, particularly the manufacturing sector, strongly oriented towards export. After the 3.3% GDP drop in the first quarter, a further contraction is expected in the following three months, while for the entire current year, despite

a partial recovery in the second half, a reduction of 6.5% is estimated, with inflation foreseen at around 2.1%.
Cement sales recorded in the first six months of the year were slightly up (+1.7%), also thanks to the fact that the construction sector did not experience any restrictions on operations, with average prices in local currency improving. The ready-mix concrete sector, which includes Slovakia, also showed slightly progressing production levels (+1.6%), with prices in local currency improving.
Overall net sales, marginally penalized by the negative exchange rate effect, stood at €75.2 million, compared to €74.9 million in 2019 (+0.4%), while Ebitda increased by €2.1 million, from €17.7 million in 2019 to €19.7 million in the period under review. At constant exchange rates, net sales and Ebitda would have increased by 2.6% and 14.4% respectively. The unit production costs in local currency visibly decreased, thanks to the savings recorded in fuel and CO_2 emission rights costs, while electric power remained unchanged.

(millions of euro)	**1st Half 2020**	**1st Half 2019**	**20/19**
Net sales	**75.2**	74.9	0.4%
EBITDA	**19.7**	17.7	11.7%
% of net sales	***26.2***	*23.5*	
Capital expenditures	**3.9**	4.3	-8.3%
Headcount end of period n.	**743**	757	-1.8%

Poland

The development of the economic cycle showed resilience, despite a significant contraction in consumption in the first part of the year. GDP, slightly decreasing in the first quarter (-0.4%), is expected to further decline during the second one, penalized by the contraction in consumption, as a consequence of the social distancing imposed by the government to limit the spread of the epidemic, and in investments, affected in their turn by the loss of confidence from businesses and individuals. For the entire year, the most recent estimates indicate a 4.6% GDP decline and inflation around 3.2%. Construction investments slowed down only moderately, thanks to the high level of construction activity.

Cement volumes sold by our plant, after a not particularly brilliant first quarter, closed the semester still clearly declining (-9.6%) compared to the volumes achieved in the same period of the previous year. Particularly in May and April, this figure was influenced by the containment measures adopted, which caused some difficulties in the supply of raw materials, as well as by unfavorable weather conditions in some areas of the country. However, the average price level, in local currency, markedly progressed. Ready-mix concrete output showed an even more marked decrease (-19.2%), moreover accompanied by a recovery in prices in local currency. Following these market dynamics, net sales came in at €55.2 million, down (-5.2%) compared to €58.2 million in 2019 and Ebitda increased from €12.5 to €15.4 million *(+23.4%). However, it should be remembered that the slight weakening of the zloty (-2.8%) led to a negative exchange rate effect: on a like-for-like basis, net sales would have increased by 2.6% and Ebitda by 26.9%. The unit production costs in local currency recorded a favorable change, in particular thanks to the trend in fuel costs, although fixed costs suffered from the decrease in the operating leverage effect.

(millions of euro)	1st Half 2020	1st Half 2019	20/19
Net sales	**55.2**	58.2	-5.2%
EBITDA	**15.4**	12.5	23.4%
% of net sales	***27.9***	*21.4*	
Capital expenditures	**1.5**	2.3	-36.3%
Headcount end of period n.	**350**	357	-2.0%

Ukraine

In Ukraine, in view of the worsening of the epidemiological picture and the extreme difficulty of the public health system in managing infections, severe restrictive regulations were issued starting from April, including social distancing, reduced mobility and the interruption of economic activities, except for those considered as essential, which also included the cement production sector. For the entire current year, the most recent estimates indicate a sharp slowdown in economic activity, influenced by the significant drop in domestic and external demand, a consequence of both the pandemic and the severe containment measures adopted. The estimate of GDP contraction for 2020 is equal to 7.7%, while the inflation rate should be relatively high (+4.5%).

In the first six months of the year cement volumes sold by our production plants showed a sharp decline (-11.5%), the causes of which are due to both the epidemic emergency and the sudden increase in imports from Turkey, mainly in the Southern area of the country. Average prices in local currency remained upwards, driven by inflation. Overall net sales amounted to €51.7 million, down 2.3% from €52.9 million in 2019, while Ebitda stood at €6.7 million compared to €7.1 million in the first half of 2019 (-5.4%). The appreciation of the local currency (+5.9%) had a favorable impact on the translation of the results into euros: net of the exchange rate effect, net sales and Ebitda would have been down 8.1% and 11.0% (-0.8 million) respectively. Despite the decrease in the cost of energy factors, the higher incidence of fixed costs due to the decline in the activity level led to a worsening of the unit production costs in local currency.

(millions of euro)	*1st Half 2020*	*1st Half 2019*	*20/19*
Net sales	**51.7**	52.9	-2.3%
EBITDA	**6.7**	7.1	-5.4%
% of net sales	***12.9***	*13.3*	
Capital expenditures	**3.3**	4.2	-21.3%
Headcount end of period n.	**1,311**	1,334	-1.7%

Russia

In Russia, the rapid worsening of the epidemiological picture at the end of March led to the introduction of stringent containment measures regarding restrictions on mobility and interruptions of production and commercial activities in the areas being most affected by the pandemic, which caused, since April, a significant contraction in domestic demand and unfavorable repercussions on consumption and investments. Since May, the easing of containment measures has allowed the gradual restart of industrial activity, including the construction sector. Furthermore, the tensions that led to the collapse of oil prices had a negative impact on the economy of the country, which is strongly exposed to the hydrocarbons sector, which was reflected in a visible devaluation of the ruble. In this context, GDP for the entire current year is estimated to decline by 6.6%, and inflation should reach 3.1%. Construction investments, which should benefit from the new public programs for modernization and infrastructure improvement, are expected to slow down anyway.

The sales recorded in the first half showed a negative trend (-6.8%) compared to the volumes reached in the previous year, due to the evident contraction that occurred in April and May, as a consequence of the measures to contain the infections, although some signs of recovery emerged in June. Average unit prices, in local currency, showed a favorable change. The decline in oil prices led to a marked contraction in the demand for special oil well cements, being particularly evident in the second quarter. Net sales stood at €92.9 million, down 7.7% from €100.6 million in the same period of 2019, while Ebitda was substantially stable at €24.8 million (€24.6 million in 2019). The weakening of the ruble (-4.0%) negatively influenced the translation of the results into euros. Net of the exchange rate effect, net sales would have been down 4.0% and Ebitda up 5.0%. Among the main operating costs in local currency, electric power and fuels had an unfavorable trend, albeit lower than inflation rate, and fixed costs were well under control.

(millions of euro)	**1st Half 2020**	**1st Half 2019**	**20/19**
Net sales	**92.9**	100.6	-7.7%
EBITDA	**24.8**	24.6	1.0%
% of net sales	***26.7***	*24.4*	
Capital expenditures	**5.7**	24.3	-76.5%
Headcount end of period n.	**1,438**	1,490	-3.5%

United States of America

The prolonged and favorable expansionary cycle of the country was abruptly interrupted by the rapidity of the pandemic outbreak. GDP contracted by 5% in the first quarter and the unemployment rate visibly increased. The epidemic containment measures issued by the governors of the various States, normally concerning the closure of schools, of activities open to the public and the strong recommendation to social distancing by remaining as much as possible at home, partially slowed down the spread of the infections. Despite the signs of recovery observed in May and June, due to the gradual easing of restrictive measures, a further and more intense decline in economic activity is expected in the second quarter. GDP contraction for the whole of the current year is estimated at 8.0%. Construction investments are expected to decline overall (-1.4%), due to the evident drop in the commercial sector (-7.9%), even with some progress in civil works (+1.0%) and a certain stability in the residential segments, resulting in a contraction of cement consumption.

Our sales of hydraulic binders, after an excellent first quarter, suffered some slowdown in April and May, particularly significant in the case of the Stockertown (PA) plant, which is located in the geographical area being most hit by the epidemic during the first wave. In June the market performed very well thanks to the regular operation of the construction sector in almost all areas where we operate and to the comparison with the first half of the previous year, which had been penalized by the floods in the regions along the Mississippi river and by the associated logistic difficulties due to the distribution by means of barges and train. Therefore, the whole first half 2020 showed volumes up 4.5% compared to the levels of the previous year, with selling prices in local currency with no relevant changes. Ready-mix concrete output, mainly present in Texas, closed the first half slightly down (-2.0%) compared to the same period of 2019, with selling prices in local currency improving. In this context, net revenues came in at €611.6 million, up 6.0% compared to €577.1 million in the first six months of 2019, positively influenced by the strengthening of the dollar (+2.5%). Ebitda increased by 25.9%, from €143.0 to €180.1 million. Net of the exchange rate effect, net sales and Ebitda would have been up 3.4% and 22.8% respectively.
The unit costs of the cement produced had a very favorable trend, mainly thanks to the deflation that affected electric power and even more fuels. Furthermore, they benefited from the forced postponement of some maintenance operations compared to the initial plans and to those of the previous period.

(millions of euro)	1st Half 2020	1st Half 2019	20/19
Net sales	**611.6**	577.1	6.0%
EBITDA	**180.1**	143.0	25.9%
% of net sales	***29.4***	*24.8*	
Capital expenditures	**58.7**	92.5	-36.6%
Headcount end of period n.	**2,313**	2,361	-2.0%

Mexico (valued by the equity method)

The curve of infections seems to have not yet reached its peak and the evolution of the pandemic raises some concerns. In this context, the authorities modulated the severe measures of social distancing and closure of activities deemed non-essential according to the situation of each single state, thus greatly penalizing economic activity in the country and compromising business confidence, with negative impacts on investments, domestic consumption and exports. The pretty modest stimulus measures launched by the government do not currently seem to be able to trigger a faster dynamic of recovery, with risks of prolonged contraction and of slow picking up. The GDP decline, for the entire current year, is expected to be 10.5%, while inflation is estimated at 2.7%.

Government authorities identified a wide range of infrastructure works that are considered to have strategic and essential value: this allowed the regular continuation of the production and commercial activities in the plants of our joint venture as well as to close the first half with sales volumes slightly progressing (+1.0%), with selling prices in local currency showing a small decline. On the other hand, ready-mix concrete output significantly decreased, with a change in prices in local currency negative too.
Net sales and Ebitda, in local currency, decreased by 3.3% and 4.9% respectively. The depreciation of the Mexican peso (-10.1%) penalized the translation of the results into euros. With reference to 100% of the associate, net sales stood at €266.8 million, down €36.9 million (-12.2%) and Ebitda decreased from €132.6 to €126.4 million (-4.7%). The equity earnings referring to Mexico, which are included in the line item that encompasses the investments valued by the equity method, amount to €29.5 million (€28.1 million in 2019).

Brazil (valued by the equity method)

Also in Brazil the spread of the pandemic intensified in a worrying way during the last months. In view of the worsening of the situation, many State governors introduced containment measures aimed at curbing the growth of the infection curve, including social distancing, closing of schools, limitations on mobility in the country and halt of businesses deemed "non-essential". In this context, the most recent estimates indicate a GDP contraction for the entire current year of 9.1%.

In the first six months of 2020, the effects of the pandemic did not affect the business of our joint venture: cement and clinker sales volumes achieved some progress (+7.7%) compared to the levels of the previous year, with selling prices, in local currency, also improving. Net sales, with reference to 100% of the associate, stood at €61.2 million, down 6.5% compared to €65.5 million in 2019, while Ebitda came in at €16.5 million versus €7.5 million in 2019. The sizeable depreciation of the Brazilian real (-25% approximately) impacted the translation of the results into euros: at constant exchange rates, net sales would have increased by 16.5%, while Ebitda would have been 2.5 times higher than the 2019 figure. The equity earnings referring to Brazil, which are included in the line item that encompasses the investments valued by the equity method, amount to €0.3 million (-2.0 million in 2019).

Algeria (valued by the equity method)

In Algeria, after a first half which saw the demand for cement visibly contracting, estimates for the entire current year are even more unfavorable. The drop in consumption was mainly influenced by the effects

of the pandemic, following which it had been necessary to adopt restrictive measures aimed at limiting the infections, by the continuing weakness of the oil price, being the primary source of income for the country, which led to the suspension of various projects for infrastructure and housing works, as well as by the stalemate that the construction sector is experiencing due to uncertainties about economic policy decisions.
The commissioning, in the first half of 2020, of further new plants is estimated to lead the country's production capacity to exceed 35 million tons cement.
It should be noted that, in June, the complementary finance law was approved which, among other things, abolished the rule that prevented a foreign entity (company or citizen) from holding the majority of the capital of a domestic company. Even if the application details, to date, have not yet been fully defined, the government's intention to encourage foreign investments in the country is clear, ending the blockade that has been lasting a decade.
In this context, cement and clinker sales at the Sour El Ghozlane plant confirmed last year’s trend, mainly affected by the suspension of some important infrastructure projects, showing an 11.8% decrease compared to the previous year.
The Hadjar Soud cement plant, which last year had worked at full capacity, also showed sharply decreasing sales volumes (-21.5%) compared to the same period of 2019.
With reference to 100% of both associates, the first six months of the current year recorded net sales at €34.2 million, down (-20.3%) compared to €42.9 million in 2019, while Ebitda decreased by 14.7%, reaching €15.8 million, thus still maintaining an excellent level of recurring Ebitda to sales margin.
The equity earnings referring to Algeria, included in the line item that encompasses the investments valued by the equity method, amount to €0.9 million (€1.1 million in 2019).

Slovenia (valued by the equity method)

The containment measures adopted in the country since March, mainly concerning social distancing as well as limitations to personal mobility, had a negative impact on economic activity, which was particularly evident in the service sector, due to the contraction of internal demand, and manufacturing sectors, influenced by the decline in international demand. In May and June, together with the easing of containment measures, macroeconomic indicators showed some signs of partial recovery, favored by the upswing of internal production and towards the main commercial partners of the country. After the marked deterioration in March and April, labor market conditions also showed positive signs in May and June. The most recent estimates indicate that, for the entire current year, GDP will contract by about 8 percentage points.

Cement sales of our associate closed the first half of 2020 progressing and benefiting from the good level of domestic demand, despite some partial slowdown in export activity in March and April. Net sales of the first six months of the current year reached €40.3 million, up 3.1% versus the same period of 2019, while Ebitda increased from €10.8 to €12.3 million (+13.9%).
The equity earnings referring to Slovenia, which are included in the line item that encompasses the investments valued by the equity method, amount to €2.3 million (€1.4 million in 2019).

Risk management and description of main risks

Buzzi Unicem has defined an internal control and risk management system with procedures aimed at allowing the identification, measurement, management and monitoring of the main corporate 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 consolidated 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.

Concerning the most significant categories, the following should be highlighted:
- currency risks 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 foreign subsidiaries, are decreasing;
- risks in the United States for damage resulting from natural disasters not covered by insurance are essentially unchanged;
- about trading conditions, the risks remain stable, sales volume risks are slightly increasing in Italy.

To better cope with the risks associated with the Covid-19 pandemic, the group's priority has been to implement all the measures to protect employees' health. We organized specific training and the working environments have been adapted to the needs of distancing and sanitation. Business trips have been canceled or reduced, smart work has been encouraged, the use of video conferencing systems has increased.
As regards the economic and organizational issues, we estimate possible impacts and probability of occurrence which are not negligible in countries where the current situation could worsen for:
• employees: presence at work and feasibility of travelling among the group units and outside
• supply chain: possible lower availability or interruptions in the supply of raw materials, fuels and/or spare parts
• possible shutdowns in some plants
• lower sales of our products
• new rules and regulations issued with restrictions on movement and/or industrial operations.
The organizational departments implemented effective actions to contain the negative impacts that have arisen and are ready to intervene to deal with those that may still occur.

Following the mitigation actions already implemented or envisaged, the residual risks represent a limited share of book equity.

Related-party transactions

Information on transactions with related parties is available in note 47 of these half-yearly condensed consolidated financial statements as at 30 June 2020.

Outlook

The operating performance of the first six months of 2020, for the group as a whole, after the good start to the year was influenced by the effects of the pandemic that resulted, in all the markets where we operate except the United States of America, in a more or less pronounced contraction in sales volumes during the second quarter, particularly in April, followed by some first signs of recovery in May and more encouraging ones in June.

In Italy, in the second half of the year, we believe the demand will continue to recover moderately, although this will only partially offset the loss in volumes suffered during the so-called lockdown period. The economy of the business should be supported both by the confirmation of the favorable price effect and by the savings in energy factors. Therefore, the full year should post operating results higher than

the previous year, net of other operating revenues resulting from the sale of CO_2 emission rights within the group, which are not expected for the current year.
In Central Europe, we expect some marginal slowdown in demand in the second half of the year, but we believe that operating results will still be in line with 2019.
In Eastern Europe, we think that also during the second quarter demand will remain rather weak, penalized by the continuing criticality of the epidemiological picture and by the following greater uncertainties regarding the timing of the economic recovery. Despite the support deriving from the price effect and by the deflation of energy factors, the development of operating results is expected to worsen.
In the United States of America, the very critical developments in the epidemiological picture raise concerns and growing uncertainties on the evolution of demand, which is expected to contract in the second half of the current year, also due to the challenging comparison with the excellent levels achieved in the second part of 2019. We expect that operating results in local currency will tend to deteriorate and close down in comparison with the previous year.

The outlines of the pandemic, which in some countries has not yet reached the phase of controlled circulation, as well as the intensity of global recession and the demand for building materials may be characterized by further sudden developments in the coming months. Visibility for the second half of the year continues to be very limited and our forecasts are based on a scenario of gradual mitigation of the infections and related restrictions on economic activity, in the geographical areas where the group operates. To conclude, following all the above considerations, we expect the recurring Ebitda to possibly close the year down between 5% and 10% compared to the 2019 result.

* * *

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.

In the first half of 2020, no non-recurring expenses and/or income were recognized. Non-recurring income of the first half of 2019 amounting to €12.3 million, referring to the adoption of IFRS 16, is no longer considered as such since the standard has been used in both periods.

- **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 4, 2020

For the Board of Directors

Veronica Buzzi
(Chairman)

Financial information

Consolidated Income Statement

(thousands of euro)	Note	1st Half 2020	1st Half 2019
Net sales	8	**1,520,095**	**1,518,723**
Changes in inventories of finished goods and work in progress		(24,689)	(15,383)
Other operating income	9	18,913	22,034
Raw materials, supplies and consumables	10	(549,731)	(580,082)
Services	11	(361,665)	(368,597)
Staff costs	12	(255,992)	(252,680)
Other operating expenses	13	(33,018)	(35,417)
EBITDA		**313,913**	**288,598**
Depreciation, amortization and impairment charges	14	(128,422)	(122,950)
Operating profit		**185,491**	**165,648**
Equity in earnings of associates and joint ventures	15	145,336	33,856
Gains on disposal of investments	16	3,610	302
Finance revenues	17	38,349	23,645
Finance costs	17	(93,395)	(52,674)
Profit before tax		**279,391**	**170,777**
Income tax expense	18	(62,735)	(36,085)
Profit for the period		**216,656**	**134,692**
Attributable to:			
Owners of the company		216,518	134,615
Non-controlling interests		138	77

euro			
Earnings per share	19		
basic			
ordinary		1.047	0.659
savings		1.071	0.671

Consolidated Statement of Comprehensive Income

(thousands of euro)	1st Half 2020	1st Half 2019
Profit for the period	**216,656**	**134,692**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on post-employment benefits	(18,514)	(31,579)
Fair value changes of equity investments	380	179
Income tax relating to items that will not be reclassified	4,623	9,029
Total items that will not be reclassified to profit or loss	**(13,511)**	**(22,371)**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	(70,010)	61,380
Share of currency translation differences of associates and joint ventures valued by the equity method	(77,505)	6,016
Total items that may be reclassified subsequently to profit or loss	**(147,515)**	**67,396**
Other comprehensive income for the period, net of tax	**(161,026)**	**45,025**
Total comprehensive income for the period	**55,630**	**179,717**
Attributable to:		
Owners of the company	55,230	179,301
Non-controlling interests	400	416

Consolidated Balance Sheet

(thousands of euro)	Note	30/06/2020	31/12/2019
Assets			
Non-current assets			
Goodwill	20	612,623	619,002
Other intangible assets	20	65,235	70,814
Right-of-use assets	21	98,857	99,247
Property, plant and equipment	22	3,108,257	3,149,997
Investment property	23	19,683	20,796
Investments in associates and joint ventures	24	414,874	517,920
Equity investments at fair value	25	12,243	12,204
Deferred income tax assets		83,630	72,823
Other non-current assets	26	23,759	21,932
		4,439,161	**4,584,735**
Current Assets			
Inventories	27	487,880	489,299
Trade receivables	28	438,273	414,468
Other receivables	29	73,768	70,514
Cash and cash equivalents	30	1,041,862	837,403
		2,041,783	**1,811,684**
Assets held for sale	31	3,645	6,145
Total Assets		**6,484,589**	**6,402,564**

(thousands of euro)	Note	30/06/2020	31/12/2019
Equity			
Equity attributable to owners of the company			
Share capital	32	123,637	123,637
Share premium		458,696	458,696
Other reserves	33	(43,765)	116,798
Retained earnings		3,160,950	2,986,360
Treasury shares		(7,699)	(373)
		3,691,819	3,685,118
Non-controlling interests	34	5,508	5,703
Total Equity		**3,697,327**	**3,690,821**
Liabilities			
Non-current liabilities			
Long-term debt	35	1,236,516	1,235,628
Lease liabilities	21	75,073	74,665
Derivative financial instruments	36	53,169	1,412
Employee benefits	37	458,398	442,610
Provisions for liabilities and charges	38	90,061	87,104
Deferred income tax liabilities		355,382	366,442
Other non-current liabilities	39	9,524	9,267
		2,278,123	**2,217,128**
Current liabilities			
Current portion of long-term debt	35	26,106	26,414
Short-term debt	35	9,735	13,737
Current portion of lease liabilities	21	22,508	22,527
Trade payables	40	202,983	235,365
Income tax payables	41	98,592	34,398
Provisions for liabilities and charges	38	31,122	28,479
Other payables	42	118,093	133,695
		509,139	**494,615**
Total liabilities		**2,787,262**	**2,711,743**
Total Equity and Liabilities		**6,484,589**	**6,402,564**

Consolidated Statement of Cash Flows

(thousands of euro)	Note	1st Half 2020	1st Half 2019
Cash flows from operating activities			
Cash generated from operations	43	256,154	195,249
Interest paid		(18,266)	(19,312)
Income tax paid		(23,458)	(27,502)
Net cash generated from operating activities		**214,430**	**148,435**
Cash flows from investing activities			
Purchase of intangible assets	20	(1,966)	(2,026)
Purchase of property, plant and equipment	22	(105,605)	(124,233)
Purchase of other equity investments	24, 25	222	(300)
Proceeds from sale of property, plant and equipment		4,692	5,276
Proceeds from sale of equity investments		5,700	471
Changes in financial receivables		(1,506)	5,984
Dividends received from associates		171,034	49,050
Interest received		6,391	771
Net cash generated (used) in investing activities		**78,962**	**(65,007)**
Cash flows from financing activities			
Proceeds from long-term debt	35	-	49,850
Repayment of long-term debt	35	(706)	(9,392)
Net change in short-term debt	35	(3,967)	99,986
Repayments of lease liabilities	21	(11,678)	(10,467)
Changes in other financial payables		5,285	4,928
Changes in ownership interests without loss of control		(19,219)	(219)
Purchase of treasury shares		(7,326)	-
Dividends paid to owners of the company	44	(31,802)	(26,559)
Dividends paid to non-controlling interests	44	(96)	(256)
Net cash (used) generated in financing activities		**(69,509)**	**107,871**
Increase in cash and cash equivalents		**223,883**	**191,299**
Cash and cash equivalents at beginning of period		837,403	440,499
Translation differences		(19,424)	2,484
Cash and cash equivalents at end of period	30	**1,041,862**	**634,282**

Consolidated Statement of Changes in Equity

(thousands of euro)	Share capital	Share premium	Other reserves	Retained earnings	Treasury shares	Total	Non-controlling interests	Total Equity
	Attributable to owners of the company							
Balance as at 1 January 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 30 June 2019	**123,637**	**458,696**	**61,895**	**2,758,697**	**(12,738)**	**3,390,187**	**5,920**	**3,396,107**
Balance as at 1 January 2020	**123,637**	**458,696**	**116,798**	**2,986,360**	**(373)**	**3,685,118**	**5,703**	**3,690,821**
Profit for the period	**-**	**-**	**-**	**216,518**	**-**	**216,518**	**138**	**216,656**
Other comprehensive income for the period, net of tax	-	-	(147,250)	(13,776)	-	**(161,026)**	-	**(161,026)**
Total comprehensive income for the period	**-**	**-**	**(147,250)**	**202,742**	**-**	**55,492**	**138**	**55,630**
Dividends paid	-	-	-	(31,802)	-	**(31,802)**	(127)	**(31,929)**
Withholding tax on foreign dividends	-	-	-	(6,974)	-	**(6,974)**	-	**(6,974)**
Acquisition of non-controlling interests	-	-	-	352	-	**352**	(204)	**148**
Purchase of treasury shares	-	-	-	-	(7,326)	**(7,326)**	-	**(7,326)**
Other changes	-	-	(13,313)	10,272	-	**(3,041)**	(2)	**(3,043)**
Balance as at 30 June 2020	**123,637**	**458,696**	**(43,765)**	**3,160,950**	**(7,699)**	**3,691,819**	**5,508**	**3,697,327**

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, 15033 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 4 August 2020.

2. Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2020 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 2019.

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 2019, with the exception of changes in estimates that are required in determining the income tax expense for the period; however the group took into account the sources of valuation uncertainty deriving from the Covid-19 pandemic that broke out in the first quarter of 2020.

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 47 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 in3 the preparation of the annual financial statements as at 31 December 2019, 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.
However, in order to consider the uncertainties arising from the Covid-19 pandemic, the company carried out a sensitivity analysis on some CGUs of the group, aiming at identifying any indicators of fixed assets impairment. The main assumptions underlying the tests were therefore updated, to take into

account the changed conditions compared to the initial forecasts made by management (for further details please refer to note 20).

On the other hand, it was not necessary to update the actuarial valuations in support of the determination of employee benefits, which are normally drawn up during preparation of the annual financial statements.

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 2020

- Conceptual Framework of IFRS, the document issued by the IASB containing changes, essentially of a technical and editorial nature, to the international accounting standards aimed at implementing the new IFRS reference framework, in particular:
  - an updated definition of assets and liabilities;
  - a new chapter on measurement, derecognition and disclosures;
  - clarifications on some postulates for the preparation of the financial statements, such as the prudence and the substance over form concept.

The following standards, amendments and interpretations have been adopted since 1 January 2020, without any material effect on these interim financial statements.

- IFRS 3 business combinations (amendment): definition of a business. 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. The amendments clarify the definition of materiality and how it should be applied, by including in the definition guidance that until now has featured elsewhere in IFRS standards.
- IFRS 9, IAS 39 and IFRS 7 (amendments): Interest rate benchmark reform. The amendments modify some specific requirements in the so-called hedge accounting to provide relief from potential effects of the uncertainty caused by the IBOR reform and require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Standards, amendments and interpretations that are not yet effective and have not been early adopted

The following standards and amendments have been issued, but they are not effective for the fiscal year started on 1 January 2020 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 (and subsequent amendment which postpones effectiveness from 1 January 2021 to 1 January 2023). 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.
- IAS 1 Presentation of financial statements (amendments): classification of liabilities as current or non-current (effective from 1 January 2022). The amendments clarify how to classify debt and other liabilities with an uncertain settlement date as current or non-current. No significant impact on consolidated financial statement is expected.
- The following package of amendments (1 January 2022) includes narrow-scope to amendments to three standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the different standards.
  - IFRS 3 Business combinations (amendments): reference to the conceptual framework, updating a reference in the obsolete standard, without changing the accounting treatment for business combinations.
  - IAS 16 Property, plant and equipment (amendments): proceeds before intended use, prohibiting a company from deducting from the cost of property, plant and equipment the amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
  - IAS 37 Provisions, contingent liabilities and contingent assets (amendments): onerous contracts – cost of fulfilling a contract, specify which costs a company includes when assessing whether a contract will be loss-making.
  - Annual Improvements 2018-2020 Cycle: a series of minor amendments to IFRS 1, IFRS 9, IAS 41 and IFRS 16 Leasing illustrative examples.
- IFRS 16 Leasing (amendment): Covid-19-related rent concessions (effective from 1 June 2020). It exempts lessee from considering and accounting for as lease modifications the rent concessions from lessors as a direct consequence of the Covid-19 pandemic.
- IFRS 4 Insurance contracts (amendment): Extension of the temporary exemption from applying IFRS 9 (effective from 1 January 2021).

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:

	End of period		Average	
(euro 1 = Currency)	30 June 2020	31 December 2019	1st Half 2020	1st Half 2019
US Dollar	1.1198	1.1234	1.1020	1.1298
Czech Koruna	26.7400	25.4080	26.3333	25.6845
Ukrainian Hryvnia	29.8985	26.7195	28.6252	30.4227
Russian Ruble	79.6300	69.9563	76.6692	73.7444
Polish Zloty	4.4560	4.2568	4.4120	4.2920
Hungarian Forint	356.5800	330.5300	345.2607	320.4198
Mexican Peso	25.9470	21.2202	23.8430	21.6543
Algerian Dinar	144.5298	133.8916	136.9953	134.4534
Brazilian Real	6.1118	4.5157	5.4104	4.3417

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 2019. The changed macroeconomic scenario following Covid-19 did not determine any significant modification in the financial risk management. 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 2020:

(thousands of euro)	Level 1	Level 2	Level 3	Total
Assets				
Other non-current assets	10,971	1,918	-	**12,889**
Current financial assets	-	93	-	**93**
Equity investments at fair value	-	-	12,243	**12,243**
Total Assets	**10,971**	**2,011**	**12,243**	**25,225**
Liabilities				
Derivative financial instruments (non-current)	-	-	(53,169)	**(53,169)**
Total liabilities	**-**	**-**	**(53,169)**	**(53,169)**

The following table presents the assets and liabilities that are measured at fair value at 31 December 2019:

(thousands of euro)	Level 1	Level 2	Level 3	Total
Assets				
Other non-current assets	10,838	1,903	-	**12,741**
Current financial assets	-	74	-	**74**
Equity investments at fair value	-	-	12,204	**12,204**
Total Assets	**10,838**	**1,977**	**12,204**	**25,019**
Liabilities				
Derivative financial instruments (non-current)	-	-	(1,412)	**(1,412)**
Total liabilities	**-**	**-**	**(1,412)**	**(1,412)**

In the first half of 2020, there were no transfers between the various fair value levels.

The equity investments included in the line item Equity investments at fair value are all booked at fair value through other comprehensive income (OCI) and included in level 3. 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 include the put and call option on the remaining 50% share of BCPAR SA. The value of this derivative financial instrument is defined on the basis of the exercise price of the option which, at the balance sheet date, differs from its fair value by €53,169 thousand. The changes in the fair value of the derivative have been recognized directly in profit or loss, according to IFRS 9 (note 36).

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.

The Covid-19 emergency did not record, at least for the time being, significant impacts on the capital market with reference to the interest rates in euro, which, however, remain at rather low levels, both as regards potential funding and especially for liquidity deposits. Interest rates, on the other hand, have strongly contracted since the start of the pandemic with reference to the US dollar.

5. Scope of consolidation

The first half of 2020 saw the sale of 50% of Ecotrade SpA and 33.3% of Cobéton SA, previously valued by the equity method.

It is worth recalling that, with effect from 1 July 2019, Buzzi Unicem has acquired a 100% interest in Testi Cementi Srl, Borgo Cementi Srl and Arquata Cementi Srl, which were all consolidated line by line from the same date. Therefore, in the interpretation of the income statement and cash flows data, it shall be considered that the first six months of 2019 did not include the figures of the three companies acquired.

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.

In the first half of 2020, in Italy, due to the limitations imposed by the government to deal with the Covid-19 emergency, the group's operations have almost entirely stopped from the end of March to the first week of May, resulting in a consequent decrease of sales, which was only partially mitigated by the good recovery in demand during May and June.
Abroad, the most affected countries, albeit to a lesser extent than Italy, were Luxembourg, Ukraine, Poland and Russia. In the other countries where the group operates, mainly the United States of America and Germany, despite the still uncertain and not stabilized epidemiological picture, demand was still resilient and the trend of shipments remained positive.

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.

1st Half 2020

(thousands of euro)	Italy	Central Europe	Eastern Europe	United States of America	Unallo-cated items and adjust-ments	Total	Mexico 100%	Brazil 100%
Segment revenue	218,275	416,296	273,891	611,633	-	**1,520,095**	266,783	61,204
Intersegment revenue	(2,529)	(212)	-	-	2,741	**-**	-	-
Revenue from external customers	215,746	416,084	273,891	611,633	2,741	**1,520,095**	266,783	61,204
Ebitda	9,059	58,201	66,582	180,071	-	**313,913**	126,351	16,546
Operating profit	(14,764)	35,088	46,472	118,695	-	**185,491**	113,222	9,085

1st Half 2019

(thousands of euro)	Italy	Central Europe	Eastern Europe	United States of America	Unallo-cated items and adjust-ments	Total	Mexico 100%	Brazil 100%
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)

8. Net sales

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

1st Half 2020

(thousands of euro)	**Cement**	**Concrete and aggregates**	**Total**
Italy	132,823	85,452	**218,275**
Germany	179,969	146,520	**326,489**
Luxembourg and Netherlands	46,163	43,644	**89,807**
Poland	39,623	15,562	**55,185**
Czech Republic and Slovakia	18,775	55,362	**74,137**
Russia	92,852	-	**92,852**
Ukraine	48,359	3,358	**51,717**
United States of America	459,229	152,404	**611,633**
	1,017,793	**502,302**	**1,520,095**

1st Half 2019

(thousands of euro)	**Cement**	**Concrete and aggregates**	**Total**
Italy	143,376	107,959	**251,335**
Germany	175,270	133,512	**308,782**
Luxembourg and 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**

The 0.1% increase compared with 2019 is due to an increase in the scope of consolidation for 0.8%, to favorable foreign exchange effects for 0.7%, offset by negative market trends for 1.4%.
Reference is made to the business review for additional disclosure on the impacts of the Covid-19 pandemic (note 6).

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)	1st Half 2020	1st Half 2019
Recovery of expenses	2,826	3,913
Indemnity for damages	549	860
Revenue from leased properties	4,498	4,280
Gains on disposal of property, plant and equipment	1,770	1,504
Capital grants	195	252
Release of provisions	353	896
Internal work capitalized	776	544
Other	7,946	9,785
	18,913	**22,034**

The caption gains on disposal of property, plant and equipment mainly includes amounts relating to the sale of certain land, buildings and other assets located in Germany for €941 thousand.

10. Raw materials, supplies and consumables

(thousands of euro)	1st Half 2020	1st Half 2019
Raw materials, supplies and consumables	337,649	333,732
Finished goods and merchandise	33,366	39,389
Electricity	86,868	95,557
Fuels	68,208	101,016
Emission rights	12,478	-
Other goods	11,162	10,388
	549,731	**580,082**

The substantial decrease in the oil price, which was triggered by the outbreak of the pandemic, caused a general decline in the cost of energy factors used to carry out our industrial operations.

The caption emission rights includes the provisions for the risks of likely shortage of CO_2 allowances in Germany (€7,560 thousand), Poland (€3,575 thousand), Luxembourg (€1,231 thousand) and the Czech Republic (€113 thousand), assessed on an accrual basis.

11. Services

(thousands of euro)	1st Half 2020	1st Half 2019
Transportation	212,294	220,736
Maintenance and contractual services	82,361	79,579
Insurance	10,381	7,373
Legal and professional consultancy	6,502	5,624
Operating leases of property and machinery	5,594	4,931
Travel	1,603	3,129
Other	42,930	47,225
	361,665	**368,597**

12. Staff costs

(thousands of euro)	1st Half 2020	1st Half 2019
Salaries and wages	191,426	187,487
Social security contributions and defined contribution plans	55,986	57,187
Employee severance indemnities and defined benefit plans	6,576	6,201
Other long-term benefits	276	270
Other	1,728	1,535
	255,992	**252,680**

The increase of the line item is due to the exchange rate effect for an amount of €2,301 thousand.

The average number of employees is the following:

(number)	1st Half 2020	1st Half 2019
White collar and executives	3,669	3,611
Blue collar and supervisors	6,185	6,274
	9,854	**9,885**

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)	1st Half 2020	1st Half 2019
Write-down of receivables	2,157	2,442
Provisions for liabilities and charges	1,750	2,751
Association dues	3,276	3,411
Indirect taxes and duties	18,399	17,669
Losses on disposal of property, plant and equipment	538	299
Other	6,898	8,845
	33,018	**35,417**

14. Depreciation, amortization and impairment charges

(thousands of euro)	1st Half 2020	1st Half 2019
Intangible assets	3,123	2,258
Right-of-use assets	13,101	11,563
Property, plant and equipment	112,190	109,395
Impairment losses of non-current assets	8	(266)
	128,422	**122,950**

In the previous period impairment losses of non-current assets included a reversal carried out on the Travesio (PN) plant for €400 thousand.

15. Equity in earnings of associates and joint ventures

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

(thousands of euro)	1st Half 2020	1st Half 2019
Associates		
Société des Ciments de Hadjar Soud EPE SpA	374	2,324
Société des Ciments de Sour El Ghozlane EPE SpA	514	(1,244)
Bétons Feidt SA	300	729
Kosmos Cement Company	109,273	1,726
Laterlite SpA	485	485
W&P Cementi	470	478
Salonit Anhovo Gradbeni Materiali dd	2,322	1,431
Other associates	305	303
	114,043	**6,232**
Joint venture		
Corporación Moctezuma, SAB de CV	29,546	28,076
BCPAR SA	262	(2,011)
Other joint ventures	1,485	1,559
	31,293	**27,624**
	145,336	**33,856**

In March, Kosmos Cement Company, where the group owns a 25% interest, executed the sale of all its assets. The result of this associate benefited from the realized gain on this transaction for €108,144 thousand.

16. Gains on disposal of investments

These are non-recurring revenues arising mainly from the liquidation of the ownership interest in the associate Cobéton SA.

17. Finance revenues and Finance costs

(thousands of euro)	1st Half 2020	1st Half 2019
Finance revenues		
Interest income on liquid assets	5,806	5,640
Interest income on plan assets of employee benefits	4,596	5,227
Foreign exchange gains	27,456	12,245
Dividend income	49	27
Other	442	506
	38,349	**23,645**
Finance costs		
Interest expense on bank borrowings	(8,083)	(7,455)
Interest expense on senior notes and bonds	(5,705)	(10,720)
Interest expense on employee benefits	(8,019)	(9,604)
Interest expense on lease liabilities	(1,375)	(1,446)
Changes in the fair value of derivative instruments	(51,757)	(3,372)
Discount unwinding on liabilities	(287)	(376)
Foreign exchange losses	(17,395)	(17,811)
Other	(774)	(1,890)
	(93,395)	**(52,674)**
Net finance costs	**(55,046)**	**(29,029)**

The increase in net finance costs compared to the previous period was mainly determined by the unfavorable change in non-cash items, such as the fair value estimation of the put and call option on the remaining 50% interest in BCPAR SA (cost of €51,757 thousand), partially offset by the net balance of foreign exchange gains and losses.

18. Income tax expense

(thousands of euro)	1st Half 2020	1st Half 2019
Current tax	80,606	40,323
Deferred tax	(17,764)	(4,190)
Tax relating to prior years	(107)	(48)
	62,735	**36,085**

The increase in current tax is essentially due to the tax charge relating to the non-recurring gain realized by the associate Kosmos Cement Company (€34,211 thousand).

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.

		1st Half 2020	1st Half 2019
Net profit attributable to owners of the company	thousands of euro	216,518	134,615
attributable to ordinary shares	thousands of euro	172,983	107,324
attributable to savings shares	thousands of euro	43,535	27,290
Average number of ordinary shares outstanding		165,179,504	162,905,851
Average number of savings shares outstanding		40,640,132	40,682,659
Basic earnings per ordinary share	Euro	1.047	0.659
Basic earnings per savings share	Euro	1.071	0.671

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. Since there are no financial instruments outstanding with such features, basic and diluted earnings per share are the same in both periods.

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 2020					
Cost/deemed cost	827,869	89,550	931	32,718	123,199
Accumulated depreciation and write-downs	(208,867)	(48,137)	-	(4,248)	(52,385)
Net book amount	**619,002**	**41,413**	**931**	**28,470**	**70,814**
Six months ended 30 June 2020					
Opening net book amount	619,002	41,413	931	28,470	70,814
Translation differences	(6,379)	(4,354)	(32)	-	(4,386)
Additions	-	1,563	229	-	1,792
Depreciation and impairment charges	-	(2,242)	-	(881)	(3,123)
Reclassifications	-	370	(233)	1	138
Closing net book amount	**612,623**	**36,750**	**895**	**27,590**	**65,235**
At 30 June 2020					
Cost/deemed cost	821,265	84,752	895	32,718	118,366
Accumulated depreciation and write-downs	(208,642)	(48,002)	-	(5,128)	(53,131)
Net book amount	**612,623**	**36,750**	**895**	**27,590**	**65,235**

At 30 June 2020, the column industrial patents, licenses and similar rights is made up of industrial licenses (€31,445 thousand), application software for plant and office automation (€2,802 thousand), mining rights (€2,348 thousand), industrial patents (€155 thousand).

The column others mainly includes the customer list relating to the Testi Cementi Srl, Borgo Cementi Srl and Arquata Cementi Srl business combination, which took place in 2019, for €25,872 thousand.

The translation differences of the goodwill mainly refer to the CGU Russia (negative impact of €6,157 thousand) and the CGU United States of America (positive impact of €103 thousand).

Goodwill at 30 June 2020 amounts to €612,623 thousand and is broken-down as follows:

(thousands of euro)	30/06/2020	31/12/2019
Italy (Cement sector)	76,114	76,114
Italy (Concrete sector)	299	299
United States of America	39,241	39,138
Germany	129,995	129,995
Luxembourg	69,104	69,104
Poland	87,823	88,148
Czech Republic/Slovakia	105,944	105,944
Russia	104,103	110,260
	612,623	**619,002**

At 30 June 2020, the company assessed the existence of indications of potential impairment losses, with reference to the future profitability of some CGUs, such as Cement Italy, Concrete Italy, Russia, Ukraine. To better reflect the current uncertainty resulting from the Covid-19 pandemic, the company conducted a sensitivity analysis on the original short and medium-term forecasts, by using the best estimates and assumptions available at the closing date of these interim financial statements.
In particular, evaluations were made about changes in the interest rate (and consequently WACC discount rate) and in the net operating cash flow.

The discount rates applied to the main CGUs were updated as follows:

(in %)	ITA	GER	NLD	CZE	POL	UKR	LUX	RUS	USA
WACC									
30 June 2020	**8.73%**	**4.60%**	**4.72%**	**6.00%**	**6.45%**	**22.19%**	**4.65%**	**11.12%**	**6.34%**
31 December 2019	6.57%	4.40%	4.50%	5.22%	5.45%	16.77%	4.44%	8.73%	6.42%

The outcome of the analysis is that only with a considerable reduction in cash flows or with an increase in the discount rate of some percentage points the recoverable amount would be lower than the book value at the date of these interim financial statements.

21. Right-of-use assets and Lease liabilities

Set out below are the detail and changes of the amounts recognized in the balance sheet and income statement relating to leases, by category of assets:

	Right-of-use assets					
(thousands of euro)	**Land and buildings**	**Plant and machinery**	**Industrial and commercial equipment**	**Other**	**Total**	**Lease liabilities**
At 1 January 2020						
Cost/deemed cost	32,861	17,556	59,114	14,114	123,645	97,192
Accumulated depreciation and write-downs	(5,257)	(1,575)	(13,165)	(4,401)	(24,398)	-
Net book amount	**27,604**	**15,981**	**45,949**	**9,713**	**99,247**	**97,192**
Six months ended 30 June 2020						
Opening net book amount	27,604	15,981	45,949	9,713	99,247	97,192
Translation differences	(371)	(81)	112	(32)	(372)	(382)
Additions	2,388	1,206	8,699	2,571	14,864	12,450
Disposals and other	(1,329)	(382)	(9)	(61)	(1,781)	-
Depreciation and impairment charges	(2,619)	(1,371)	(6,474)	(2,637)	(13,101)	-
Interest expense	-	-	-	-	-	1,375
Repayments	-	-	-	-	-	(13,054)
Closing net book amount	**25,673**	**15,353**	**48,277**	**9,554**	**98,857**	**97,582**
At 30 June 2020						
Cost/deemed cost	33,339	18,272	67,751	15,997	135,359	-
Accumulated depreciation and write-downs	(7,666)	(2,919)	(19,474)	(6,443)	(36,502)	-
Net book amount	**25,673**	**15,353**	**48,277**	**9,554**	**98,857**	**-**

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 2020						
Cost/deemed cost	2,867,048	4,984,211	429,290	173,946	132,025	8,586,520
Accumulated depreciation and write-downs	(1,132,516)	(3,852,766)	(320,368)	(29,736)	(101,137)	(5,436,523)
Net book amount	**1,734,532**	**1,131,445**	**108,922**	**144,210**	**30,888**	**3,149,997**
Six months ended 30 June 2020						
Opening net book amount	1,734,532	1,131,445	108,922	144,210	30,888	3,149,997
Translation differences	(2,589)	(16,780)	(2,672)	(5,540)	(347)	(27,928)
Additions	7,056	28,209	8,369	54,811	1,848	100,293
Disposals and other	(688)	(160)	(67)	-	(18)	(933)
Depreciation and impairment Charges	(20,810)	(77,265)	(10,823)	-	(4,137)	(113,035)
Reclassifications	8,364	23,831	3,330	(40,620)	4,958	(137)
Closing net book amount	**1,725,865**	**1,089,280**	**107,059**	**152,861**	**33,192**	**3,108,257**
At 30 June 2020						
Cost/deemed cost	2,874,856	4,982,474	429,935	182,589	137,277	8,607,131
Accumulated depreciation and write-downs	(1,148,991)	(3,893,194)	(322,876)	(29,728)	(104,085)	(5,498,874)
Net book amount	**1,725,865**	**1,089,280**	**107,059**	**152,861**	**33,192**	**3,108,257**

Additions in the first six months 2020 amount to €100,293 thousand. In the cash flow statement and in the business review capital expenditures are reported according to the actual outflows (€105,605 thousand).

Negative translation differences of €27,928 thousand reflect the weakening of most foreign currencies, mainly Russian ruble (€22,687 thousand), Ukrainian hryvnia (€5,463 thousand), Czech koruna (€3,052 thousand), Polish zloty (€2,852 thousand), partly offset by the strengthening of the US dollar by €6,199 thousand. In the first half of 2019, translation differences were positive for a total of €32,259 thousand.

Real guarantees on assets of consolidated companies are represented by liens on industrial and commercial equipment for the amount of €126 thousand at 30 June 2020 (December 2019: €126 thousand).

23. Investment property

(thousands of euro)	30/06/2020	31/12/2019
At 1 January		
Cost/deemed cost	35,864	28,550
Accumulated depreciation and write-downs	(15,068)	(8,271)
Net book amount	**20,796**	**20,280**
Translation differences	3	19
Change in scope of consolidation	-	559
Disposals and other	(1,113)	(23)
Depreciation and impairment charges	(3)	(39)
At 30 June	**19,683**	**20,796**
Cost/deemed cost	32,689	35,864
Accumulated depreciation and write-downs	(13,006)	(15,068)
Net book amount	**19,683**	**20,796**

The caption disposals and other includes the sale of land and buildings located in Osnabrück, in the north of Germany, for €1,027 thousand.

24. Investments in associates and joint ventures

The amounts recognized in the balance sheet are as follows:

(thousands of euro)	30/06/2020	31/12/2019
Associates valued by the equity method	167,458	209,248
Joint ventures valued by the equity method	247,416	308,672
	414,874	**517,920**

The net decrease of €103,046 thousand was mainly affected upwards by equity earnings of €145,336 thousand, downwards by dividends received for €171,034 thousand (of which €145,017 thousand from the associate Kosmos Cement Company) and translation differences for €77,505 thousand.

24.1 Interests in associates

Set out below are the associates as at 30 June 2020 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 the company	Place of business/country of incorporation	% of participation	Book value	Measurement method
Société des Ciments de Hadjar Soud EPE SpA	Algeria	35.0	40,997	Equity
Société des Ciments de Sour El Ghozlane EPE SpA	Algeria	35.0	40,250	Equity
Salonit Anhovo Gradbeni Materiali dd	Slovenia	25.0	31,588	Equity
Other			54,623	Equity
			167,458	

Other includes the equity valuation of the investment in Kosmos Cement Company, which following the sale of all assets and the consequent distribution of dividends, is considered not to be material anymore for the group.

24.2 Interests in joint ventures

Set out below are the two joint ventures as at 30 June 2020 which, in the opinion of the directors, are material to the group:

Name of the company	Place of business/country of incorporation	% of participation	Book value	Measurement method
Corporación Moctezuma, SAB de CV	Mexico	33.0	122,908	Equity
BCPAR SA	Brazil	50.0	118,859	Equity
Other			5,649	Equity
			247,416	

25. Equity investments at fair value

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

(thousands of euro)	Subsidiaries	Other companies	Total
At 1 January 2020	350	11,854	12,204
Fair value changes	-	380	380
Disposals and other	-	(341)	(341)
At 30 June 2020	**350**	**11,893**	**12,243**

26. Other non-current assets

(thousands of euro)	30/06/2020	31/12/2019
Loans to third parties and leasing	1,989	2,495
Loans to associates	87	123
Loans to customers	290	287
Tax receivables	1,161	1,160
Receivables from personnel	722	755
Guarantee deposits	14,091	13,900
Other	5,419	3,212
	23,759	**21,932**

Loans to third parties and leasing consist of the former for an amount of €748 thousand, mainly interest-bearing and adequately secured.

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

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)	30/06/2020	31/12/2019
Raw materials, supplies and consumables	294,626	294,429
Work in progress	73,989	89,807
Finished goods and merchandise	89,939	95,730
Advances	568	1,025
Emission rights	28,758	8,308
	487,880	**489,299**

The amount shown is net of an allowance for obsolescence of €31,341 thousand (€32,476 thousand in the previous year).

28. Trade receivables

(thousands of euro)	30/06/2020	31/12/2019
Trade receivables	455,116	431,998
Less: Loss allowance	(27,122)	(29,689)
Trade receivables, net	**427,994**	**402,309**
Other trade receivables:		
- From associates	10,268	12,105
- From parent companies	11	54
	438,273	**414,468**

Trade receivables are non-interest bearing and generally have maturity of between 30 and 120 days. The Covid-19 emergency led in some countries, Italy in particular, to requests for deferral by customers, which however did not affect the average collection days at group level.

The increase of €23,805 thousand in net trade receivables is attributable to the business seasonality and to the increased turnover in the United States, which in the first six months of the year was only slightly affected by the impact of the current pandemic.

29. Other receivables

(thousands of euro)	30/06/2020	31/12/2019
Tax receivables	37,998	38,006
Receivables from social security institutions	1,200	131
Receivables from unconsolidated subsidiaries and associates	-	200
Loans to customers	130	190
Receivables from suppliers	8,933	5,807
Receivables from personnel	244	348
Receivables from sale of equity investments	200	226
Current financial assets	1,520	1,501
Loans to third parties and leasing	437	440
Accrued interest income	808	910
Other accrued income and prepaid expenses	14,295	12,248
Other	8,003	10,507
	73,768	**70,514**

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

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

Receivables from suppliers mainly include advances on the procurement of gas, electricity and other services. In particular, the increase is attributable to gas supplies in Ukraine.

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

30. Cash and cash equivalents

(thousands of euro)	30/06/2020	31/12/2019
Cash at banks and in hand	778,970	573,002
Short-term deposits	262,892	264,401
	1,041,862	**837,403**

Foreign operating companies hold about 60% of the balance of €1,041,862 thousand (60% in 2019). At the closing date, short-term deposits and securities earn interest at about 0.80% on average (1.66% in 2019), yield in euro is around 0.01%, in dollar 0.32% in other currencies 3.55%. 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 (€1,235 thousand), as well as some quarries and land in Italy for €2,352 thousand.

32. Share capital

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

(number of shares)	30/06/2020	31/12/2019
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

At 30 June 2020 the number of shares outstanding by category is the following:

(thousands of euro)	Ordinary	Savings	Total
Shares issued	165,349,149	40,711,949	206,061,098
Less: Treasury shares	(401,158)	(139,030)	(540,188)
Shares outstanding	**164,947,991**	**40,572,919**	**205,520,910**

33. Other reserves

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

(thousands of euro)	30/06/2020	31/12/2019
Translation differences	(481,998)	(334,483)
Revaluation reserves	88,286	88,286
Merger surplus	247,530	247,530
Other	102,417	115,465
	(43,765)	**116,798**

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 negative change in the balance of €147,515 thousand is the result of two opposite trends: an increase of €4,370 thousand due to the strengthening of the US dollar; a decrease of €55,395 thousand due to the weakening of the Russian ruble, €39,536 thousand of the Brazilian real, €28,417 thousand of the Mexican peso, €9,440 thousand of the Ukrainian hryvnia, €6,612 thousand of the Algerian dinar besides €12,485 thousand of the other Eastern European currencies.

34. Non-controlling interests

The balance refers to Cimalux SA for €3,189 thousand, Betonmortel Centrale Groningen (B.C.G.) BV for €1,397 thousand and other minor entities for the remainder.

35. Debt and borrowings

(thousands of euro)	30/06/2020	31/12/2019
Long-term debt		
Non-convertible bonds	497,478	497,042
Unsecured term loans	739,038	738,586
	1,236,516	**1,235,628**
Current portion of long-term debt		
Unsecured term loans	26,106	26,414
	26,106	**26,414**
Short-term debt		
Bank debts	834	1,471
Accrued interest expense	8,901	12,266
	9,735	**13,737**

In the first six months of the year, there were no proceeds received from new borrowings and principal repayments amounted to €1,471 thousand.

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

	30/06/2020		31/12/2019	
(thousands of euro)	Carrying amount	Fair value	Carrying amount	Fair value
Floating rate borrowings				
Unsecured term loans	199,543	198,379	199,952	202,787
Fix rate borrowings				
Non-convertible bonds	497,478	517,042	497,042	522,605
Unsecured term loans	566,435	586,510	566,519	586,986
	1,263,456	**1,301,931**	**1,263,513**	**1,312,378**

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

As at 30 June 2020 the value of the derivative financial instrument relating to the put/call option on the remaining 50% of the share capital of BCPAR SA, defined as the differential between the exercise price of the option and the fair value of the shares to be acquired, corresponds to a liability of €53,169 thousand.

The notional principal amount and the fair value estimation of the outstanding derivative instrument is summarized as follows:

	30/06/2020		31/12/2019	
(thousands of euro)	**Notional**	**Fair value**	**Notional**	**Fair value**
BCPAR SA takeover option	186,064	(53,169)	183,500	(1,412)

37 Employee benefits

The obligations for employee benefits are analyzed as follows:

(thousands of euro)	30/06/2020	31/12/2019
By category		
Post-employment benefits:		
- Pension plans	351,585	338,256
- Healthcare plans	80,209	76,751
- Employee severance indemnities	17,186	18,149
- Other	1,583	1,568
Other long-term benefits	7,835	7,886
	458,398	**442,610**

38. Provisions for liabilities and charges

(thousands of euro)	Environmental risks and restoration	Legal claims Tax risks	Other risks	Total
At 1 January 2020	70,665	14,736	30,182	115,583
Additional provisions	401	164	19,462	20,027
Discount unwinding	257	-	-	257
Unused amounts released	(37)	(149)	(8,319)	(8,505)
Used during the period	(1,111)	(1,265)	(3,026)	(5,402)
Translation differences	(549)	7	(235)	(777)
At 30 June 2020	**69,626**	**13,493**	**38,064**	**121,183**

The column other risks includes the provision CO_2 emission rights, which encompasses the liabilities deriving from emissions greater than the free allowances allocated, to be fulfilled by purchasing the rights on the market. The changes during the period can be summarized as follows: a provision of €13,002 thousand corresponding to the estimated deficit, a release of €8,041 thousand to align the initial balance with the actual results and market value, an amount of €3,697 thousand referring to the emission rights surrendered to the competent authority.

The columns other risks include provisions of €5,963 thousand and uses of €1.978 thousand relating to workers compensation claims not covered by insurance, such as indemnities paid to employees and compensation in the event of accidents.

39. Other non-current liabilities

(thousands of euro)	30/06/2020	31/12/2019
Purchase of equity investments	4,094	4,388
Non-controlling interests in partnerships	1,172	1,697
Payables to personnel	253	270
Financial tax payables	381	438
Payables to antitrust authority	-	239
Other	3,624	2,235
	9,524	**9,267**

Payables for the purchase of equity investments mainly include the future installments contractually agreed upon in the Seibel & Söhne business combination.

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

(thousands of euro)	30/06/2020	31/12/2019
Trade payables	202,188	233,611
Other trade payables:		
- To associates	795	1,754
	202,983	**235,365**

41. Income tax payable

It reflects current income tax liabilities, net of advances, withholdings and tax credits. At 30 June 2020, the group benefited from the postponement of tax obligations in the United States, the Czech Republic and Luxembourg, aimed at encouraging the overcoming of the Covid-19 emergency, for €38,366 thousand. The increase compared to the previous year is also attributable to the recognition of the income tax associated with the Kosmos transaction (note 18).

42. Other payables

(thousands of euro)	30/06/2020	31/12/2019
Advances	4,201	3,796
Purchase of equity investments	118	18,434
Payables to social security institutions	12,574	14,931
Payables to personnel	33,629	38,036
Payables to customers	8,390	9,921
Deferred interest income	64	95
Other accrued expenses and deferred income	8,574	7,931
Tax payables	33,684	14,806
Financial tax payables	3,576	3,576
Payables to antitrust authority	1,069	9,996
Other	12,214	12,173
	118,093	**133,695**

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 €20,806 thousand (2019: €4,090 thousand). It also includes an amount of €804 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 penalty inflicted on Unical for €1,069 thousand. The balance of the previous period contained the current portion of the penalty imposed on Buzzi Unicem (€8,563 thousand) within the proceedings that concerned the entire cement industry in Italy, the payment of which was completed during the first six months.

43. Cash generated from operations

(thousands of euro)	1st Half 2020	1st Half 2019
Profit before tax	**279,391**	**170,777**
Adjustments for:		
Depreciation, amortization and impairment charges	128,422	122,950
Equity in earnings of associates and joint ventures	(145,336)	(33,856)
Gains on disposal of fixed assets	(4,842)	(1,507)
Net change in provisions and employee benefits	(22,094)	(11,629)
Net finance costs	55,046	29,029
Other non-cash movements	407	745
Changes in operating assets and liabilities:		
Inventories	16,272	16,917
Trade and other receivables	(26,183)	(90,368)
Trade and other payables	(24,929)	(7,809)
Cash generated from operations	**256,154**	**195,249**

44. Dividends

Dividends paid in 2020 and 2019 were respectively €31,802 thousand (15 eurocent per ordinary share and 17.4 eurocent per savings share) and €26,559 thousand (12.5 eurocent per ordinary share and 14.9 eurocent per savings share).

45. Commitments

(thousands of euro)	30/06/2020	31/12/2019
Guarantees granted	27,903	42,748
Other commitments and guarantees	43,371	50,817

Guarantees granted include commitments toward banks in favor of investee companies, including an amount of €24,483 thousand for loans granted to the associate BCPAR SA.

46. 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 in a precise way 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 and controls on subsequent years (from 2013 to 2016). The Revenue Service followed-up in December 2017, December 2018 and July 2019 by notifying assessment notices relating to the 2012, 2013, 2014, 2015 and 2016 financial years, 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 five years the declared tax loss is higher 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 negative taxable amount is higher than the disputed amounts, therefore for these financial years no higher IRAP, interests and penalties are due. The company has filed an appeal against all the assessment notices (years 2012, 2013, 2014, 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 Revenue Service has accepted the mutual agreement procedure requests (MAP) that the company decided to submit for all the periods subject to the dispute (financial years 2012, 2013, 2014, 2015 and 2016).

Between 2015 and 2018 the municipality of Guidonia Montecelio (Rome) notified Buzzi Unicem some notices of assessment related to higher ICI/IMU and TASI, penalties and interests regarding the years from 2008 to 2016 for a total amount of approximately €13.6 million. The municipality bases its request on the assumption that the land belonging to Buzzi Unicem which is used to quarry raw materials can be comparable, for the purpose of local property taxes, to land for development. Considering this request as incorrect, the company challenged all the tax deeds received before the competent Tax Courts. At present, with reference to the different years contested, the Regional Tax Court of Rome and the Regional Tax Court of Lazio have filed several unfavorable judgments to the company and also some favorable rulings. However, considering that it has valid reasons, Buzzi Unicem challenged, or intends to challenge, all the sentences with a negative outcome. With reference to some of the years for which Buzzi Unicem was losing at the outcome of the first instance judgment, the municipality ordered the provisional payment, first of an amount of approximately €4.9 million, which the company paid in full, and then of an amount of approximately €3.1 million which became partially not due after the outcome of the second instance judgment. Buzzi Unicem has requested and intends to request the reimbursement of the amounts paid on a provisional basis which, following the respective appeal proceedings, were not or will not be due. However, Buzzi Unicem fully recorded the higher taxes in the balance sheet, with the related interest and penalties, for all the years in which the appeals were 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. On 12 June 2018 the operating part of the judgment of the TAR of Lazio, which rejected the appeal proposed by Buzzi Unicem, was published and on 30 July 2018 the related reasons were issued. Considering that these reasons blindly reported the position of the Italian Antitrust Authority, ignoring many of our pleas in law, Buzzi Unicem challenged the sentence before the Council of State, trusting that it could demonstrate its non-involvement in the conduct envisaged by the Italian Antitrust Authority. The Council of State with sentence of 14 October 2019, no. 6985, confirmed the ruling of the TAR of Lazio. Buzzi Unicem, believing that the judgment of the Council of State is vitiated by a factual error of revocation, appealed before the same Council of State for the revocation of its judgment. The appeal of revocation was filed at the end of December 2019 and the hearing on the substance of the case has been set for 17 September 2020. On 22 May 2020 the company also presented an appeal for a compensation claim to be submitted to the European Court of Human Rights (ECHR). The entire amount of the sanction has been accounted for in the financial statements. Regarding the behavior sanctioned by the Italian Antitrust Authority, Buzzi Unicem received several letters of compensation requests, to which it has always responded by rejecting any charge. To date, the company also received two summons for compensation for damages due as a result of the alleged surcharge paid following the agreement sanctioned by the Italian Antitrust Authority, for a total amount of approximately €2 million. The company, as mentioned, believes it acted in full compliance with the antitrust regulations and therefore appeared in court to demonstrate its non-involvement in any violation.

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. 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. On 29 July 2020 the Supreme Court canceled the decision of the Court of Appeal and sent the case back to the same Court for a reconsideration of the sanction. To date the reasons of the Supreme Court are not available. 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 and costs of the proceeding. The company is defending itself in the proceeding and does not expect a negative impact on the financial statements.

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 number of proceedings before the Regional Administrative Court (TAR) of Sicily – Catania division – and the Administrative Justice Council of Sicily (CGARS) against the Ministry for Environment, Land and Sea Protection 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, the Ministry at the end of 2017 warned the other companies operating on the Augusta roadway, with the exception of Buzzi Unicem, to clean up the roadstead.

Recently, the CGARS, with sentence of 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 conference, with requirements that the company has not opposed. Awaiting the development of the above proceedings, the company prudentially maintains in the books the relevant provision of €3.0 million.

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 amended or terminated in accordance with their terms. During 2018 LSI commenced discussions with the major insurance carriers to amend the settlement agreements. The insurance carriers continue to follow the settlement agreements and no carrier has provided notice of termination. Estimating the costs associated with silica-related and asbestos-related claims involves many uncertainties that affect the amount and timing of any losses. The company however maintains a provision for amounts 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. We are awaiting a decision by the Court of Appeal, whose hearing, initially scheduled for 27 March 2020, has been postponed on 21 August 2020. A specific provision is being maintained in the books.

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

Our Russian subsidiary SLK Cement received two contractual claims for compensation from two different railway service providers. The first claim in the amount of approximately €0.4 million was reduced by the first instance court to an amount of €0.08 million. The second claim for an amount of approximately €5.5

million has been instead reduced to €3.57 million and on 10 July the first instance court confirmed an indemnity of €3.01 million which will be appealed against. Besides the company lodged a counter claim in the amount of €2.84 million for damages suffered due to culpable misconduct in the performance of the contract. For the time being, the company maintained in the financial statements the provision which was previously created.

Late 2018, in connection with Lone Star's minority partnership interest in Kosmos Cement Company (Kosmos), the company engaged an investment bank to provide services for assistance in the disposal of such interest. The Company terminated the engagement in June 2019. Several months after this termination, in a transaction managed by the majority partner, Kosmos sold substantially all of its assets to Eagle Materials. Right after Lone Star received an invoice of approximately $5.5 million from the above-mentioned investment bank. Lone Star denied that based on the original engagement any amount was owed to the investment bank. The Company and the investment bank have started the dispute resolution procedures by means of arbitration in accordance with the engagement letter. The Company has recorded a provision for the estimated resolution of the claim.

47. 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 materially 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)	1st Half 2020	*in % of reported balance*	1st Half 2019	*in % of reported balance*
Sales of goods and services:	21,466	1.4	24,687	1.6
associates and unconsolidated subsidiaries	13,577		15,130	
joint ventures	7,875		9,536	
parent companies	11		11	
other related parties	3		10	
Purchases of goods and services:	30,351	3.2	21,043	2.1
associates and unconsolidated subsidiaries	29,692		12,052	
joint ventures	397		8,604	
other related parties	262		387	
Internal works capitalized:	-	-	11	2.0
other related parties	-		11	
Finance revenues:	109,417	285.3	1,743	7.4
associates and unconsolidated subsidiaries	109,417		1,734	
joint ventures	-		9	
Trade receivables:	10,283	2.3	12,583	2.5
associates and unconsolidated subsidiaries	6,495		6,982	
joint ventures	3,774		5,558	
parent companies	11		38	
other related parties	3		5	
Loans receivable:	87	2.8	323	4.2
associates and unconsolidated subsidiaries	87		323	
Other receivables:	20,391	20.9	24,286	21.4
associates and unconsolidated subsidiaries	2,804		3,450	
joint ventures	117		6	
parent companies	17,470		20,830	
Trade payables:	2,484	1.2	1,671	0.7
associates and unconsolidated subsidiaries	2,392		1,206	
joint ventures	69		251	
parent companies	7		-	
other related parties	16		214	
Loans payable:	4,992	34.3	4,965	3.2
associates and unconsolidated subsidiaries	22		-	
parent companies	4,970		4,965	
Other payables:	4,291	3.4	5,200	3.2
parent companies	4,291		5,200	
Guarantees granted:	25,983		48,492	
joint ventures	25,983		48,492	

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

(thousands of euro)	1st Half 2020	1st Half 2019
Salaries and other short-term employee benefits	2,487	2,274
Post-employment benefits	462	396
	2,949	**2,670**

48. Other information

Material non-recurring events and transactions

As stated in the management report, the six months period ended 30 June 2020 was not affected by material non-recurring events and transactions – as defined in Consob Communication no. DEM/6064293 of 28 July 2006.

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 2020, 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.

(thousands of euro)	*Note*	**30/06/2020**	**31/12/2019**
Other current financial receivables		**3,095**	**3,467**
Receivables from unconsolidated subsidiaries and associates	29	-	200
Loans to customers	29	130	190
Receivables from sale of equity investments	29	200	226
Loans to third parties and leasing	29	437	440
Accrued interest income	29	808	910
Current financial assets	29	1,520	1,501
Other current financial payables		**(4,827)**	**(32,101)**
Purchase of equity investments	42	(118)	(18,434)
Financial tax payables	42	(3,576)	(3,576)
Payables to antitrust authority	42	(1,069)	(9,996)
Deferred interest income	42	(64)	(95)
Other non-current financial receivables		**2,366**	**2,905**
Loans to third parties and leasing	26	1,989	2,495
Loans to associates	26	87	123
Loans to customers	26	290	287
Other non-current financial payables		**(4,475)**	**(5,065)**
Purchase of equity investments	39	(4,094)	(4,388)
Financial tax payables	39	(381)	(438)
Payables to antitrust authority	39	-	(239)

49. Events after the balance sheet date

On July 17 a contract was closed for the purchase of some plots of land in San Antonio (TX), bordering the cement plant and the owned quarry. The transaction, which took about 18 months to complete, entailed an investment of approximately $26 million.

In July, the horizontal merger between the subsidiaries OOO Dyckerhoff Korkino Cement (company being merged) and OOO SLK Cement (merging company) took place.

Also in July, Calcestruzzi Zillo SpA sold its entire holding (equal to 50% of the share capital) in Calcestruzzi Doc Srl, a company operating in the sale of cement and concrete.

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

Casale Monferrato, 4 August 2020

On behalf of the Board of directors
The Chairman
Veronica Buzzi

List of companies included in the consolidated financial statements and of equity investments

Name	Registered office		Share capital	Ownership interest held by	% of ownership
Companies consolidated on a line-by-line basis					
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
Testi Cementi S.r.l.	Casale Monferrato (AL)	EUR	1,000,000	Buzzi Unicem SpA	100.00
Arquata Cementi S.r.l.	Casale Monferrato (AL)	EUR	100,000	Buzzi Unicem SpA	100.00
Borgo Cementi S.r.l. i. L.	Casale Monferrato (AL)	EUR	50,000	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
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.	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 Dyckerhoff Korkino Cement	Pervomaysky settlement - Korkino district RU	RUB	30,000,000	Dyckerhoff GmbH	100.00
OOO SLK Cement	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
sibobeton Osnabrück GmbH & Co. KG	Lengerich DE	EUR	5,368,565	Dyckerhoff Beton GmbH & Co. KG	98.50
Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	Erfurt DE	EUR	100,000	Dyckerhoff Beton GmbH & Co. KG	95.00
sibobeton Wilhelmshaven GmbH & Co. KG	Lengerich DE	EUR	920,325	Dyckerhoff Beton GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG	85.44 14.56

List of companies included in the consolidated financial statements and of equity investments
(continued)

Name	Registered office		Share capital	Ownership interest held by	% of ownership
Companies consolidated on a line-by-line basis (continued)					
sibobeton Ems GmbH & Co. KG	Lengerich DE	EUR	2,300,813	Dyckerhoff Beton GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG	80.49 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
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	65.13 24.20 10.67
sibobeton Enger GmbH & Co. KG	Lengerich DE	EUR	337,453	Dyckerhoff Beton GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG	50.00 50.00
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	OOO SLK Cement	100.00
OOO Dyckerhoff Suchoi Log obshestvo po sbitu tamponashnich zementow	Suchoi Log RU	RUB	4,100,000	OOO SLK Cement	100.00
OOO Omsk Cement	Omsk RU	RUB	779,617,530	OOO SLK Cement	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

List of companies included in the consolidated financial statements and of equity investments
(continued)

Name	Registered office		Share capital	Ownership interest held by	% of ownership
Companies consolidated on a line-by-line basis (continued)					
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	378,900	Lone Star Industries, Inc.	100.00
Rosebud Real Properties, Inc.	Wilmington US	USD	100	Lone Star Industries, Inc.	100.00
Compañia Cubana de Cemento Portland, S.A.	Havana CU	CUP	100	Lone Star Industries, Inc.	100.00
Transports Mariel, S.A.	Havana CU	CUP	100	Lone Star Industries, Inc.	100.00
Proyectos Industries de Jaruco, S.A.	Havana CU	CUP	186,700	Compañia Cubana de Cemento Portland, S.A.	100.00
Investments in joint ventures valued by the equity method					
Cementi Moccia S.p.A.	Napoli	EUR	7,398,300	Buzzi Unicem SpA	50.00
BCPAR S.A.	Recife BR	BRL	873,072,223	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
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 gGmbH	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

List of companies included in the consolidated financial statements and of equity investments
(continued)

Name	Registered office		Share capital	Ownership interest held by	% of ownership
Investments in joint ventures valued by the equity method (continued)					
Brennand Projetos S.A.	Recife BR	BRL	11,193,955	BCPAR S.A.	100.00
Mineração Bacupari S.A.	Recife BR	BRL	6,138,950	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	26,319,159	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	2,266,000	Brennand Projetos S.A.	100.00
Mineração Delta de Sergipe S.A.	Aracaju, BR	BRL	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	5,094,139	Brennand Projetos S.A.	100.00
Agroindustrial Árvore Alta S.A.	Recife BR	BRL	522,000	Brennand Projetos S.A.	100.00
CCP Holding S.A.	Recife BR	BRL	307,543,000	Brennand Cimentos Paraíba S.A.	85.00
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 Portland Moctezuma, S.A. de C.V.	Emiliano Zapata MX	MXN	10,824,601	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
Cementos Moctezuma, S.A. de C.V.	Mexico MX	MXN	2,191,676,625	Corporación Moctezuma, S.A.B. de C.V. Inmobiliaria Lacosa, S.A. de C.V.	99.80 0.20
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
Maquinaria y Canteras del Centro, S.A. de C.V.	Mexico MX	MXN	19,597,565	Cementos Moctezuma, S.A. de C.V.	51.00
CYM Infraestructura, S.A.P.I. de C.V.	Mexico MX	MXN	20,100,000	Cementos Moctezuma, S.A. de C.V.	50.00

List of companies included in the consolidated financial statements and of equity investments
(continued)

Name	Registered office		Share capital	Ownership interest held by	% of ownership
Investments in associates valued by the equity method					
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
CI4C GmbH & Co. KG	Heidenheim an der Brenz DE	EUR	40,000	Dyckerhoff GmbH	25.00
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
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

List of companies included in the consolidated financial statements and of equity investments
(continued)

Name	Registered office		Share capital	Ownership interest held by	% of ownership
Other investments in subsidiaries at fair value					
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 Elisa Bressan, 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 2020:

– 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 business review 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 business review also includes a reliable analysis of the information about material related party transactions.

Casale Monferrato, 4 August 2020

Chief Executive Finance

Pietro Buzzi

Manager responsible for preparing financial reports

Elisa Bressan

Buzzi Unicem S.p.A.

Review report on the half-yearly condensed consolidated financial statements

(Translation from the original Italian text)

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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 2020. 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, 2020 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 4, 2020

EY S.p.A.
Signed by: Stefania Boschetti, Statutory Auditor

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

EY S.p.A.
Sede Legale: Via Lombardia, 31 - 00187 Roma
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