

**BUZZI UNICEM**



**BUZZI UNICEM SpA**

**Quarterly report  
as of March 31, 2002**

Registered Office: Casale Monferrato (AL) - Via Luigi Buzzi 6

Capital Stock € 83,881,510

Chamber of Commerce of Alessandria no. 00930290044

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## **REVIEW OF OPERATIONS**

### **Operating and financial results**

In the first quarter of 2002 the building materials sector shows a favourable trend in all markets of Buzzi Unicem's direct operations. In Italy and in Mexico the cement demand remains positive. Also in the United States cement consumption is on the rise in the served areas. The impact on the results of the rates of exchange differences is positive for both the US (approx. 5% appreciation of the dollar) and Mexico (peso +6.4% versus euro).

In the first three months of 2002, cement overall volumes amount to 3.0 million tonnes, up 6.9% compared with the previous year's. Good is also the trend of ready-mix concrete sales, which reach 2.1 million cubic meters (+6.7%).

Consolidated revenues, amounting to 346.7 million euros, are up 10.8% over the first quarter of 2001. The variations in the rates of exchange account for 2.6%, while the changes in the scope of consolidation (Calcestruzzi Margotti was included while expanded clay line of business was contributed to Laterlite) set each other off. Sales in foreign countries account for 42% of total revenues, slightly lower than in the full year 2001.

Consolidated income statement shows an EBITDA of 94.4 million euros, up 6.1 million euros over the first quarter of 2001, an EBIT of 60.1 million euros (-0.8 million) and a consolidated net income of 15.2 million euros. EBITDA margin is 27.2% of sales, not so far from 28.2% of last year's first three months. The extraordinary items and the adjustments to financial assets negatively affect the result for a total of 4.4 million euros. Cash flow (net income plus amortization and depreciation) at 60.6 million euros is lower by 1.7 million euros compared with the first quarter of 2001.

EBITDA breakdown by geographical areas is as follows:

(millions of euros)	January - March	
	2002	2001
ITALY	47.6	48.4
USA	27.2	22.2
MEXICO	19.6	17.9
<b>Total</b>	<b>94.4</b>	<b>88.4</b>

Net indebtedness as of March 31, 2002 is 552.8 million euros versus 544.1 million euros at the end of the year, after 61.4 million euros furtherly invested for the completion of the Dyckerhoff stock purchase.

### **Italy**

In the first quarter both domestic and export sales of cement and clinker are very satisfactory. Also ready-mix concrete volumes are higher than in the first three months of the year 2001 (+4%). The increase in net sales (+7%) stems from an improvement in activity levels and a favourable evolution of prices. EBITDA margin at 23.9% of sales shows an improvement for the ready-mix concrete sector and a worsening for the cement sector.

The decline occurred in the cement sector is expected to be temporary due to the concentration in the period of some heavy plant maintenance activities, in accordance with a preventive plan. Consequently cement and clinker production levels are lower than in last year's first quarter. In the first three months of 2001 EBITDA to sales on the Italian market was 26%.

### **United States of America**

Cement volumes are up 4.5% quarter to quarter. In the first months of the year building investments were especially high in Texas, where our ready-mix concrete operations are located, with a resulting benefit for the sector whose sale volumes exceed by 8,8% those of the first quarter of 2001. Net sales increase (+11.8%) is due for 5% approx. to the dollar revaluation, while prices in local currency are steady for cement and growing in the ready-mix concrete sector. As a consequence, results are better than in the corresponding period of 2001.

## **Mexico**

Our associated company Corporacion Moctezuma confirms the upward trend, which has been lasting for some years, with a sales volume increase in the first three months by 7.8% for cement and 65% for ready-mix concrete. Cement prices are slightly higher than the 2001 average ones, while for ready-mix concrete, the trend is less steady. The very positive development of the turnover translated into euro (+30% approximately) can be ascribed for 6.4% to the local currency appreciation.

EBITDA is up 9,7% compared with the first quarter of 2001, while EBITDA to sales ratio is down by some percentage points, due to higher distribution costs the company has decided to bear to increase its market share.

During the month of February, Buzzi Unicem purchased a further 4% of **Dyckerhoff AG** ordinary shares, thus attaining a 34% stake, as provided by the partnership agreement with the family.

The first three months 2002 consolidated results of the German associated company are affected by the major changes occurred within the group during the year 2001, following the sale of the "Finishing Products" division and the partial sale of the interest in NCD, a Dutch company operating in the ready-mix concrete and aggregates field. As a consequence of the above transactions and for a purpose of consistent comparison, the previous year quarterly report has been restated, so that the effects of the structure change would be retrospectively reflected.

Net sales amount to 300 million euros (-3% over the first three months of 2001) with EBITDA at 13 million euros versus 28 million euros as of March 31, 2001. The improvement in the performance of the companies operating in the United States, Spain, Luxembourg and Czech Republic could not offset the reduction in earnings in Germany and in some other European countries where the group has industrial operations.

## **Operating outlook for the current year**

The most recent figures, subsequent to the first quarter, confirm the positive trend of the directly operated market. Thanks to the sustained demand, we believe that in Italy prices are likely to align with the average European level, while in Mexico they should increase according at least to the inflation rate.

The same will be more difficult to achieve in the United States, mainly in the market areas where new capacities have recently been put on stream and in those of easy reach by low cost import flows.

As for the production costs, they are expected to remain on the present level for the whole group, thanks to the current decrease in the purchasing price

of fuel and the constant attention the management pays to the other cost items.

The associated company Dyckerhoff AG will still be faced in Germany by a poor market and despite the key measures undertaken to curb costs, the 2002 full year results will be lower.

Based on these indications, and assuming that the rates of exchange will not substantially change, the 2002 consolidated operating margins are expected to improve compared with the year 2001's. Consequently for the full year 2002 we foresee satisfactory results.

Casale Monferrato May 10, 2002

for the Board of Directors

Carlo CAMERANA  
(Chairman)

## CONSOLIDATED BALANCE SHEET

### ASSETS

(in thousands of euros)

	31.03.2002	31.12.2001
<b>A) RECEIVABLES FROM STOCKHOLDERS' FOR SUBSCRIBED CAPITAL UNPAID</b>	–	–
<b>B) FIXED ASSETS</b>		
I Intangible fixed assets	141.502	148.962
II Property, plant and equipment	974.726	977.927
III Financial fixed assets	627.357	574.634
<b>TOTAL FIXED ASSETS (B)</b>	<b>1.743.585</b>	<b>1.701.523</b>
<b>C) CURRENT ASSETS</b>		
I Inventories	141.822	151.262
II Receivables	368.129	355.465
III Financial assets not held as fixed assets	129.653	121.026
IV Cash and cash equivalents	178.483	183.283
<b>TOTAL CURRENT ASSETS (C)</b>	<b>818.087</b>	<b>811.036</b>
<b>D) ACCRUED REVENUES AND PREPAID EXPENSES</b>	<b>3.858</b>	<b>3.723</b>
<b>TOTAL ASSETS</b>	<b>2.565.530</b>	<b>2.516.282</b>

### LIABILITIES

<b>A) STOCKHOLDERS' EQUITY</b>		
I Capital stock	83.882	83.881
II Paid-in capital	33.628	33.628
III Revaluation reserves	69.170	69.170
IV Legal reserve	8.161	8.161
V Reserve for treasury stock	15.035	14.149
VI Statutory reserves	–	–
VII Other reserves	316.727	310.239
VIII Retained earnings (losses)	591.454	430.310
IX Consolidated net income (loss)	15.177	161.094
Total stockholders' equity of the group	1.133.234	1.110.632
X Minority interests	138.712	129.227
<b>Total</b>	<b>1.271.946</b>	<b>1.239.859</b>
<b>B) RESERVES FOR RISKS AND CHARGES</b>	<b>110.928</b>	<b>115.686</b>
<b>C) RESERVES FOR EMPLOYEE SEVERANCE INDEMNITIES</b>	<b>39.406</b>	<b>40.591</b>
<b>D) PAYABLES</b>	<b>1.126.492</b>	<b>1.103.175</b>
<b>E) ACCRUED EXPENSES AND DEFERRED REVENUES</b>	<b>16.758</b>	<b>16.971</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>2.565.530</b>	<b>2.516.282</b>

# CONSOLIDATED INCOME STATEMENT

(in thousands of euros)

	<u>January-March</u>	
	2002	2001
<b>A) VALUE OF PRODUCTION</b>		
1) Revenues from sales and services	346.682	312.927
2) Changes in inventories of work in progress, semi-finished and finished products	(4.042)	1.982
3) Changes in contract works in progress	-	-
4) Additions to internally produced fixed assets	49	88
5) Other revenues and income	3.305	4.288
<b>Total</b>	<b>345.994</b>	<b>319.285</b>
<b>B) COSTS OF PRODUCTION</b>		
6) Raw materials, supplies, consumables and goods for resale	118.998	113.364
7) Services	70.589	61.162
8) Use of third party assets	4.146	3.501
9) Labour costs	46.135	44.121
10) Amortization, depreciations and write-downs	35.330	28.608
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	4.831	1.016
12) Provisions for risks	-	-
13) Other provisions	-	-
14) Other expenses	5.951	6.637
<b>Total</b>	<b>285.980</b>	<b>258.409</b>
<b>DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A-B)</b>	<b>60.014</b>	<b>60.876</b>
<b>C) FINANCIAL INCOME AND EXPENSES</b>		
15) Income from equity investments	-	-
16) Other financial income	2.649	5.060
17) Interests and other financial expenses	(13.339)	(7.382)
<b>TOTAL (15 + 16 - 17)</b>	<b>(10.690)</b>	<b>(2.322)</b>
<b>D) ADJUSTMENT TO FINANCIAL ASSETS</b>		
18) Revaluations	2	137
19) Write-downs	(11.854)	(448)
<b>TOTAL ADJUSTMENTS (18 - 19)</b>	<b>(11.852)</b>	<b>(311)</b>
<b>E) EXTRAORDINARY INCOME AND EXPENSES</b>		
20) Income	7.472	183
21) Expenses	(66)	(50)
<b>TOTAL EXTRAORDINARY INCOME AND EXPENSES (20-21)</b>	<b>7.406</b>	<b>133</b>
<b>INCOME BEFORE TAXES (A-B+C+D+E)</b>	<b>44.878</b>	<b>58.376</b>
22) Income taxes	23.360	23.585
<b>23) COMBINED NET INCOME (LOSS) FOR THE PERIOD</b>	<b>21.518</b>	<b>34.791</b>
24) Minority interests	(6.341)	(5.097)
<b>CONSOLIDATED NET INCOME (LOSS) FOR THE PERIOD</b>	<b>15.177</b>	<b>29.694</b>

## CONSOLIDATED NET FINANCIAL POSITION

	(in thousands of euros)	
	31.03.2002	31.12.2001
Cash, banks and marketable securities	297.390	294.449
Short-term debt	(430.131)	(458.841)
<b>Net short-term cash (debt)</b>	<b>(132.741)</b>	<b>(164.392)</b>
Long-term debt	(420.039)	(379.749)
<b>Net financial position (net debt)</b>	<b>(552.780)</b>	<b>(544.141)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The first quarter 2002 quarterly report has been prepared in accordance with article 82 of Consob's Resolution 11971 of May 14, 1999 as amended. It is consistent with the accounting policies and consolidation principles used in the 2001 consolidated financial statements, to which please refer for additional information.

Income statement figures are comparable with the previous year's corresponding ones. The changes from the previous year in the group's scope of consolidation refers to the inclusion of Calcestruzzi Margotti Srl (company merged into Unicalcestruzzi SpA at the end of the year 2001) and the contribution to the associated company Laterlite SpA of the expanded clay line of business. The investment in Dyckerhoff AG continues to be accounted for by the equity method and is booked among Financial Fixed Assets at a value of 568 million euros.

Stockholders' equity increases by 23.4 million euros compared with December 31, 2001 as a consequence of the positive change in translation differences (+8.8 million euros), of the net income for the period and other minor movements.

The breakdown of net sales by line of business and geographical area for the first three months of the year 2002 is the following:

(millions of euros)

	<i>Italy</i>	<i>USA</i>	<i>Mexico</i>	<i>Total</i>
Cement and clinker	91.6	72.8	11.8	<b>176.2</b>
Ready-mix concrete	107.3	29.7	29.2	<b>166.2</b>
Related activities	0.5	3.7	-	<b>4.3</b>
<b>Total</b>	<b>199.4</b>	<b>106.2</b>	<b>41.0</b>	<b>346.7</b>