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Signori Azionisti

Il 6 gennaio 2003 è mancato Carlo Camerana, Presidente della società sin dall'incorporazione di Unicem S.p.A., nella quale ricoprì la medesima carica a partire dal 1995.

Ne ricordiamo con grande rammarico la naturale gentilezza e la spiccata cordialità, che contraddistinguevano i suoi rapporti interpersonali.

La memoria che Carlo Camerana ha lasciato è quella di una persona di grande professionalità e con una forte carica umana, che sapeva trasmettere a tutti coloro che lo conoscevano. Rinnoviamo alla famiglia il nostro più sincero cordoglio.

Il Consiglio di Amministrazione

Il Collegio Sindacale

To Our Shareholders

January 6, 2003 brought us the sad news of the death of Carlo Camerana, Chairman of the company since the merger of Unicem SpA, in which he had held the same office since 1995.

In our great regret we recall his innate courtesy and his remarkable cordiality, the special hallmark of his relationships with others.

The memory that Carlo Camerana has left with us is that of a great professional, endowed with deep humaneness, a quality that he conveyed to all those who had the pleasure of knowing him.

In recalling him, we once again express our sincere sympathy to his family.

The Board of Directors

The Statutory Auditors' Committee

La presente pubblicazione costituisce una sintesi degli elementi più significativi contenuti nel bilancio 2002.

La versione completa ed ufficiale dello stesso, redatta in lingua italiana, è disponibile presso la sede sociale.

Le richieste possono essere inoltrate anche via e-mail a: info@buzziunicem.it

This annual report is a summary of the most significant contents included in the financial statements for the year ended December 31, 2002.

The complete and binding version, written in Italian, is available from the company's registered office.

Requests can be addressed also by e-mail to: info@buzziunicem.it

CARICHE SOCIALI

DIRECTORS AND STATUTORY AUDITORS

Consiglio di Amministrazione *Board of Directors*

Alessandro Buzzi	Presidente ed Amministratore Delegato <i>Chairman and Chief Executive Officer</i>
Enrico Buzzi	Vice Presidente <i>Deputy Chairman</i>
Franco Buzzi	Vice Presidente <i>Deputy Chairman</i>
Gianfranco Barzaghini	Consigliere e Direttore Generale <i>Director and General Manager</i>
Pietro Buzzi	Consigliere <i>Director</i>
Onorato Castellino	Consigliere <i>Director</i>
Alvaro Di Stefano	Consigliere <i>Director</i>
Jürgen Lose	Consigliere <i>Director</i>
Gianfelice Rocca	Consigliere <i>Director</i>
Maurizio Sella	Consigliere <i>Director</i>
Marco Weigmann	Consigliere <i>Director</i>

Collegio Sindacale *Statutory Auditors' Committee*

Mario Pia	Presidente <i>Chairman</i>
Paolo Burlando	Sindaco Effettivo <i>Member</i>
Giorgio Giorgi	Sindaco Effettivo <i>Member</i>
Franco Barolo	Sindaco Supplente <i>Alternate</i>
Roberto D'Amico	Sindaco Supplente <i>Alternate</i>

PROFILO DEL GRUPPO

GROUP PROFILE

Chi siamo

Our vision

Gruppo “multi-regionale” internazionale, focalizzato su cemento, calcestruzzo e aggregati naturali

International multi-regional, “heavy-side” group, focused on cement, ready-mix concrete and aggregates

Visione a lungo termine dell’impresa, management dedicato

Long-term view of the business and dedicated management

Strutture produttive di alta qualità, ecologicamente compatibili

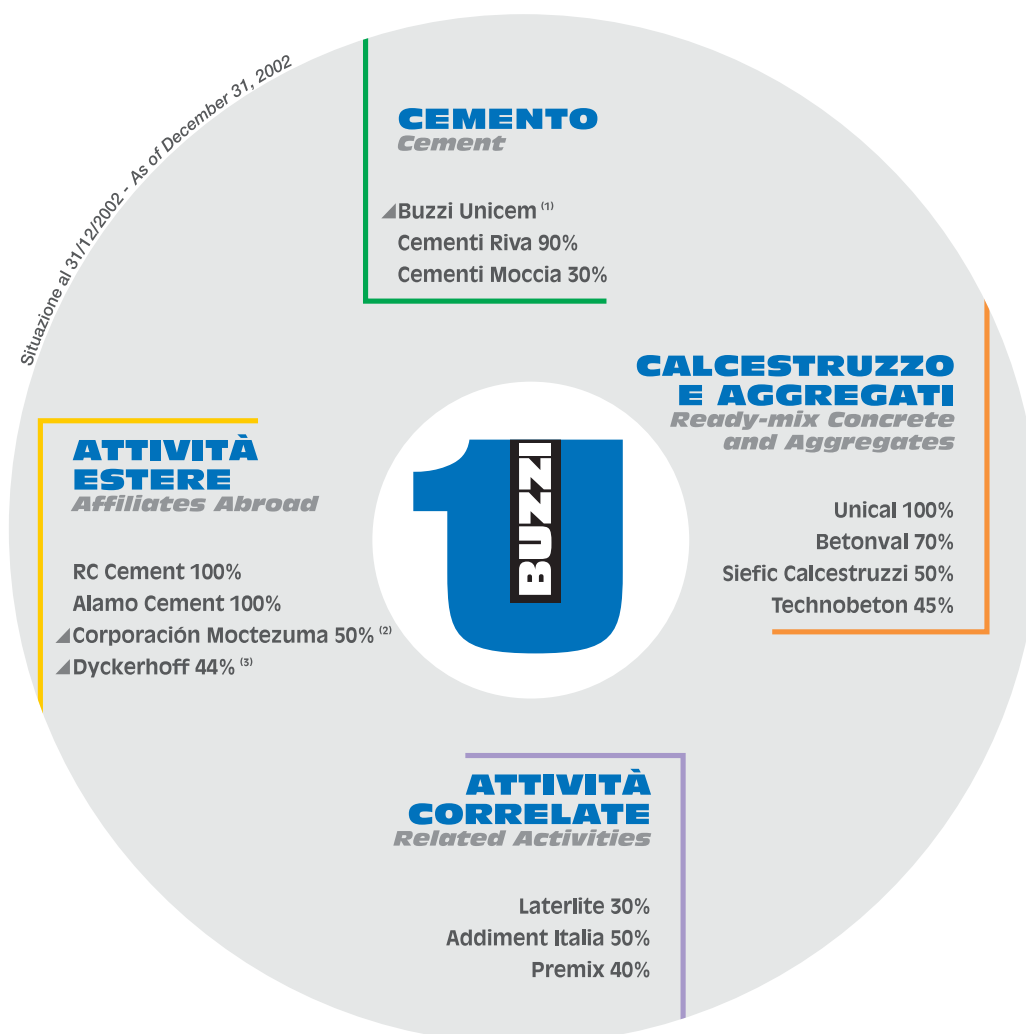
High quality and environmentally friendly assets

Creazione di valore grazie a profondo e sperimentato “know-how”, efficienza operativa

Value creation through lasting, experienced know-how and operating efficiency

Principali società operative

Main operating companies



▲ Società quotata / Listed company

(1) Società capogruppo / Parent company

(2) Percentuale riferita alla quota di controllo / Percent ownership of majority interest

(3) Percentuale del capitale ordinario / Percent ownership of voting capital

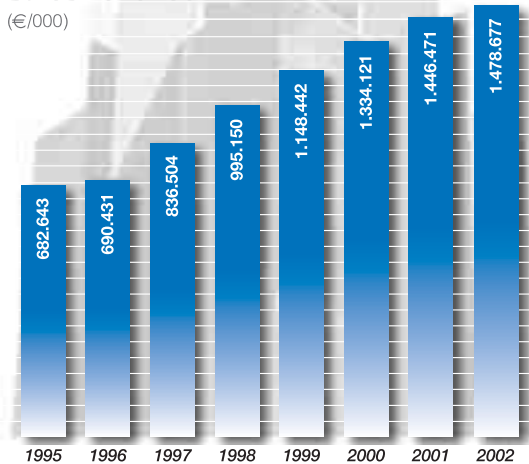
Principali dati economico finanziario

Key figures

		1995 ⁽¹⁾	1996 ⁽¹⁾	1997 ⁽¹⁾	1998 ⁽¹⁾	1999	2000	2001	2002
Vendite di cemento Cement sales	t/000	10.216	10.461	11.285	11.725	12.036	12.607	13.131	13.662
Vendite di calcestruzzo Concrete sales	mc/000	3.368	3.474	3.788	7.052	7.743	8.186	8.585	8.948
Vendite di aggregati Aggregate sales	t/000	3.891	3.794	4.000	5.099	5.811	6.560	5.909	5.427
Fatturato Sales revenue	€/000	682.643	690.431	836.504	995.150	1.148.442	1.334.121	1.446.471	1.478.677
Investimenti industriali Capital expenditures	€/000	127.687	85.110	151.671	58.037	131.986	160.028	124.922	81.220
Addetti a fine esercizio Payroll at year end	nr	3.882	3.844	4.163	4.092	3.927	3.842	3.869	3.797

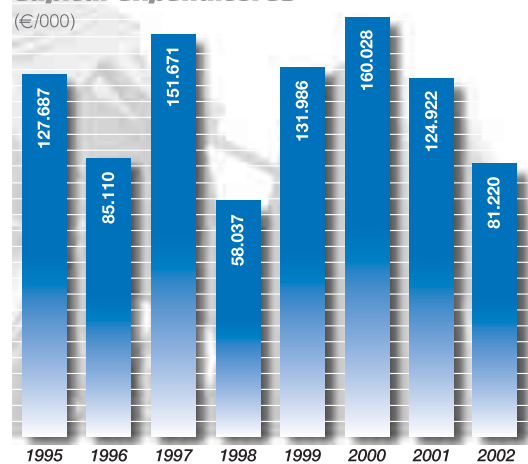
Fatturato Sales revenue

(€/000)



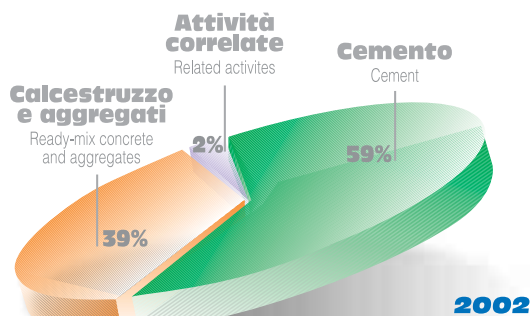
Investimenti industriali Capital expenditures

(€/000)



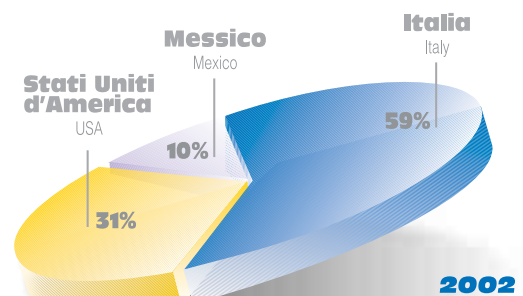
Fatturato per settore di attività⁽²⁾

Sales revenue by line of business



Fatturato per area geografica

Sales revenue by region



(1) Dati aggregati pro forma / Combined pro forma figures

(2) Prima delle elisioni tra settori di attività / Before eliminations among lines of business

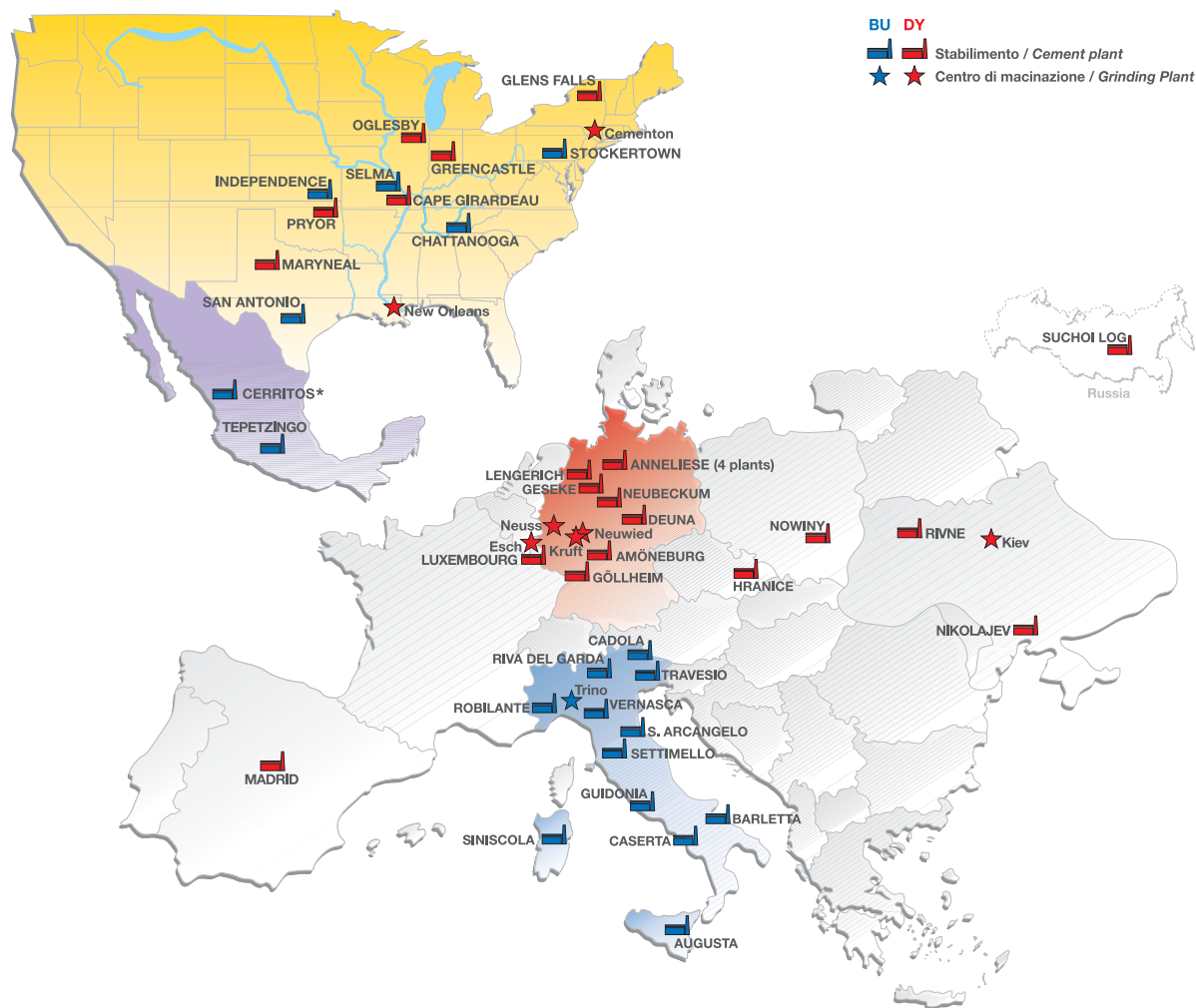
Buzzi Unicem - Dyckerhoff

il sistema - the system

Situazione al 31/12/2002 - As of December 31, 2002

Dove siamo

Cement plants location



Struttura operativa

Operating structure

		BU (1)	DY	TOTALE	USA	ITALIA	GERMANIA	EUROPA (2)	MESSICO
Stabilimenti / Cement plants	nr	20	31	51	13	13	13	10	2
di cui macinazione / of which grinding		1	8	9	2	1	3	3	-
Capacità produttiva cemento	mio t/anno	15,4	25,9	41,3	9,7	9,5	10,4	10,3	2,8
Cement capacity	mio t/yr								
Impianti di produzione calcestruzzo	nr	257	177	434	49	186	108	69	22
Ready-mix concrete plants									
Cave di estrazione aggregati naturali	nr	30	3	33	3	26	-	3	1
Aggregate quarries									
Depositi e terminali di distribuzione	nr	18	21	39	29	8	-	2	-
Terminals									

* Avviamento previsto per la prima metà del 2004 / Start-up expected 1st half 2004

(1) Capacità produttiva di Corporación Moctezuma assunta al 50% / Corporación Moctezuma's capacity at 50%

(2) Italia e Germania escluse / Other than Italy and Germany

CEMENTO

Cement



Capacità produttiva 9.500.000 ton. di cemento, 13 stabilimenti, 5 depositi e 3 terminali.

		2002	2001	02/01 (in %)
Vendite di cemento <i>Cement sales</i>	t/000	8.085	7.775	+ 4,0
Fatturato ⁽¹⁾ <i>Sales revenue</i>	€/000	509.572	478.512	+ 6,5
Investimenti industriali <i>Capital expenditures</i>	€/000	33.691	37.047	- 9,1
Addetti a fine esercizio <i>Payroll at year end</i>	nr	1.512	1.606	- 5,9

CALCESTRUZZO E AGGREGATI

Ready-mix Concrete and Aggregates



186 impianti di produzione calcestruzzo, 26 cave di estrazione aggregati naturali.

		2002	2001	02/01 (in %)
Vendite di calcestruzzo <i>Concrete sales</i>	mc/000	7.095	6.874	+ 3,2
Vendite di aggregati <i>Aggregate sales</i>	t/000	3.417	3.946	- 13,4
Fatturato ⁽¹⁾ <i>Sales revenue</i>	€/000	461.144	432.209	+ 6,7
Investimenti industriali <i>Capital expenditures</i>	€/000	7.461	15.607	- 52,2
Addetti a fine esercizio <i>Payroll at year end</i>	nr	730	735	- 0,7

ATTIVITÀ CORRELATE

Related Activities



Laterlite

Produzione di argilla espansa e premiscelati derivati per sottofondi in pavimenti.
4 stabilimenti

		2002	2001	02/01 (in %)
Fatturato <i>Sales revenue</i>	€/000	47.580	43.913	+ 8,4
Investimenti industriali <i>Capital expenditures</i>	€/000	2.996	5.665	- 47,1
Addetti a fine esercizio <i>Payroll at year end</i>	nr	199	207	- 3,9

Addiment Italia (partecipazione al 50% con HeidelbergCement) Chimica dell'Edilizia

		2002	2001	02/01 (in %)
Vendite di additivi <i>Admixtures sales</i>	t/000	27	24	+ 12,5
Fatturato ⁽¹⁾ <i>Sales revenue</i>	€/000	11.796	10.177	+ 15,9

(1) Prima delle elisioni tra settori di attività / Before eliminations among lines of business

ATTIVITÀ ESTERE

Affiliates Abroad



RC Cement Holding Company - Bethlehem, Pennsylvania - USA
Capacità produttiva 3.400.000 ton. di cemento, 4 stabilimenti, 10 terminali di distribuzione.

		2002	2001	02/01 (in %)
Vendite di cemento <i>Cement sales</i>	t/000	3.324	3.460	- 3,9
Fatturato <i>Sales revenue</i>	\$/000	253.222	260.918	- 2,9
Investimenti industriali <i>Capital expenditures</i>	\$/000	8.206	38.208	- 78,5
Addetti a fine esercizio <i>Payroll at year end</i>	nr	632	639	- 1,1



Alamo Cement Company - San Antonio, Texas - USA
Capacità produttiva 1.100.000 ton. di cemento, 49 impianti di produzione calcestruzzo, 3 cave di estrazione di aggregati naturali.

		2002	2001	02/01 (in %)
Vendite di cemento <i>Cement sales</i>	t/000	1.085	1.019	+ 6,5
Vendite di calcestruzzo <i>Concrete sales</i>	mc/000	1.385	1.390	- 0,4
Vendite di aggregati <i>Aggregate sales</i>	t/000	2.009	1.963	+ 2,4
Vendite materiali da costruzione <i>Building materials sales</i>	t/000	164	149	+ 10,2
Fatturato <i>Sales revenue</i>	\$/000	174.557	169.499	+ 3,0
Investimenti industriali <i>Capital expenditures</i>	\$/000	10.751	12.585	- 14,6
Addetti a fine esercizio <i>Payroll at year end</i>	nr	606	622	- 2,6



Corporación Moctezuma, S.A. de C.V. - Cuernavaca, Morelos - Messico
Partecipazione al 50% nella quota di controllo con Cementos Molins S.A., capacità produttiva 2.800.000 ton. di cemento, 2 stabilimenti, 22 impianti di produzione calcestruzzo, 1 cava di estrazione aggregati naturali.

		2002	2001	02/01 (in %)
Vendite di cemento <i>Cement sales</i>	t/000	2.336	2.023	+ 15,5
Vendite di calcestruzzo <i>Concrete sales</i>	mc/000	936	641	+ 46,0
Fatturato <i>Sales revenue</i>	\$/000	285.836	262.663	+ 8,8
Investimenti industriali <i>Capital expenditures</i>	\$/000	45.691	25.494	+ 79,2
Addetti a fine esercizio <i>Payroll at year end</i>	nr	611	514	+ 18,9



Dyckerhoff AG - Wiesbaden - Germania

Capacità produttiva 25.900.000 ton. di cemento, 31 stabilimenti, 21 terminali di distribuzione, 177 impianti di produzione calcestruzzo.

		2002 ⁽¹⁾	2001 ⁽²⁾	02/01 (in %)
Vendite di cemento <i>Cement sales</i>	t/000	18.556	18.173	+ 2,1
Vendite di calcestruzzo <i>Concrete sales</i>	mc/000	4.102	3.587	+ 14,4
Fatturato <i>Sales revenue</i>	€/000	1.545.158	1.642.879	- 5,9
Investimenti industriali <i>Capital expenditures</i>	€/000	112.948	197.187	- 42,7
Addetti a fine esercizio <i>Payroll at year end</i>	nr	9.831	8.843	+ 11,2



(1) Primo consolidamento integrale delle società controllate ucraine / First time consolidation of Ukrainian companies

(2) Proforma sulla base del nuovo perimetro di consolidamento / Restated



Stabilimento River Cement di Festus, Missouri: l'interno del forno
River Cement plant in Festus (MO): inside the kiln (m 171 x ø 5.3/4.9)

RELAZIONE SULLA GESTIONE REVIEW OF OPERATIONS

Signori Azionisti,

il 2002 è stato caratterizzato da una situazione economica internazionale ancora debole, acuita dal perdurare di un quadro geopolitico particolarmente instabile.

Gli Stati Uniti, nonostante i ripetuti interventi della Federal Reserve a sostegno e stimolo dei consumi e degli investimenti che hanno portato il tasso di rifinanziamento americano ai minimi storici del 1,25%, non sono riusciti ad intraprendere un nuovo percorso di crescita; né è testimonianza tangibile il livello di disoccupazione, prossimo al 6%. La performance economica dell'UE, mancando il fondamentale traino degli Stati Uniti, è stata anch'essa deludente: il Prodotto Interno Lordo è cresciuto solamente dello 0,9% ed il tasso di inflazione medio si è attestato al 2,2% anche a causa della crescita dei prezzi indotta dall'introduzione dell'euro.

Nell'ultimo scorcio del 2002 ed ancor di più all'inizio del 2003 si è assistito ad un forte ridimensionamento del dollaro, che potrebbe tradursi in uno stimolo all'export statunitense, penalizzando tuttavia l'economia europea.

Shareholders,

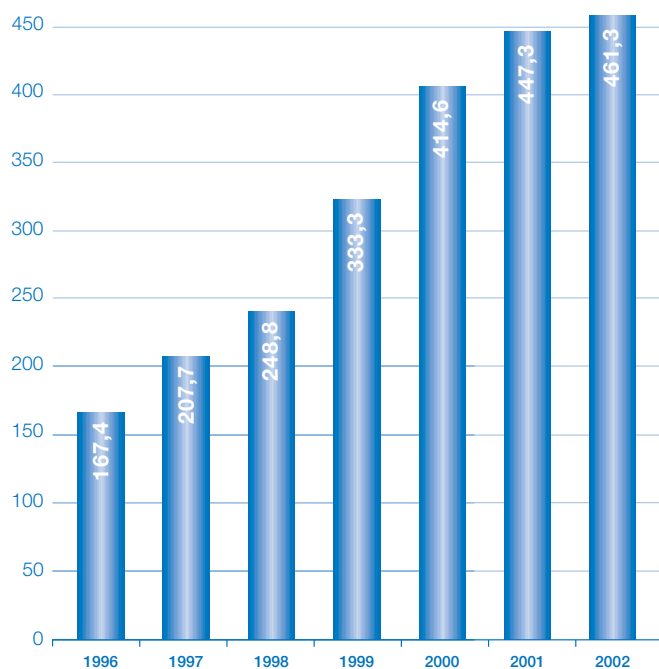
The year 2002 was again marked by a weak international economic situation, heightened further by a particularly unstable geopolitical environment.

In spite of the numerous measures taken by the Federal Reserve to support and encourage consumer spending and investments, which pushed the US discount rate down to an all-time low of 1.25%, the US economy did not manage to get on a new path of growth. Concrete evidence of this is provided by the jobless rate, which was close to 6%. The EU, without the fundamental stimulus from the USA, also put in a disappointing economic performance: Gross Domestic Product grew by only 0.9%, while the rate of inflation averaged 2.2%, due in part to the rise in prices triggered by the introduction of the euro.

During the tail-end of the year 2002 and even more so at the start of 2003, the US dollar took a sharp tumble, which could end up boosting US exports, while penalizing however the European economy.

Margine operativo lordo EBITDA (Operating Cash Flow)

(€/000)



Tra i principali Paesi dell'UE, la Germania ha confermato di trovarsi in una fase congiunturale sfavorevole, con una crescita del PIL dello 0,2% nel 2002 (+0,6% nel 2001) penalizzata soprattutto dalla domanda interna e dalla diminuzione degli investimenti; il PIL della Francia ha segnato un incremento dell'1%. Anche l'Italia non è rimasta immune dalla debolezza della congiuntura, con un PIL in frazionale crescita (+0,4%) ed un'inflazione media del 2,5%, superiore al livello programmato (1,7%).

Nonostante il quadro macroeconomico sfavorevole, la Vostra società ha ottenuto anche nel 2002 risultati positivi e particolarmente soddisfacenti a livello operativo e di generazione di cassa. Rispetto allo scorso esercizio, è ulteriormente migliorato il risultato dei mercati Italia e Messico, mentre negli Stati Uniti si sono sostanzialmente confermati i risultati del 2001.

Il sensibile rafforzamento dell'euro ha penalizzato la traduzione dei bilanci delle controllate statunitensi e della collegata messicana: i cambi medi del dollaro e del peso messicano, utilizzati per la conversione dei conti economici, risultano deprezzati rispettivamente del 5,7% e del 9,5%.

Nonostante la penalizzazione riveniente dall'andamento dei tassi di cambio, il fatturato consolidato si attesta a 1.478,7 milioni di euro, con un miglioramento del 2,2% rispetto all'esercizio precedente; a parità di tassi di cambio e di perimetro, l'incremento sarebbe stato del 6%. Il margine operativo lordo raggiunge i 461,3 milioni di euro (447,3 nell'2001). L'utile netto di competenza del gruppo si attesta a 128,7 milioni di euro (161,1 milioni di euro nel 2001); la diminuzione è principalmente ascrivibile ai maggiori oneri finanziari associati all'investimento Dyckerhoff ed al saldo netto negativo delle rettifiche di valore di attività finanziarie, che passa da 2,4 milioni di euro nel 2001 a 66,7 milioni di euro nell'esercizio in esame.

With regard to the European Union's principal countries, Germany continued to hover in an unfavorable economic cycle, with GDP growing by just 0.2% in 2002 (+0.6% in 2001), which was penalized above all by weak domestic demand and a falloff in investments. French GDP grew by 1%. Italy was not immune from a weak economic cycle either, with GDP undergoing fractional growth (+0.4%) and inflation averaging 2.5%, which was above the 1.7% budgeted for.

Notwithstanding the gloomy macroeconomic situation, in 2002 your company once again achieved positive results, which were especially impressive in terms of operating profits and cash flow. Compared with the previous year, the result posted for Italy and Mexico underwent further improvement, while the results achieved for the US market in 2001 were basically repeated in 2002.

The notable rise undergone by the euro penalized the conversion of the financial statements of US subsidiaries and the Mexican associated company: the average exchange rates for the US dollar and the Mexican peso, used to convert their income statements, decreased by 5.7% and 9.5% respectively. In spite of unfavorable exchange-rate trends, consolidated sales amounted to euro 1,478.7 million, up 2.2% on the previous year. Had exchange rates and the scope of consolidation remained unchanged between the two years, then sales would actually have increased by 6%. EBITDA reached euro 461.3 million (against euro 447.3 million in the year 2001), while consolidated net income fell to euro 128.7 million (from 161.1 million in the year 2001). The latter decrease was mainly due to the higher financial expenses associated with the Dyckerhoff investment, as well as to the net negative balance reported for adjustments to the value of financial assets, which increased from euro 2.4 million in 2001 to euro 66.7 million in the year under review.

L'indebitamento finanziario netto si attesta a 532,1 milioni di euro, contro i 544,1 milioni di euro al 31 dicembre 2001. Il mantenimento ai valori di fine esercizio precedente assume particolare rilevanza se si tiene conto che nel 2002 sono stati investiti oltre 200 milioni di euro in immobilizzazioni finanziarie (Dyckerhoff) e conferma la capacità di generazione di cassa della Vostra società.

Nell'ambito dell'accordo siglato nel 2001 con la Famiglia Dyckerhoff per l'acquisizione in più fasi della maggioranza del capitale ordinario di Dyckerhoff AG, tra febbraio e luglio 2002 Buzzi Unicem ha incrementato la propria partecipazione nella società tedesca, arrivando a detenere il 34,1% del capitale ordinario (30,1% al 31 dicembre 2001) ed il 19,2% di quello complessivo (17,2% al 31 dicembre 2001).

Net debt stood at euro 532.1 million, compared with euro 544.1 million registered as of December 31, 2001. The fact that net debt remained at the level recorded at the end of the previous year assumes special importance, given that in 2002 more than euro 200 million was invested in financial fixed assets (Dyckerhoff) and it is evidence of your company's ability to generate cash.

As part of the agreement signed back in 2001 with the Dyckerhoff family for the acquisition of the majority of ordinary capital stock of Dyckerhoff AG in several phases, between February and July 2002 Buzzi Unicem increased its investment in the German company to 34.1% of ordinary capital stock (30.1% as of December 31, 2001) and 19.2% of total capital stock (17.2% as of December 31, 2001).



Stabilimento di Barletta (Bari): le due vecchie ciminiere
Barletta plant (Bari): the two old chimneys

La copertura finanziaria dell'investimento in Dyckerhoff, originariamente fornita dal contratto di finanziamento a medio termine organizzato da San Paolo IMI nell'agosto 2001, è stata in parte rimodulata, per ottimizzare il profilo di costo e diversificarne le fonti.

Nel maggio 2002, infatti, Buzzi Unicem, tramite la controllata RC Cement Holding Company, ha completato con successo il collocamento privato sul mercato americano (USPP) di un'emissione obbligazionaria di Senior Unsecured Notes per un valore complessivo di 450 milioni di dollari. La transazione è strutturata su tre tranches di rispettivamente 175, 240 e 35 milioni di dollari, con scadenze medie a 7 anni, 10 anni, 15 anni "bullet". Per importo, l'operazione rappresenta il più importante USPP finora realizzato da un gruppo italiano ed ha avuto un notevole successo presso gli investitori. La tranche con scadenza 15 anni rappresenta l'emissione di durata più lunga finora effettuata da un gruppo italiano sul mercato dei capitali. Il provento delle obbligazioni è stato interamente destinato al rimborso anticipato, per un importo pari a 500 milioni di euro, del prestito bancario sindacato; l'operazione ha consentito di raggiungere importanti obiettivi, quali l'allungamento in misura sostanziale della durata del debito e l'ottimizzazione del mix dell'indebitamento dal punto di vista del costo e della valuta di riferimento.

The financing of the investment in Dyckerhoff, originally provided by a medium-term loan agreement arranged by San Paolo IMI in August 2001, was partly restructured, in order to optimize its cost profile and help diversify sources of funding. Indeed, in May 2002 Buzzi Unicem (through the subsidiary RC Cement Holding Company) successfully wrapped up a private placement in the traditional USPP market of a bond issue comprising Senior Unsecured Notes totaling US\$ 450 million. This deal is structured into three tranches of US\$ 175 million, US\$ 240 million and US\$ 35 million respectively, the terms for which are 7 years average, 10 years average and 15 years with bullet repayment. In terms of size, the deal is the most important USPP realized to date by an Italian group and enjoyed considerable success with investors. The 15-year tranche is the longest issue effected to date by an Italian group on the capital markets. All proceeds from the bonds were earmarked to the advanced repayment (to the order of euro 500 million) of the previously mentioned syndicated loan. This transaction enabled a number of significant objectives to be reached, including the substantial lengthening of the term of debt and the optimization of the composition of borrowing in terms of cost and currency.



Nel novembre 2002 l'accordo originale con la Famiglia Dyckerhoff è stato significativamente rivisto, con la cessione, in via anticipata rispetto alla scadenza inizialmente pattuita di fine 2004, del 34% di capitale ordinario da essa ancora detenuto ed il contestuale scioglimento del patto di sindacato con Buzzi Unicem; la partecipazione è stata venduta in parte a Buzzi Unicem ed in parte a Banca IMI.

Più in dettaglio, Buzzi Unicem ha acquisito il 9,7% del capitale ordinario per 144 milioni di euro. Banca IMI ha acquistato 5 milioni di azioni ordinarie (24,2% del capitale di voto), sulle quali detiene nei confronti di Buzzi Unicem una put option esercitabile nel dicembre 2004 (con pagamento e trasferimento delle azioni nel gennaio 2005); l'esborso previsto per Buzzi Unicem, in caso di totale esercizio, ammonta a 418,5 milioni di euro.

Il nuovo accordo prevede inoltre il contestuale reinvestimento da parte della Famiglia Dyckerhoff di circa 300 milioni di euro nel sistema Buzzi Unicem-Dyckerhoff attraverso:

- la sottoscrizione di un prestito subordinato di 200 milioni di euro, durata 10 anni emesso da Dyckerhoff AG nel dicembre 2002;

- l'impegno a sottoscrivere l'eventuale inoptato di un prestito obbligazionario convertibile in azioni ordinarie di circa 100 milioni di euro, emesso da Buzzi Unicem S.p.A. ed avente le seguenti principali caratteristiche: durata 5 anni, tasso fisso 4%, rapporto di conversione di una azione contro una obbligazione, "strike" a 10 euro per azione.

La revisione degli accordi ha determinato un miglioramento delle condizioni economiche dell'acquisto ed un ulteriore rafforzamento della struttura patrimoniale del sistema Buzzi Unicem-Dyckerhoff. L'importante reinvestimento della Famiglia Dyckerhoff, con la quale si conferma uno stretto rapporto di partnership, prelude ad un possibile ingresso nel capitale di Buzzi Unicem.

In November 2002, the original agreement entered into with the Dyckerhoff family was significantly revised, with the transfer – before the date initially agreed (end 2004) – of 34% of the ordinary capital stock still held by it and the contextual cancellation of the syndicated agreement with Buzzi Unicem; the equity investment in question was sold partly to Buzzi Unicem and partly to Banca IMI.

To be more precise, Buzzi Unicem acquired 9.7% of ordinary capital stock for euro 144 million. Banca IMI acquired five million ordinary shares (24.2% of capital with voting rights), in respect of which it holds a put option with Buzzi Unicem, which may be exercised in December 2004 (involving payment and transfer of shares in January 2005); the cost foreseen for Buzzi Unicem, in the event of the option being exercised in full, is euro 418.5 million.

The new agreement also requires the Dyckerhoff family to reinvest at the same time around euro 300 million in the Buzzi Unicem-Dyckerhoff system by:

- taking up a euro 200 million ten-year subordinate loan issued by Dyckerhoff AG in December 2002; and*
- undertaking to take up any of the convertible bonds issued by Buzzi Unicem SpA for approximately euro 100 million and whose main features are as follows: 5-years term; 4% fixed rate; conversion ratio of one share for one bond; strike price of euro 10 per share.*

Reviewing these agreements reduced the cost of the acquisition and further reinforced the financial structure of the Buzzi Unicem-Dyckerhoff system. The important re-investment made by the Dyckerhoff family, the close partnership with whom has been confirmed, points toward its possibly acquiring a stake in the capital stock of Buzzi Unicem.

Andamento economico e finanziario

Operating and Financial Results

Nel 2002, le vendite realizzate dalla Vostra società nel settore **cemento** sono cresciute del 4% rispetto all'anno precedente, raggiungendo i 13,7 milioni di tonnellate. L'importante risultato è ascrivibile in primo luogo ai volumi Italia (+4,0% nel 2002), che hanno beneficiato di una domanda ancora in crescita e prossima ai massimi storici. Per quanto riguarda i mercati esteri, anche nel 2002 il Messico ha fatto segnare un incremento delle quantità vendute percentualmente elevato (+15,4%), confermandosi come un Paese ad alto potenziale di crescita, mentre negli Stati Uniti si è avuta una diminuzione del 1,6%, dovuta ad un mercato in leggera contrazione, soprattutto nell'ultima parte dell'anno.

Nel settore **calcestruzzo** preconfezionato l'andamento delle vendite nei mercati di riferimento è stato analogo, con un aumento di oltre il 3% in Italia e del 46% in Messico; pressoché stabili invece gli Stati Uniti (-0,4%); complessivamente, le vendite di calcestruzzo del gruppo hanno sfiorato i 9 milioni di metri cubi, in crescita del 4,2% sul 2001.

L'aumento dei ricavi netti del 2,2% a 1.478,7 milioni di euro testimonia l'accresciuto livello di attività, peraltro attenuato dagli effetti negativi delle variazioni nei tassi di cambio (-3,2%) e delle modifiche nell'area di consolidamento (-0,6%). L'aumento del fatturato si realizza principalmente nel mercato italiano, i cui ricavi sono cresciuti del 5,9% grazie alla dinamica favorevole sia dei volumi che dei prezzi.

*In 2002, the sales volumes realized by your company in the **cement** sector were 4% higher than those registered the previous year and totaled 13.7 million tons.*

This important achievement may be attributed first and foremost to sales volumes realized in Italy (+4.0% in 2002), which benefited from an ever-increasing demand, which approached an all-time high. As far as foreign markets are concerned, the year 2002 saw Mexico once again register a high percentage increase in sales volumes (+15.4%), to remain a country offering high growth potential. The USA, on the other hand, recorded a decrease of 1.6%, due to a slight slump in the market (witnessed above all during the last part of the year).

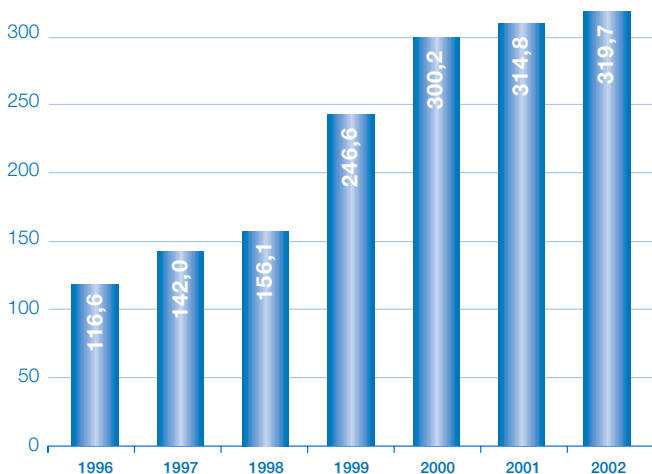
*In the **ready-mix concrete** sector, sales in target markets followed a similar trend, increasing by more than 3% in Italy and by 46% in Mexico, while remaining virtually flat in the United States of America (-0.4%). Taken in their entirety, the group's sales volumes for ready-mix concrete skimmed 9 million cubic meters, representing a rise of 4.2% on the year 2001.*

The 2.2% increase in net revenues to euro 1,478.7 million is a reflection of more intense activity, which was however diluted by the negative impact of moves in exchange rates (-3.2%) and changes in the group's scope of consolidation (-0.6%). The rise in sales revenues was mainly attributable to the Italian market, where revenues grew by 5.9%, thanks to the favorable trends followed by both volumes and prices.

Autofinanziamento

Cash Flow

(€/000)



Positivo anche il contributo delle attività messicane, con un fatturato superiore del 2,9% rispetto al 2001 per effetto dell'incremento delle quantità vendute; si noti che, a parità di tasso di cambio, il fatturato messicano sarebbe in crescita di oltre il 17%. L'unico mercato in cui si verifica una diminuzione è quello statunitense: a causa della contrazione delle vendite nell'ultimo trimestre il fatturato scende dell'1,6% (0,6% a parità di tassi di cambio).

La continua ricerca di efficienza e la diminuzione di alcuni fattori di costo, quali i combustibili, si riflettono nell'ulteriore progresso del rapporto margine operativo lordo su giro d'affari, che passa dal 30,9% del 2001 al 31,2% del 2002, eguagliando il massimo storico dell'anno 2000. Il risultato operativo mostra un'accelerazione più consistente di quella dei ricavi e raggiunge i 331,4 milioni di euro (erano 318,7 milioni nel 2001).

Il risultato della gestione finanziaria migliora di 4,7 milioni di euro; i maggiori interessi passivi, dovuti al finanziamento dell'investimento in Dyckerhoff, risultano infatti compensati da differenze attive di cambio. Queste derivano da operazioni di copertura sull'assunzione di nuovi finanziamenti in dollari e dai plusvalori maturati sulle disponibilità liquide in valuta forte (dollaro, euro) detenute dalle società messicane, a seguito dell'avvenuto deprezzamento del peso. Le rettifiche di valore comprendono una svalutazione di 62,1 milioni riferita alla valutazione dell'investimento in Dyckerhoff col metodo del patrimonio netto, di cui 19,1 milioni per ammortamento della differenza da consolidamento, 24,1 milioni per la partecipazione pro-quota ai risultati 2002 e 18,9 milioni per la svalutazione del relativo avviamento. L'esercizio chiude con un utile netto di competenza del gruppo di 128,7 milioni di euro, dopo imposte sul reddito per 97,3 milioni e quote terzi per 23,0 milioni. L'autofinanziamento generato nell'esercizio, inclusi i movimenti relativi all'avviamento Dyckerhoff, ammonta a 319,7 milioni di euro, superiore di 4,9 milioni a quello del 2001 su base omogenea.

A positive contribution also came from Mexican operations, with sales revenues improving by 2.9% on the year 2001, due to an increase in sales volumes. It should be noted that, had the exchange rate remained unchanged, then Mexican sales revenues would actually have increased by more than 17%. The only market to suffer a downturn was the US market: due to a falloff in sales during the last quarter of the year, sales revenues declined by 1.6% (0.6%, had exchange rates remained unchanged).

The constant search for efficiency and the reduction in certain cost factors (such as fuels) is reflected in the further progress made by the EBITDA/Sales ratio, which improved from 30.9% in 2001 to 31.2% in 2002, thereby equaling the all-time high reached in the year 2000. The operating income grew at a higher rate than sales, amounting to euro 331.4 million (against euro 318.7 million in the year 2001).

The net balance between financial income and expenses improved by euro 4.7 million. Higher interest expenses (due to the loan relating to the investment in Dyckerhoff) were actually counteracted by positive foreign-exchange differences stemming from hedging transactions on new loans in US dollars and from gains accrued on liquid assets held in strong currencies (dollar and euro) by Mexican companies, following the depreciation of the Mexican peso. Value adjustments include a write-down of euro 62.1 million relating to the valuation of the group's investment in Dyckerhoff by the equity method (of this amount, euro 19.1 million related to the amortization of the differential arising from consolidation, euro 24.1 million to the equity in year 2002 earnings and euro 18.9 million to the write-down of goodwill pertaining to the same investment). The year closed with consolidated net income of euro 128.7 million, after income taxes of euro 97.3 million and minority interests of euro 23.0 million. Cash flow generated during the year, including movements in Dyckerhoff goodwill, amounted to euro 319.7 million, representing an increase, on a like-for-like basis, of euro 4.9 million on the result posted for the year 2001.

Conto economico consolidato sintetico
Summary Consolidated Income Statement

(milioni di euro / millions of euro)

	2002	% sui ricavi % of sales	2001	% sui ricavi % of sales
Ricavi netti Net revenues	1.478,7	100,0	1.446,5	100,0
Consumi, costi operativi e servizi <i>Materials, operating costs and services</i>	(836,3)	(56,6)	(818,1)	(56,6)
Valore aggiunto Value added	642,4	43,4	628,4	43,4
Costo del lavoro <i>Labour costs</i>	(181,1)	(12,2)	(181,1)	(12,5)
Margine operativo lordo EBITDA (operating cash flow)	461,3	31,2	447,3	30,9
Ammortamenti <i>Depreciation and amortization</i>	(130,0)	(8,8)	(128,6)	(8,9)
Risultato operativo Operating income	331,4	22,4	318,7	22,0
Proventi (oneri) finanziari <i>Financial income (expenses)</i>	(15,5)	(1,0)	(20,1)	(1,4)
Rettifiche di valore <i>Adjustments to financial assets</i>	(66,7)	(4,5)	2,4	0,2
Proventi (oneri) straordinari <i>Extraordinary income (expenses)</i>	(0,1)	-	0,9	0,1
Risultato ante imposte Income before taxes	249,1	16,8	297,1	20,5
Imposte sul reddito <i>Income taxes</i>	(97,3)	(6,6)	(115,0)	(8,0)
Utile netto dell'esercizio Combined net income	151,8	10,3	182,1	12,5
Quota terzi <i>Minority interests</i>	(23,0)	(1,6)	(20,9)	(1,4)
Utile netto del gruppo Consolidated net income	128,7	8,7	161,1	11,1
Cash flow (utile + ammortamenti) Cash flow (combined net income + depreciation)	319,7	21,6	314,8	21,8

Stabilimento River Cement di Festus, Missouri: l'anello del forno rimosso
River Cement plant in Festus (MO): the kiln tire removed

Gli investimenti realizzati nel 2002 ammontano a 287,7 milioni di euro, di cui circa 206 milioni relativi alle azioni Dyckerhoff, contro i 634,8 milioni del precedente esercizio.

Le iniziative realizzate in Italia nel settore cemento sono state mirate sia al completamento di commesse avviate negli esercizi precedenti, quali le nuove linee insacco e pallettizzazione di alcuni stabilimenti, il progetto di rinnovo tecnologico e funzionale dei sistemi informativi basato su Oracle Applications, l'ampliamento degli immobili di sede, sia a nuove iniziative, quali l'installazione di un terminale di ricevimento e distribuzione sul porto di Ravenna ed un secondo sul porto di Savona, gli impianti per l'utilizzo di combustibili alternativi a Vernasca (PC) e Robilante (CN). Questi ultimi rientrano nel quadro delle attività mirate ad aumentare il ricorso a combustibili alternativi ed in questo ambito risulta di particolare utilità la collaborazione con Dyckerhoff, la cui esperienza in materia è molto avanzata.

Nell'ambito del settore calcestruzzo preconfezionato è proseguito l'adeguamento tecnico-ambientale ed il rinnovamento delle centrali di betonaggio. Inoltre nel mese di giugno Unicalcestruzzi è salita al 100% del capitale di Frantoio Taro Srl, società operante nel settore degli aggregati naturali in Emilia, successivamente fusa per incorporazione nella stessa Unicalcestruzzi.

Capital expenditures made during the year 2002 totaled euro 287.7 million, including around euro 206 million invested in Dyckerhoff shares, against euro 634.8 million the previous year.

The initiatives accomplished in the cement business in Italy were partly geared to complete projects embarked upon in previous years. These included projects for new bagging and palletizing lines at a number of facilities, a project aimed at upgrading the technological and functional features of information systems based on Oracle Applications and the expansion of company offices. They were also focused on launching new enterprises, such as the installation of a delivery and distribution terminal at the Port of Ravenna and a second terminal at the Port of Savona, and the facilities for the use of "alternative" fuels at Vernasca (Piacenza) and Robilante (Cuneo). The latter projects are part of plans to boost the use of "alternative" fuels. Within this particular field of activity, co-operation with Dyckerhoff, which is highly experienced in such issues, proves to be especially useful.

Within the ready-mix concrete business, work continued to adapt the technical and environmental features of plant and to revamp batching plants. Moreover, June saw Unicalcestruzzi raise to 100% its investment in the capital stock of Frantoio Taro Srl (a company operating in the natural aggregates sector in Emilia and subsequently merged by incorporation into Unicalcestruzzi).



Negli Stati Uniti le spese in conto capitale sostenute ammontano a 18,1 milioni, destinati alla sostituzione delle macchine operatrici di cava e di supporto alla produzione del calcestruzzo preconfezionato, all'installazione di un separatore ad alta efficienza presso lo stabilimento di Festus (Missouri), all'acquisto di un terreno industriale sul porto di Houston ed al costante rafforzamento competitivo degli stabilimenti e dei centri di distribuzione.

In Messico l'iniziativa di gran lunga più importante, strategica per lo sviluppo del gruppo, è rappresentata dalla costruzione della nuova cementeria di Cerritos nello stato di San Luis Potosì, che consentirà di aumentare notevolmente la capacità produttiva installata nel Paese; la realizzazione dell'impianto sta procedendo secondo la tabella di marcia prevista e si è fiduciosi circa l'entrata in funzione entro il primo semestre del 2004.

In the United States, capital expenditure totaled euro 18.1 million, which was used to replace quarrying equipment and mobile machines used in the production of ready-mix concrete, to install a high-efficiency separator at the Festus site (MO), to purchase industrial land at the Port of Houston and to constantly bolster the competitiveness of plants and distribution centers. In Mexico, the initiative that was by far the most important, and highly strategic for the group's development, has been the construction of the new cement plant at Cerritos in the State of San Luis Potosì. This will enable the productive capacity installed within Mexico to increase considerably. The plant is being realized in keeping with the schedule of operations foreseen: we are confident that it will be up and running before the end of the first half of 2004.

Stato patrimoniale consolidato sintetico Summary Consolidated Balance Sheet

	(milioni di euro / millions of euro)	
	31.12.2002	31.12.2001
Immobilizzazioni materiali ed immateriali nette <i>Property, plant, equipment and intangible fixed assets, net</i>	965,8	1.126,9
Immobilizzazioni finanziarie <i>Financial fixed assets</i>	683,2	574,6
Capitale d'esercizio <i>Working capital</i>	260,5	238,8
Capitale investito netto <i>Net invested capital</i>	1.909,5	1.940,3
Patrimonio netto <i>Stockholders' equity</i>	1.172,2	1.239,9
di cui, Quota terzi <i>of which, Minority interests</i>	80,7	129,2
Fondi <i>Reserves for risks and charges</i>	205,2	156,3
Posizione finanziaria netta <i>Net financial position</i>	532,1	544,1
Totale copertura <i>Total financing</i>	1.909,5	1.940,3

La posizione finanziaria netta al 31 dicembre 2002 è negativa per 532,1 milioni di euro con un rapporto indebitamento/patrimonio pari a 0,45 (0,44 al 31 dicembre 2001). Si noti che nel corso dell'esercizio si sono verificati alcuni fenomeni di carattere straordinario che hanno avuto un significativo impatto sia qualitativo che quantitativo sulla composizione della posizione finanziaria netta.

Dal punto di vista qualitativo, si richiama il già descritto prestito obbligazionario di 450 milioni di dollari collocato negli Stati Uniti presso 16 investitori istituzionali, che, come ricordato, ha permesso di concentrare gran parte dell'indebitamento lordo nel lungo termine, fissandone il costo nel tempo.

Dal punto di vista quantitativo, la posizione finanziaria netta è stata influenzata negativamente dall'esborso di 206,5 milioni di euro per l'incremento della partecipazione in Dyckerhoff, mentre hanno avuto un impatto favorevole la cessione pro soluto di crediti verso l'erario per 25,7 milioni di euro e la svalutazione del dollaro (con conseguente diminuzione del controvalore in euro del prestito collocato negli Stati Uniti), il cui effetto è quantificabile in 26,9 milioni di euro. Al netto degli eventi non ricorrenti testé citati, la posizione finanziaria netta si sarebbe attestata a 378,2 milioni di euro, in notevole miglioramento rispetto ai 544,1 milioni del 31.12.2001.

Le componenti attive e passive della posizione finanziaria netta, suddivise per grado di liquidità, sono riportate nella tabella seguente:

As of December 31, 2002, the group's net financial position showed a shortfall of euro 532.1 million, while its debt/equity ratio stood at 0.45 (against 0.44 as of December 31, 2001). It should be noted that during the year under review, a number of extraordinary events occurred, which had a significant impact (from both a qualitative and quantitative standpoint) on the composition of the group's net financial position.

From a qualitative standpoint and as already pointed out, the previously mentioned US\$ 450 million bond issue was placed in the USA with 16 different institutional investors, has allowed a large portion of gross debt to be placed into long-term borrowing, its cost being fixed over time.

From a quantitative standpoint, the group's net financial position was negatively influenced by euro 206.5 million being spent to increase the equity investment held in Dyckerhoff. The sale (on a non-recourse basis) of amounts due from the tax authorities, totaling euro 25.7 million and the devaluation of the US dollar (with a consequent reduction in the euro equivalent value of the bonded loan placed in the USA) both instead had a positive impact to the order of euro 26.9 million. Excluding the extraordinary events referred to above, the group's net debt would have amounted to euro 378.2 million: a considerable improvement on the euro 544.1 million registered as of December 31, 2001.

The asset and liability items making up the net financial position – grouped by degree of liquidity – are as follows:

	(milioni di euro / millions of euro)	
	31.12.2002	31.12.2001
Disponibilità ed attività finanziarie a breve <i>Cash, banks and marketable securities</i>	297,6	294,4
Debiti finanziari a breve <i>Short-term debt</i>	(235,4)	(458,8)
Disponibilità (indebitamento) netta a breve <i>Net short-term cash (debt)</i>	62,2	(164,4)
Debiti finanziari a medio e lungo termine <i>Long-term debt</i>	(594,3)	(379,8)
Posizione finanziaria netta <i>Net financial position (net debt)</i>	(532,1)	(544,1)

L'economia italiana nel 2002 ha fatto segnare un modesto incremento del PIL, salito dello 0,4% rispetto al 2001; sia i consumi privati che gli investimenti hanno manifestato segni di debolezza, mentre positivo è stato il contributo dei consumi pubblici. La componente estera netta è stata negativa, a causa della contemporanea diminuzione delle esportazioni e crescita delle importazioni.

Nonostante la debolezza dell'economia, l'inflazione media del 2002 si è attestata al 2,5%, ben al di sopra dell'1,7% programmatico e del 2% fissato come livello medio di lungo periodo; un ruolo determinante nella salita dei prezzi hanno svolto la sostituzione della lira con l'euro ed i vari rincari riguardanti tariffe, servizi e altre componenti regolamentate. Si è acuito il divario tra l'inflazione reale così come misurata dall'ISTAT e quella percepita dai consumatori; al di là del dibattito innestatosi sull'argomento, preoccupa la persistenza di un differenziale sfavorevole nei confronti dei nostri partner europei, in parte dovuto al ritardo nella liberalizzazione dei servizi ed alla forte dipendenza del nostro Paese da fonti energetiche importate.

La produzione industriale nel 2002 ha registrato un calo del 2,1% (-0,6% nel 2001), il più elevato negli ultimi dieci anni, a causa del forte arretramento nei settori delle apparecchiature elettroniche, delle pelli, del tessile-abbigliamento e dei mezzi di trasporto. In miglioramento sono risultati il legno, le materie plastiche, le utilities e gli alimentari.

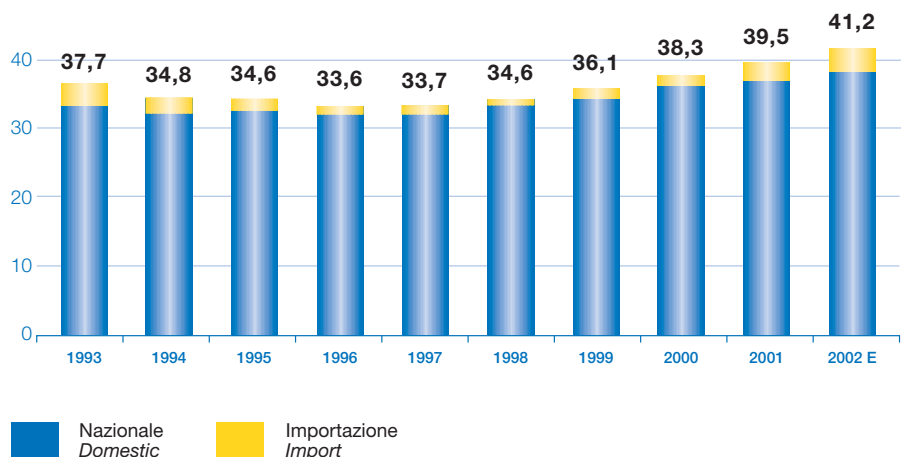
In 2002, the Italian economy reported a modest rise in GDP, which increased by 0.4% on 2001. Both consumer spending and capital expenditure showed signs of weakness, while public-sector spending provided a positive contribution. The net contribution of foreign trade was negative, due to exports falling and imports growing.

Despite a weak economy, inflation for the year 2002 averaged out at 2.5%, well above the 1.7% budgeted for and the 2% set as the average long-term target. Playing a key role in the rise in prices were the replacement of the Italian lira with the euro and various price increases concerning tariffs, services and other regulated price components. The gap between real inflation as measured by the Italian statistics institute ISTAT and the level of inflation as perceived by consumers widened further. Beyond the debate that emerged in this regard, the persistence of an unfavorable gap with Italy's European partners is a cause for concern. This gap is due in part to the delay encountered while liberalizing services, as well as to Italy's heavy reliance on imported sources of energy.

In 2002, industrial production suffered a fall of 2.1% (-0.6% in the year 2001), which was the most intense seen in the last ten years and due to the sharp setbacks witnessed in the electronic appliances, leather, textile-apparel and transport industries. The wood, plastics, utilities and food industries all improved.

Consumo di cemento in Italia
Cement Consumption in Italy

(milioni di ton / million tons)



Cemento Italia
Cement Operations in Italy



Anche nell'anno appena trascorso il settore delle costruzioni, grazie ad una crescita dell'1,5%, nettamente superiore rispetto al +0,4% del PIL, ha svolto un importante ruolo di sostegno dell'economia. La crescita del 2002 è stata tuttavia inferiore a quella del 2001 (+3,7%), denotando un rallentamento che potrebbe accentuarsi nel 2003.

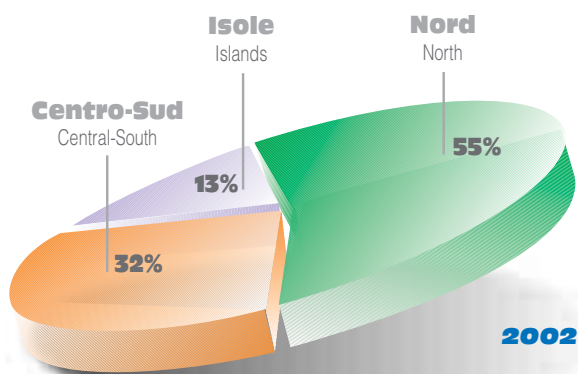
Nel 2002 alcuni fattori hanno contribuito a sostenere gli investimenti in costruzioni; tra essi si possono ricordare innanzitutto il basso livello dei tassi di interesse ed alcune misure di carattere fiscale, quali la detrazione del 36% a sostegno delle ristrutturazioni e la legge nota come Tremonti-bis. Pure l'introduzione dell'euro ha avuto un ruolo positivo, stimolando il riemergere o il rientro di capitali dapprima depositati all'estero (anche grazie alle facilitazioni sul rimpatrio). A beneficiare dei fattori appena citati è stata soprattutto l'edilizia residenziale, mentre quella commerciale ha sofferto il generale rallentamento dell'economia.

Positivo anche il contributo riveniente dal rilancio delle opere pubbliche, che, qualora il piano di investimenti seguisse l'iter delineato, dovrebbero fornire un forte impulso al settore grazie al programma nazionale varato con la cosiddetta Legge Obiettivo. Si tratta di un provvedimento approvato per facilitare sia dal punto di vista economico che procedurale la realizzazione di una serie di progetti infrastrutturali strategici, che prevede una spesa di circa 125 miliardi di euro in dieci anni, di cui 24 nel triennio 2002-2004; il programma dovrebbe contribuire a ridurre significativamente il gap infrastrutturale che l'Italia ha accumulato nei confronti degli altri paesi europei.

Thanks to a growth of 1.5% (well above the +0.4% recorded by GDP), in 2002 the construction industry also played an important role in bolstering the economy. The growth recorded in 2002 was however below the +3.7% seen in 2001, reflecting a slowdown that could become more marked during the year 2003. In 2002, a number of factors helped to shore up investments in construction projects. These include, before all else, low interest rates and certain measures of a fiscal nature, such as a 36% deduction for renovation projects and the law known as "Tremonti bis". Even the introduction of the euro had a positive effect, stimulating the reappearance or return of capital that had previously been deposited overseas (thanks to some extent to special fund-repatriation dispensations). Benefiting from these factors was above all the residential construction, while the commercial construction bore the brunt of the general slowdown afflicting the economy.

The contribution from the re-launch of public works was another positive factor that, in the event of the investments plan following the structure outlined, should provide a strong boost to the sector. This is thanks to the national program introduced by way of the so-called "Objective Law", a ruling approved to make the realization of a series of strategic infrastructure projects more straightforward (both from an economic perspective and in terms of simplifying procedures). These projects will involve some euro 125 billion being spent over ten years, with euro 24 billion being spent during the three-year period 2002-2004. This program should help to considerably narrow the infrastructural gap that has built up between Italy and other European countries.

Vendite di cemento per Area
Cement Sales by Area



Nel 2002 la produzione italiana di **cemento** è cresciuta del 3,9%, da 39,8 a 41,3 milioni di tonnellate, confermando la tendenza positiva in atto da alcuni anni. Tale risultato è frutto di dinamiche piuttosto differenti dal punto di vista geografico: l'Italia settentrionale risulta protagonista di un'ulteriore significativa accelerazione, con un incremento del 7,6% sul 2001, mentre meno vivaci sono il Centro ed il Sud della penisola, le cui produzioni aumentano rispettivamente del 2,1% e dell'1,3%. La produzione delle Isole invece arretra del 3,5%.

Il saldo della bilancia commerciale di settore si mantiene attivo, in presenza di flussi import-export entrambi ridimensionati. Tenendo conto della variazione scorte, si può quindi stimare che nel 2002 il consumo di cemento in Italia si sia attestato a circa 41 milioni di tonnellate, con un aumento del 4,4% rispetto al 2001. Le nostre vendite di prodotti (leganti idraulici e clinker) sul mercato nazionale, comprese le quantità consegnate via mare ad importatori nazionali, fanno segnare un aumento del 5,9%, mentre risultano in diminuzione del 16,9% le esportazioni. La buona intonazione della domanda ha consentito di mantenere un trend di prezzi generalmente favorevole, soprattutto nelle regioni settentrionali, arrivando sostanzialmente a chiudere il tradizionale gap negativo nei confronti della media europea.

L'andamento dei prezzi e delle quantità vendute ha permesso di realizzare un'ottima performance reddituale del settore cemento Italia, il cui fatturato sale del 6,5% a 509,6 milioni di euro, con un margine operativo lordo di 201,3 milioni (178 nel 2001). Sul fronte dei costi di produzione segnaliamo una evoluzione favorevole per i combustibili e sfavorevole per l'energia elettrica, che continua a scontare una struttura di produzione e distribuzione inefficiente, con ulteriore aumento dell'incidenza degli oneri di vettoriamento ed accessori. Il buon livello di utilizzazione degli impianti ed il graduale, continuo miglioramento dei principali indici di efficienza produttiva (consumi specifici, produttività del lavoro, servizi di produzione) concorrono all'accrescimento dei risultati economici di settore.

*In the year 2002, **cement** production in Italy grew by 3.9%, from 39.8 million tons to 41.3 million tons, as the upward trend that has been seen for a number of years now continued to prevail. This result is the upshot of trends that are rather different from a geographical point of view: while Northern Italy was the key player in the ongoing acceleration, registering an increase of 7.6% on the year 2001, Central and Southern Italy were less buoyant, with production growth rates of 2.1% and 1.3% respectively. The Islands recorded a downturn in production of 3.5%.*

The sector's trade balance remained in the black, with flows for both imports and exports declining. In view of the change in stocks, cement consumption in Italy can therefore be put at around 41 million tons in 2002, representing a rise of 4.4% on the year 2001.

Our domestic product sales (hydraulic binders and clinker), including volumes dispatched by sea to domestic importers, increased by 5.9%, while exports fell by 16.9%. Healthy demand allowed prices to follow a generally favorable trend, above all in northern areas of the country, such that the traditional gap with the European average was more or less closed.

Thanks to the price trends registered and the sales volumes, the group's cement business put in an outstanding performance on the earnings front in Italy, with sales revenues advancing by 6.5% to euro 509.6 million, and the EBITDA improving to euro 201.3 million (euro 178 million in the year 2001). With regard to production costs, a favorable trend was registered by fuel prices while an unfavorable one was registered by power prices. The latter continue to be affected by an inefficient production and distribution set-up, which has led to a further increase in the incidence of carrying costs and other related expenses. A sound level of plant utilization and a gradual but constant improvement in the main production efficiency indicators (operating data, labor output, outsource services, etc.) have both helped to boost the economic results attained by this business area.

Allo scopo di ottimizzare i costi di produzione, nel 2002 si è dato ulteriore impulso allo sfruttamento di combustibili alternativi, quali farine animali, pneumatici, rifiuti, anche utilizzando la notevole esperienza accumulata in questo campo dalla collegata Dyckerhoff in Germania.

Parallelamente, continuano le complesse procedure per l'ottenimento dei permessi di costruzione delle centrali elettriche che dovrebbero sorgere su siti di proprietà Buzzi Unicem in Guidonia (RM) e Livorno Ferraris (VC), nell'ambito dell'accordo di partnership siglato nel 2001 con il gruppo E.ON. Entro l'esercizio in corso si dovrebbe delineare un quadro definitivo circa la realizzabilità delle due iniziative, che consentirebbero a Buzzi Unicem di godere per una durata di 25 anni di condizioni vantaggiose nelle forniture di energia.

Dal punto di vista societario, un passo significativo verso la snellezza e l'ulteriore efficienza del settore è stato compiuto a fine novembre 2002, con la fusione per incorporazione di Unimed in Buzzi Unicem e contestuale revoca della quotazione della prima.

In 2002, with a view to optimizing production costs, the use of alternative fuels (such as animal flours, tires, waste) was encouraged further, which also involved making use of the notable experience built up within this field by the associated company Dyckerhoff in Germany.

At the same time, complex procedures have continued to be followed in order to obtain the permits needed to build power generation plants. These are expected to be built on sites owned by Buzzi Unicem in Guidonia (Roma) and Livorno Ferraris (Vercelli), as part of the partnership agreement stipulated in 2001 with the E.ON group. By the end of the year currently underway, a definitive framework should be mapped out regarding the feasibility of the two projects, which would allow Buzzi Unicem to be supplied with electrical power at special rates over a period of 25 years.

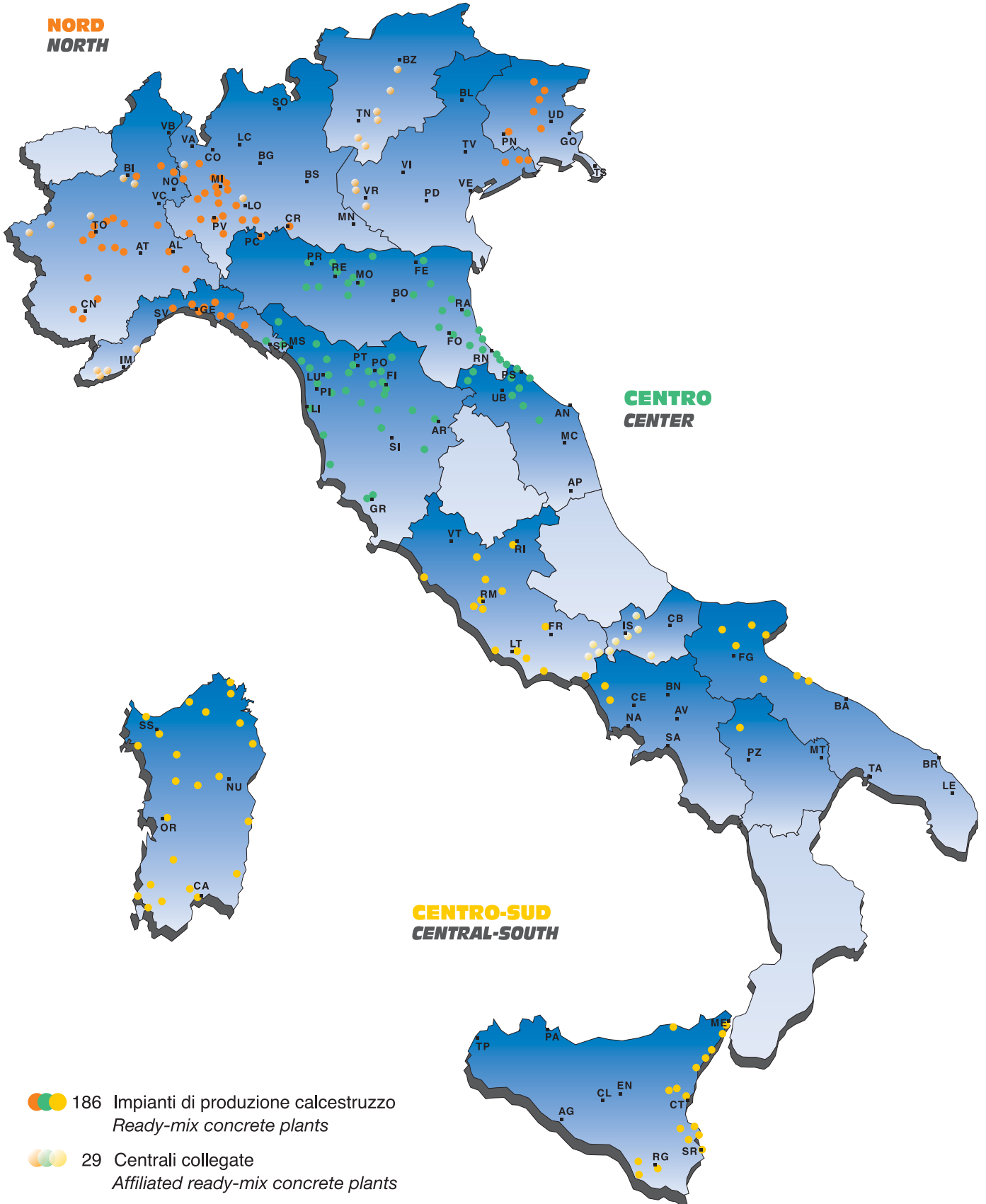
From a corporate point of view, the merger by incorporation of Unimed into Buzzi Unicem at the end of November 2002, along with the delisting of the former (which took place at the same time), marked an important step in the quest for a lean operation and further efficiency within the sector.

Si riportano di seguito i dati di sintesi delle società del settore cemento operanti in Italia, prima delle eliminazioni tra i settori di attività:

The table below sets out financial highlights for the cement sector in Italy, prior to eliminations between the various areas of business:

	<small>(milioni di euro / millions of euro)</small>	
	2002	2001
Ricavi netti <i>Net sales</i>	509,6	478,5
Margine operativo lordo <i>EBITDA</i>	201,3	178,0
% sui ricavi netti % of sales	39,5	37,2
Investimenti industriali <i>Capital expenditures</i>	33,7	37,0
Addetti a fine esercizio <i>Payroll at year end</i>	1.512	1.606

Calcestruzzo Italia
 Ready-mix Concrete Operations in Italy



Le vendite di **calcestruzzo preconfezionato** sono superiori del 3,2% rispetto al 2001. L'andamento del mercato ordinario si conferma positivo in Piemonte, Lombardia, Emilia Romagna, Toscana. Le forniture alle grandi opere pubbliche sono, per il momento, principalmente rivolte alle tratte ferroviarie alta velocità Bologna-Firenze, Milano-Bologna e Torino-Novara. L'avvio dei cantieri di quest'ultima tratta è avvenuto nell'autunno, dando luogo a consumi di calcestruzzo da subito interessanti e destinati ad assumere una maggiore importanza nel corrente 2003. Lungo la tratta Torino-Novara opera una Associazione Temporanea di Imprese costituita tra Unical e Calcestruzzi (Italcementi) ed il contratto con la committenza prevede la consegna di circa 2 milioni di metri cubi di calcestruzzo in tre anni. Cinque delle nove centrali di betonaggio appositamente installate per realizzare l'opera, di proprietà del Consorzio Alta Velocità Torino-Milano, sono gestite da Unical.

Ready-mix concrete sales were up 3.2% on the year 2001. The ordinary market again followed an upward trend in Piedmont, Lombardy, Emilia-Romagna and Tuscany. Supplies to large-scale public works are, for the time being, pitched mainly at the high-speed train routes Bologna-Florence, Milan-Bologna and Turin-Novara. The construction site for the latter project opened during the autumn, giving rise to levels of concrete consumption that were immediately impressive and are set to become even more significant during 2003. Operating along the Turin-Novara route is a "temporary business partnership", set up between Unical and Calcestruzzi (Italcementi). The mandate awarded involves approximately two million cubic meters of concrete being supplied over three years. Five of the nine batching plants, which were specially installed to realize this particular project and are owned by the Consorzio Alta Velocità Torino-Milano (High-Speed Consortium for the Turin-Milan Route), are being managed by Unical.



Santena (Torino): nuovo impianto di betonaggio
Santena (Torino): the new ready-mix concrete batching plant

Durante il 2002 molta attenzione è stata dedicata alla promozione dei calcestruzzi speciali presso progettisti e clientela e sono state effettuate con successo le prime forniture di SCC (Self Compacting Concrete). Nella sperimentazione di prodotti innovativi quali SCC si possono cogliere diverse opportunità dalla collaborazione con Dyckerhoff, che ha un'esperienza avanzata in materia.

Il fatturato di settore si attesta a 461,1 milioni (+6,7%), che denota un andamento positivo dei prezzi nel loro complesso, anche se gli aumenti di listino hanno potuto consolidarsi soltanto nelle zone d'Italia in cui la domanda è più robusta. Il miglioramento dei ricavi ha permesso di assorbire l'aumento dei costi, soprattutto degli inerti, che in alcune regioni dell'Italia centrale e della fascia adriatica hanno creato notevoli problemi di approvvigionamento. Il margine operativo lordo si attesta a 46,7 milioni di euro, un livello apprezzabilmente superiore a quello dell'esercizio precedente, con un'incidenza sulle vendite pari al 10,1% contro il 9,8% del 2001.

During the year 2002, a great deal of attention was paid to promoting special concrete to design engineers and clients alike, with the first supplies of SCC (self-compacting concrete) being successfully wrapped up. During the testing of innovative products such as SCC, several co-operation opportunities can be seized with Dyckerhoff, which has extensive experience in this particular area.

Sales revenue posted by the sector amounted to euro 461.1 million (+6.7%), reflecting the positive trend followed by prices overall, even though price-list increases only managed to firm up in those areas of Italy where demand is more solid. Improved revenues meant that the rise in costs, above all for aggregates (which in certain regions of Central Italy and around the Adriatic coastline gave rise to notable procurement issues), could be absorbed. An EBITDA of euro 46.7 million was recorded, which is considerably higher than the level registered the previous year. This produced an EBITDA/sales ratio of 10.1% (against 9.8% in the year 2001).

Si riportano di seguito i dati di sintesi delle società del settore calcestruzzo preconfezionato ed aggregati naturali operanti in Italia, prima delle eliminazioni tra settori di attività:

The table below sets out financial highlights for the ready-mix concrete and aggregates sector in Italy, prior to eliminations between the various areas of business:

	(milioni di euro / millions of euro)	
	2002	2001
Ricavi netti <i>Net sales</i>	461,1	432,2
Margine operativo lordo <i>EBITDA</i>	46,7	42,3
% sui ricavi netti <i>% of sales</i>	10,1	9,8
Investimenti industriali <i>Capital expenditures</i>	7,5	15,6
Addetti a fine esercizio <i>Payroll at year end</i>	730	735

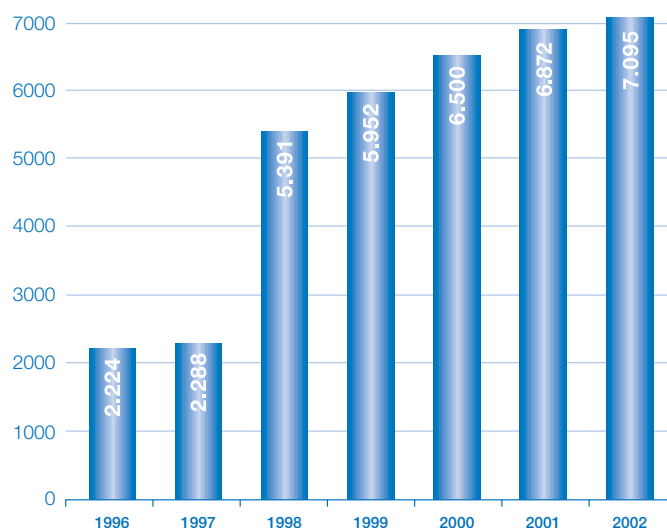
L'esercizio della collegata Laterlite S.p.A., entità leader in Italia nella produzione di **argilla espansa**, dei premiscelati leggeri e dei blocchi isolanti, si è chiuso positivamente. Il fatturato raggiunge i 47,6 milioni di euro con una crescita dell'8,4% sul 2001; il conto economico mostra inoltre un margine operativo lordo di 8,3 milioni e chiude con un utile netto di 1,2 milioni. Anche il 2002 è stato un anno di crescita per Addiment Italia Srl, società collegata al 50% ed attiva nel settore della **chimica dell'edilizia**, in particolare additivi per calcestruzzo ed additivi di processo per cementeria. Le quantità vendute salgono a 27.500 tonnellate, con un fatturato di 11,8 milioni di euro in progresso del 15,9% rispetto al 2001; il margine operativo lordo si attesta a 1,8 milioni di euro (erano 1,6 milioni nel 2001).

*The year 2002 ended with a positive result for the associated company Laterlite SpA, an Italian market leader for the production of **expanded clay**, light pre-mixes and insulating blocks. Sales revenues at the company reached euro 47.6 million, representing a growth of 8.4% on the year 2001. The company's income statement included EBITDA of euro 8.3 million and net income of euro 1.2 million.*

*The year 2002 was also a year of expansion for Addiment Italia Srl, a 50%-owned associated company that operates in the **construction chemicals** sector, specializing in admixtures for concrete and cement. Sales volumes increased to 27,500 tons, while sales revenues climbed by 15.9% on 2001 to total euro 11.8 million. The company's EBITDA amounted to euro 1.8 million, up from euro 1.6 million in the year 2001.*

Vendite di calcestruzzo Ready-mix Concrete Sales

(mc/000)



Stati Uniti d'America United States of America

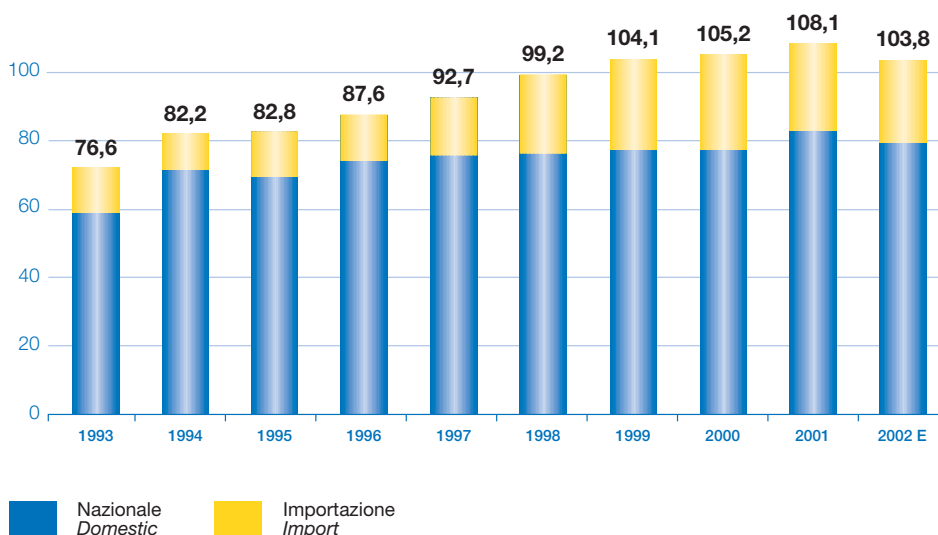
Negli Stati Uniti l'anno appena trascorso è stato scandito da un'ondata di scandali relativi alle manipolazioni contabili operate da alcune società di primissimo piano in svariati settori industriali, che hanno fortemente indebolito la credibilità del sistema finanziario nel paese. Tali difficoltà si sono inserite in un contesto macroeconomico di accentuata incertezza, con un continuo susseguirsi di segnali contrastanti e crescenti preoccupazioni sul fronte geopolitico legate sia al terrorismo che ai rapporti con l'Iraq. Le autorità monetarie e fiscali hanno adottato diversi provvedimenti per sostenere e rilanciare l'economia, riducendo in più riprese i tassi di interesse fino ai minimi da circa quaranta anni e varando un imponente pacchetto di sgravi fiscali.

In media, nel 2002 l'economia statunitense è cresciuta del 2,4%, anche grazie all'incremento della spesa pubblica, in particolare per armamenti; alcuni elementi di preoccupazione sono giunti dai consumi privati, che come noto costituiscono la spina dorsale dell'economia USA e che nel quarto trimestre dell'anno hanno subito un forte rallentamento. I mercati finanziari hanno avuto andamento negativo ed è la prima volta dagli anni '40 che ciò si verifica per il terzo anno consecutivo.

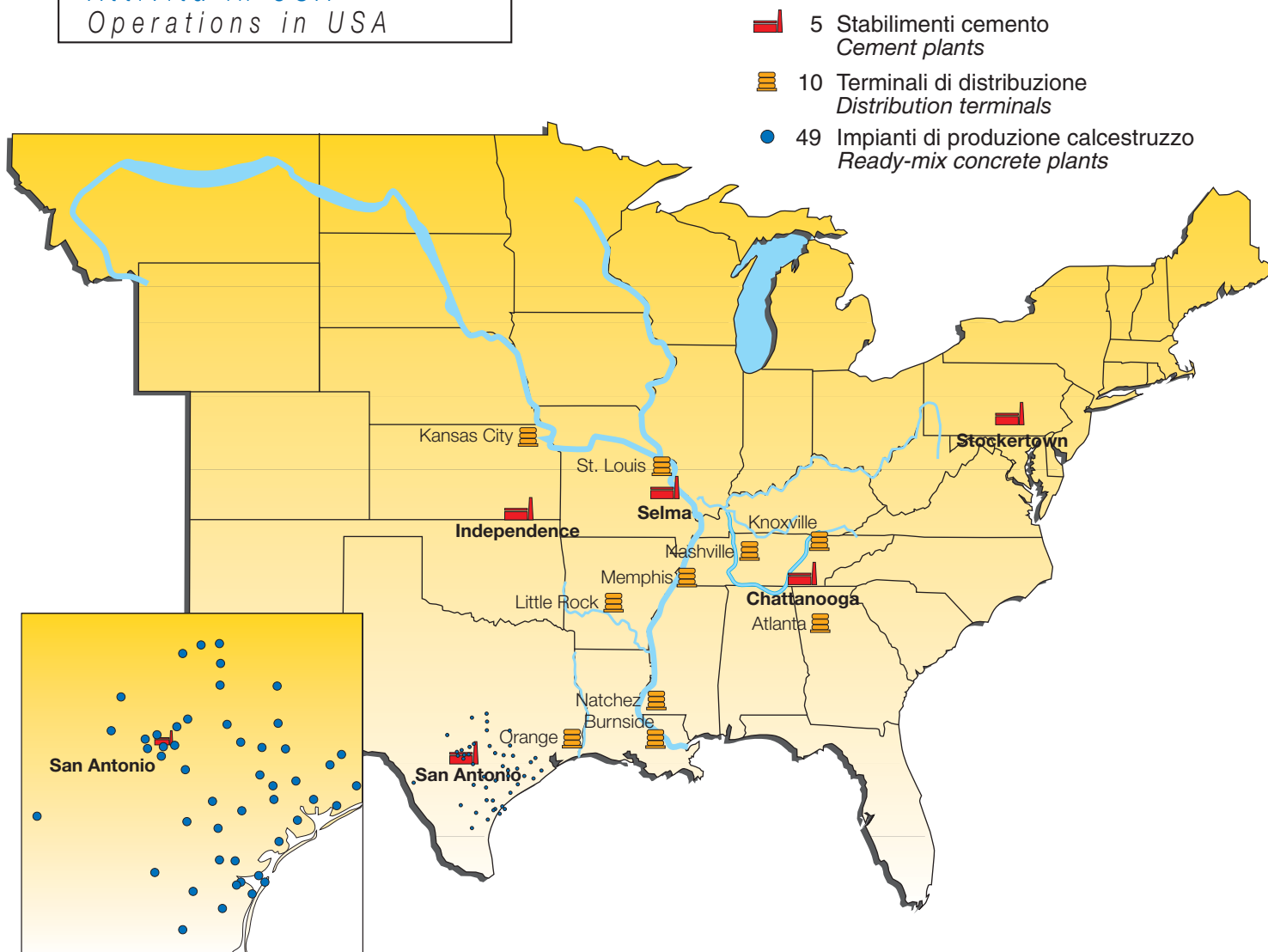
As far as the USA are concerned, the year 2002 was marked by a spate of accounting scandals involving a number of leading corporations operating in various industries, which severely weakened the credibility of the country's financial system. These difficulties slotted into a macroeconomic jigsaw of heightened uncertainty, with the constant emergence of contrasting signs and growing concerns on the geopolitical front, related to both terrorism and dealings with Iraq. The monetary and fiscal authorities adopted different stances and measures to shore up and turn around the economy, reducing interest rates over a number of interventions until they reached the lowest levels seen in around forty years, and implementing an imposing package of tax incentives. On average, the US economy grew 2.4% in 2002, thanks in part to the rise in public expenditure, especially in respect of armaments. A number of factors giving cause for concern emerged from private consumption, which is known to form the backbone of the US economy and suffered a sharp slowdown during the fourth quarter of the year. The financial markets also moved downstream: it is actually the first time since the 1940s that such a downturn has been witnessed three years in a row.

Consumo di cemento in USA Cement Consumption in the USA

(milioni di ton / million tons)



Attività in USA Operations in USA



Nonostante il quadro incerto, il mercato delle costruzioni ha mostrato una buona tenuta, soprattutto nel campo dell'edilizia privata, con un incremento delle nuove costruzioni di oltre il 6%, favorito da tassi sui mutui ipotecari ai livelli più bassi da alcuni decenni. Il consumo di cemento si è attestato a 103,8 milioni di tonnellate, in diminuzione del 4% rispetto al 2001; il mercato ha avuto un andamento differenziato a seconda delle zone, con una maggiore tenuta negli stati del Sud e della costa Ovest ed un declino più accentuato nel Nord Est.

Nel contesto appena descritto, le vendite di cemento di Buzzi Unicem in USA diminuiscono dell'1,6%, a quota 4,4 milioni di tonnellate; la contrazione si è concentrata nel quarto trimestre, penalizzato da condizioni meteorologiche molto sfavorevoli. Le vendite di calcestruzzo sono stabili a 1,4 milioni di metri cubi (-0,4% sul 2001).

In spite of the uncertain scenario, the construction market proved to be resilient, above all in the private building industry, with new house permits increasing by more than 6%, spurred on by mortgage rates being at the lowest levels seen for a number of decades. Cement consumption amounted to 103.8 million tons, down 4% on the year 2001. The market fared different fortunes depending on area, with the greatest resilience being seen in the Southern states and the West Coast, and the most marked decline being seen in the North-East of the country.

Against the above backdrop, Buzzi Unicem's cement sales in the USA contracted by 1.6% to 4.4 million tons. This contraction was heaviest during the fourth quarter of the year, which was further penalized by extremely adverse weather conditions. Concrete sales remained flat at 1.4 million cubic meters (-0.4% on the year 2001).

In presenza di prezzi in marginale calo, il fatturato in dollari diminuisce dello 0,6%; il giro d'affari espresso in euro si attesta a 452,4 milioni, con una diminuzione del 5,9% sul 2001 in gran parte causata dall'indebolimento del dollaro.

Nonostante le minori vendite, nel 2002 il margine operativo lordo in dollari si mantiene su livelli poco inferiori al precedente esercizio; in euro il principale indicatore della redditività caratteristica raggiunge 139,6 milioni, con una diminuzione più sensibile (erano 150,7 nel 2001). Tra i costi principali, quelli relativi all'energia elettrica ed ai combustibili evidenziano una variazione favorevole, mentre sale il costo del personale per i crescenti oneri assicurativi, previdenziali e sanitari.

Gli investimenti realizzati nel 2002 ammontano a 18,1 milioni di euro; tra essi ricordiamo il nuovo terminale di Dawsonville (Georgia), il rinnovo del sistema di scarico chiatte presso il terminale di Burnside in Louisiana, l'acquisto di terreni lungo il porto di Houston, che verranno utilizzati per rafforzare la capacità distributiva in Texas.

Continuano in modo soddisfacente alcune attività comuni tra le nostre controllate e Lone Star Industries, braccio operativo della Dyckerhoff negli Stati Uniti, a livello logistico, di pianificazione degli investimenti e di programmazione della manutenzione.

With prices marginally falling, sales revenues in US dollars decreased by 0.6%. Turnover expressed in euro totaled 452.4 million, reflecting a 5.9% downturn from the year 2001, triggered largely by the weakening of the US dollar.

Although sales fell, in 2002, EBITDA expressed in US dollars managed to hold out at a level that was only slightly lower than that seen the previous year. In euro, the main operating profitability indicator reached euro 139.6 million, representing a sharper decrease (euro 150.7 million was seen in the year 2001). With regard to the main costs, power and fuel costs were among those to follow a favorable trend, while labor costs increased due to rising insurance, welfare and health charges.

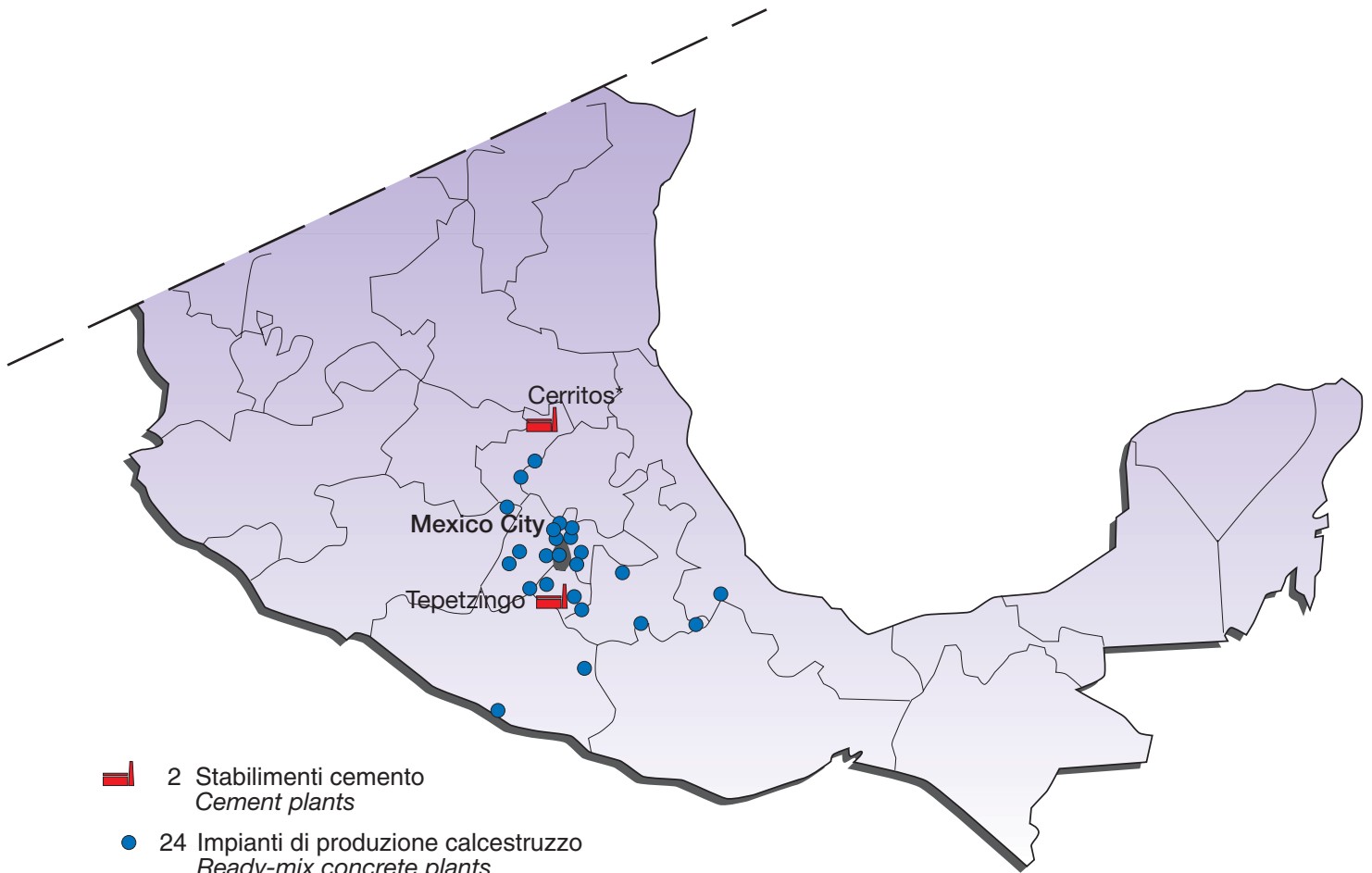
Capital expenditure in 2002 totaled euro 18.1 million. This included the realization of a new terminal in Dawsonville (Georgia), the revamping of the barge unloading system used by the terminal in Burnside, Louisiana, and the purchase of land at the Port of Houston, which will be used to increase distribution capacity in Texas.

A number of joint ventures set up between our subsidiaries and Lone Star Industries (the US operating arm of Dyckerhoff) and geared to boost logistic set-ups, capital expenditure projects and maintenance planning, have continued to generate satisfaction.

Si riportano di seguito i dati di sintesi delle società operanti negli Stati Uniti d'America:
The following are key figures for the companies operating in the United States of America:

	(milioni di euro / millions of euro)	
	2002	2001
Ricavi netti <i>Net sales</i>	452,4	481,0
Margine operativo lordo <i>EBITDA</i>	139,6	150,7
% sui ricavi netti <i>% of sales</i>	30,8	31,3
Investimenti industriali <i>Capital expenditures</i>	18,1	57,6
Addetti a fine esercizio <i>Payroll at year end</i>	(numero/number) 1.238	1.261

Attività in Messico Operations in Mexico



* Avviamento previsto per la prima metà del 2004 / Start-up expected 1st half 2004

I costi di acquisto dei fattori energetici hanno avuto andamento differenziato: consistente incremento dell'olio combustibile ed attenuazione dell'energia elettrica. A valle dei costi di produzione si rileva una strutturale variazione in aumento delle spese di distribuzione del cemento, dovuta ad un allargamento delle zone di mercato servite, con un miglioramento della quota di mercato.

Il margine operativo lordo aumenta in pesos del 9,5%; tradotta in euro la variazione assume segno negativo, passando dai 75,8 milioni del 2001 a 73,0 milioni nel 2002. La redditività rispetto alle vendite si mantiene su livelli molto soddisfacenti, con un margine del 48,3% che si confronta con il 51,6% del 2001; la diminuzione del margine è riconducibile a due principali ragioni: l'andamento del settore cemento legato alle ragioni sopra esposte; il maggior peso assunto dal settore calcestruzzo, la cui redditività, pur interessante, è comunque inferiore a quella del cemento.

Costs for the purchase of energy showed a variety of trends: while fuel-oil prices underwent a hefty rise, those for electrical power were mitigated.

Downstream from production costs, there was a structural increase in cement distribution costs, due to the market areas served being broadened, which in turn improved market share.

EBITDA improved by 9.5% in pesos. Translated into euro, though, EBITDA decreased from euro 75.8 million in 2001 to euro 73.0 million in 2002. Profitability in relation to sales remained extremely pleasing, while the margin slipped to 48.3% (from 51.6% in the year 2001). The fall is largely attributable to two key factors: the cement sector performance (related to the reasons outlined above) and the greater significance assumed by the concrete sector, the profitability of which – albeit impressive – is however lower than that seen for cement.

Proseguono i programmi di ampliamento della capacità produttiva annunciati a fine 2001: il nuovo impianto di Cerritos potrebbe entrare in funzione già entro la prima metà del 2004 (in anticipo rispetto alla tabella di marcia del progetto). Complessivamente gli investimenti realizzati nel 2002 ammontano, per la quota del 50%, a 21,8 milioni, di cui quasi 19 milioni destinati alla costruzione della nuova cementeria. Altre iniziative di rilievo riguardano l'ampliamento delle riserve di materia prima a Tepetzingo e la costruzione di cinque nuove centrali di betonaggio.

The programs announced at the end of 2001, designed to boost productive capacity, continue to be implemented: the new Cerritos plant could be up and running as early as the first half of the year 2004 (earlier than the project's schedule of operations). Total capital expenditures effected in 2002 (our share being 50%) came to euro 21.8 million, with almost euro 19 million of this total earmarked for the building of the new cement plant. Other important projects involve stepping up raw material reserves at Tepetzingo and building five new batching plants.

Si riportano di seguito i dati di sintesi delle società operanti in Messico; essi si riferiscono al bilancio consolidato di Corporación Moctezuma e pertanto al nostro gruppo spetta una quota pari al 50% degli stessi:

The table below sets out financial highlights for companies operating in Mexico. Figures refer to the consolidated financial statements of Corporación Moctezuma, with therefore 50% pertaining to our group:

	(milioni di euro / millions of euro)	
	2002	2001
Ricavi netti <i>Net sales</i>	302,2	293,5
Margine operativo lordo <i>EBITDA</i>	145,9	151,6
% sui ricavi netti <i>% of sales</i>	48,3	51,6
Investimenti industriali <i>Capital expenditures</i>	43,6	28,9
Addetti a fine esercizio <i>Payroll at year end</i>	611	514



Cerritos, Messico: cementeria in costruzione
Cerritos, Mexico: cement plant under construction

Nel 2002 i prezzi del cemento in Germania hanno subito una caduta drastica ed imprevedibile, a cui non è estraneo l'anomalo comportamento di alcuni attori del mercato, che hanno innescato una vera e propria "guerra", portandoli ai livelli più bassi tra i paesi della UE. L'effetto, in un mercato delle costruzioni in contrazione del 5,9%, ha penalizzato fortemente la redditività della società. Al negativo andamento del mercato si è aggiunta un'inchiesta dell'autorità per la tutela della concorrenza tedesca, che ha riguardato tutti i principali produttori, cui sono stati contestati comportamenti anticoncorrenziali riferiti agli anni '90. La Vostra partecipata Dyckerhoff AG si è dichiarata disponibile a collaborare alle indagini e dai colloqui intercorsi con l'autorità sono emerse circostanze e/o comportamenti ritenuti censurabili e che potrebbero comportare l'irrogazione di sanzioni per un ammontare sino ad un massimo di 107 milioni, pagabili in più rate annuali. Tale somma è già stata accantonata nel 2002, pur non avendo la società ancora ricevuto alcuna notifica ufficiale.

Tra gli altri mercati dell'Europa Occidentale in cui Dyckerhoff opera, la Spagna ha confermato il vivace trend di crescita degli scorsi anni, mentre in Lussemburgo lo sviluppo economico ha subito un rallentamento; in entrambi i paesi, gli investimenti in costruzioni sono aumentati. In Europa Centro-Orientale, Repubblica Ceca, Russia ed Ucraina hanno registrato un segno positivo; solamente in Polonia si è avuta una diminuzione, riconducibile all'elevato grado di correlazione economica con la Germania. In prospettiva, la presenza nei mercati dell'Est Europa offre un potenziale di crescita di grande interesse. Negli Stati Uniti, l'andamento delle vendite della controllata Lone Star Industries è stato moderatamente negativo, in linea con la tendenza del mercato.

In 2002, cement prices in Germany underwent a dramatic and unexpected fall, for which the irregular behavior of certain market players may be blamed as they set off a real "price war", pushing prices to the lowest levels seen in EU countries. This effect, as the construction market contracted by 5.9%, heavily penalized the company's profitability. The market downturn was joined by an inquiry launched by Germany's Competition Commission, which concerned all leading producers, accused of anti-competitive behavior in the 1990s. The associated company Dyckerhoff AG expressed its willingness to co-operate in the inquiry. Its discussions with the Commission revealed particular circumstances and/or behavior deemed to be censurable, which could lead to fines being imposed to a maximum of euro 107 million, payable via a number of annual installments. This amount was provided for in 2002, although the company has yet to receive any official notice in this regard.

As far as the other Western European markets in which Dyckerhoff operates are concerned, Spain continued along the buoyant growth trend established over the last few years, while in Luxembourg economic development slowed. In both countries, however, investments in construction projects increased. In Central/Eastern Europe, the Czech Republic, Russia and Ukraine all enjoyed rises. It was only in Poland that a decrease was witnessed: this was due to its being closely correlated, from an economic standpoint, with Germany. In perspective, the company's presence in Eastern European markets offers an extremely appealing growth potential. In the USA, the sales of the subsidiary company Lone Star Industries followed a moderately negative pattern, which was in line with market trends.

Per adattare la struttura aziendale al mutato contesto di mercato, Dyckerhoff ha intrapreso un impegnativo programma di ristrutturazione denominato "Project 21", che si muove secondo tre principali direttive: aumento del grado di utilizzo degli stabilimenti, attraverso la rimodulazione della capacità produttiva; riduzione dei costi attraverso la semplificazione e l'ottimizzazione dei processi di acquisto, produzione, manutenzione e logistica; cessione delle attività non appartenenti al core business. Si è inoltre proceduto ad una reimpostazione della struttura organizzativa di gruppo, che è stato improntata al modello già adottato con successo da Buzzi Unicem, basato su una forte integrazione tra le attività di produzione e commercializzazione di cemento e calcestruzzo. Il nuovo approccio ha determinato una diversa articolazione societaria del gruppo tedesco, con una significativa riduzione del numero di soggetti giuridici e delle relative incombenze amministrative e gestionali. Il programma di ristrutturazione ha comportato costi una tantum di circa 70 milioni di euro, in parte per cassa ed in parte in forma di svalutazione di attività, interamente spesati nel bilancio 2002; i benefici attesi sono quantificabili in 95 milioni di euro a regime, di cui 50 milioni già a partire dal 2003. Allo scopo di favorire il rientro dall'indebitamento, Dyckerhoff ha posto un rigido tetto all'ammontare delle spese in conto capitale, che nel 2002 si sono attestate a 113 milioni di euro (contro i 197 del 2001). La società, nelle sue comunicazioni al mercato in sede di commento dei risultati di bilancio 2002, ha precisato che le azioni intraprese e sopra riassunte consentiranno, con ragionevole probabilità di ottenere già nel 2003 un risultato economico ordinario positivo.

Come accennato in precedenza, nel quadro della rinegoziazione degli accordi tra Buzzi Unicem e la Famiglia Dyckerhoff, quest'ultima ha sottoscritto nel novembre 2002 un prestito subordinato a lungo termine emesso da Dyckerhoff AG per un ammontare di 200 milioni di euro; la collegata tedesca ha così raggiunto un primo obiettivo di riduzione della propria esposizione nei confronti del sistema bancario.

In order to adapt its business structure to a market environment that has changed, Dyckerhoff has embarked upon a demanding restructuring program known as "Project 21". This project is moving ahead in keeping with three key objectives: an increase in the level of plant utilization (through the re-engineering of production capacity); a reduction in costs (through the simplification and optimization of purchasing, production, maintenance and logistical processes); and the sale of activities that are not part of the company's core business. Measures have also been taken to readapt the group's organizational set-up, which has been engineered to match the model that has already been successfully adopted by Buzzi Unicem, based on solid integration between activities involving the production and sale of cement and concrete. This new approach caused the German group's corporate structure to take on a different appearance, involving a significant reduction in the number of legal entities as well as in the relevant administrative and managerial positions. This restructuring program involved total one-off costs of around euro 70 million, which were covered partly through cash and partly by writing down assets, all of which charged to the year 2002 financial statements. The benefits expected to emerge amount to euro 95 million a year once operations are up and running, with euro 50 million of this expected to be realized as early as the year 2003. With a view to reduce net debt, Dyckerhoff imposed a tight ceiling on the amount of capital expenditures, which in 2002 amounted to euro 113 million (against euro 197 million in 2001). The company, in information provided to the market at the time that it commented on its results and accounts for the year 2002, was keen to point out that the measures taken (as summarized above) make it highly likely that it will achieve a profit from ordinary operations as early as the year 2003.

As previously mentioned, while the agreements between Buzzi Unicem and the Dyckerhoff family were being renegotiated, in November 2002 the latter entered into a long-term subordinate loan issued by Dyckerhoff AG for euro 200 million. As a result, the German associated company achieved its first objective: that of reducing its exposure to banks.

Il conto economico consolidato dell'esercizio 2002 presenta un fatturato di 1.545,2 milioni di euro (-5,9% rispetto al 2001, a parità di perimetro) ed un margine operativo lordo di 269,1 milioni (-21,6%). Gli oneri straordinari connessi ai progetti di ristrutturazione e l'accantonamento di 107,2 milioni di euro a copertura della probabile sanzione antitrust impattano fortemente sulla sezione non operativa del conto economico, che si chiude con una perdita netta di competenza pari a 130,7 milioni di euro.

La posizione finanziaria netta è negativa per 1.230,6 milioni di euro, di cui 200,2 relativi al prestito subordinato sottoscritto dalla Famiglia Dyckerhoff; di conseguenza, l'indebitamento verso il sistema è calato a 1.030,4 milioni di euro, contro i 1.358,2 milioni di fine 2001.

The consolidated income statement for the year 2002 reports sales revenues of euro 1,545.2 million (-5.9% on the year 2001, on a like-for-like basis) and EBITDA of euro 269.1 million (-21.6%). Extraordinary expenses relating to restructuring programs and the allocation of euro 107.2 million to cover the anti-trust penalty likely to be imposed had a heavy impact on the non-operating section of the income statement, which ended up recording a net loss for the group of euro 130.7 million. The net financial position was in the red by euro 1,230.6 million, with euro 200.2 million of this relating to the subordinate loan taken up by the Dyckerhoff family. As a result of said loan, bank borrowing decreased to euro 1,030.4 million (from euro 1,358.2 million at end-2001).



Stabilimento Dyckerhoff di Greencastle, Indiana
Dyckerhoff plant in Greencastle (IN)

Risorse umane Human Resources

Nell'anno 2002 si è completata l'integrazione organizzativa degli enti centrali, con il trasferimento presso la sede di Casale Monferrato del personale già operante a Torino; questa riunificazione ha consentito di conseguire significative efficienze, specialmente nel settore delle attività amministrative. Sono proseguite le attività formative collegate all'introduzione del nuovo sistema informatico, ricercando in particolare il miglioramento della collaborazione tra le unità produttive e gli enti centrali. La fiducia riposta in passato in alcuni giovani ad alto potenziale ha trovato riscontro in significativi sviluppi di carriera, che hanno consentito all'azienda il ricambio in posizioni organizzative importanti avvalendosi di risorse umane cresciute all'interno. La comunicazione viene regolarmente assicurata dal periodico "Portland", pubblicato tre volte all'anno e distribuito anche nelle consociate estere, per contribuire a creare e mantenere una comune cultura d'azienda.

Nel settore cemento è proseguito il programma di formazione inteso a sostenere l'adozione del sistema organizzativo delle attività di produzione affidate ai capi reparto, con il contemporaneo arricchimento professionale di altre funzioni di stabilimento. Nel settore calcestruzzo si è intensificato lo sforzo per migliorare la disponibilità di tutto il personale ad avvalersi delle procedure operative unificate; grande impegno è stato altresì profuso per dare corpo alla nuova sezione operativa dedicata alle forniture per la linea ferroviaria alta velocità nella tratta Torino-Novara.

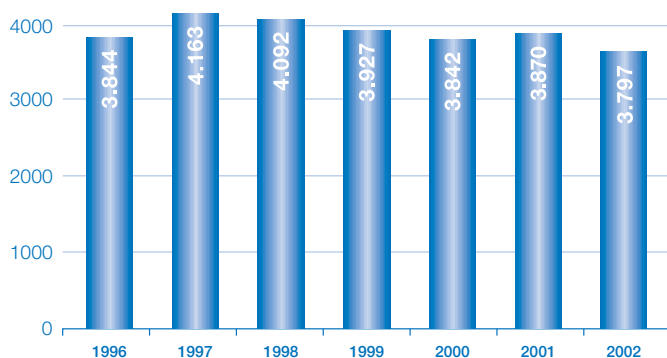
Le relazioni industriali si sono mantenute in un clima di correttezza, privilegiando le tematiche concrete rispetto ai noti motivi generali di tensione sociale.

The year 2002 saw the completion of the organizational integration of central functions, with staff operating in Turin being transferred to the headquarters in Casale Monferrato. This amalgamation has allowed impressive levels of efficiency to be attained, especially in the area of administrative duties. Training activities continued, in connection with the introduction of a new IT system, with special efforts being made to enhance co-operation between the various production units and central functions. Placing trust in a few young people of great potential in the past has paid off as they make great career progress, allowing the company to move them into important organizational roles, thereby making use of human resources developed within the organization. Communications are duly assured thanks to the newsletter "Portland", which is published three times a year and also distributed to foreign subsidiaries and affiliates, its purpose being to help create and maintain a shared corporate culture.

In the cement sector, the company has continued with a training program geared to support the adoption of a special organizational set-up for production activities entrusted to section heads, while at the same time the professional skills of other factory functions have also been boosted further. Within the concrete sector, efforts were stepped up to boost all staff's willingness to make use of unified operating procedures. The company also did its utmost to establish the new operating section, specializing in supplies for the high-speed train line running along the Turin-Novara route. Industrial relations were properly maintained, the priority being given to actual issues over general reasons known to cause social tension.

Addetti a fine esercizio Payroll at Year End

(numero / number)



Al 31 dicembre 2002 l'organico Buzzi Unicem è composto da 3.797 unità, con una diminuzione di 73 unità rispetto all'esercizio precedente. La ripartizione del personale per area geografica è la seguente:

As of December 31, 2002, Buzzi Unicem had 3,797 employees on its books: 73 fewer than the previous year. The geographical distribution of staff is as follows:

	(numero addetti / no. of employees)			
	2002	%	2001	%
Italia <i>Italy</i>	2.253	59,3	2.352	60,8
Stati Uniti d'America <i>United States of America</i>	1.238	32,6	1.261	32,6
Messico (50%) <i>Mexico (50%)</i>	306	8,1	257	6,6
Totale <i>Total</i>	3.797	100,0	3.870	100,0



Stabilimento di Barletta (Bari): controllo della fiamma del bruciatore
Barletta plant (Bari): checking the burner flame

Attività di ricerca e sviluppo **Research and Development**

Buzzi Unicem, come tradizione dalle origini, dedica particolare attenzione ai controlli di qualità nonché alla ricerca applicata alle specifiche produzioni, e conduce ricerca e sperimentazione su ingegneria di processo e su nuovi prodotti.

Siamo presenti in tutti i principali organismi, nazionali e sovranazionali, che si occupano di normativa e certificazione. Inoltre siamo particolarmente attivi nella produzione, non solo sperimentale, di prodotti speciali, utilizzabili nell'industria della costruzione, ad integrazione e sostegno delle nostre produzioni principali.

Nel corso del 2002, grazie al crescente coinvolgimento di Buzzi Unicem in Dyckerhoff, è stata ampliata notevolmente la collaborazione tra il nostro Centro Ricerche ed il Wilhelm Dyckerhoff Institute (WDI): quest'ultimo ha lunga tradizione nella ricerca volta alla formulazione di nuovi prodotti e possiede i più moderni mezzi d'indagine e personale altamente specializzato. Grazie a queste sinergie, è stato possibile ampliare la gamma dei nostri cementi speciali dedicati, per esempio con l'introduzione in Italia di nuovi prodotti e sistemi per applicazioni in sottosuolo, di cui Dyckerhoff detiene i brevetti, già in uso con successo da anni in Germania.

Da segnalare inoltre la stretta collaborazione tecnica nel campo dei calcestruzzi auto-compattanti, in cui Dyckerhoff mantiene una riconosciuta leadership tecnologica a livello europeo, che ha aiutato la controllata Unical nella messa a punto del calcestruzzo SCC, subito apprezzato dal mercato e con prospettive di crescita decisamente promettenti.

Per quanto riguarda i cementi comuni secondo UNI EN 197/1 ed il sistema qualità aziendale, tutti i nostri cementi hanno ottenuto il marchio CE e tutti gli stabilimenti italiani hanno mantenuto la certificazione volontaria secondo ISO 9002. Sono in corso i lavori per portare il gruppo Buzzi Unicem alla nuova norma di sistema qualità "Vision 2000" entro il 2003.

Ever since it was established, Buzzi Unicem has by tradition paid special attention to quality control as well as to applied research for cement manufacturing. It also carries out research and testing on process engineering and new products.

The company has a presence in all major national and supranational organizations responsible for regulations and certification procedures. It is also particularly involved in the production – not only on an experimental basis – of special products used in the construction industry, to supplement and support our main lines.

In the course of the year 2002, thanks to Buzzi Unicem's growing involvement in Dyckerhoff, co-operation between our Research Center and the Wilhelm Dyckerhoff Institute (WDI) was stepped up considerably. The latter is highly experienced in conducting research with a view to coming up with new products, and is equipped with the most modern research instruments and highly specialized staff. Thanks to these synergies, the company has been able to broaden its range of special cements, for example with the launch in Italy of new products and systems for subsoil applications (of which Dyckerhoff owns the patents), which have been successfully used for some years now in Germany.

We should also mention the close technical co-operation enjoyed in the field of self-compacting concrete (for which Dyckerhoff is a renowned leader in Europe from a technological perspective), which helped the subsidiary company Unical to get its SCC operations up and running. This initiative, immediately welcomed by the market, offers undeniably promising growth prospects.

As far as our common cements are concerned, in accordance with UNI EN 197/1 and the company's own quality control system, all cements have obtained the CE mark and all Italian plants have maintained voluntary certification in accordance with ISO 9002. Work is also underway to bring the Buzzi Unicem group in line with the new "Vision 2000" quality system standard by the year 2003.

Ecologia, Ambiente e Sicurezza **Ecology, Environment and Safety**

Buzzi Unicem è da sempre consapevole della necessità di considerare la tutela ambientale, lo sviluppo eco-compatibile e la salvaguardia della salute e della sicurezza dei lavoratori come obiettivi prioritari delle proprie attività produttive. Già nel 1981 venne istituito a livello centrale il servizio EAS (Ecologia Ambiente Sicurezza) con lo scopo di presidiare adeguatamente le tematiche menzionate.

Nel 1997 Buzzi Unicem definì ed adottò una "Politica Ambiente e Sicurezza", finalizzata non solo a mantenere sempre più alti standard di rispetto dell'ambiente, ma anche al miglioramento continuo delle condizioni di lavoro. Gli sforzi compiuti hanno permesso di conseguire la certificazione ambientale ISO 14001 per le cementerie di Vernasca (prima in Italia) e Barletta, per la centrale di betonaggio di Orbassano e per la sede dell'Area Piemonte; per altri siti produttivi sono in corso le procedure di certificazione.

Nel 2002 è stato pubblicato il primo "Rapporto Ambiente e Sicurezza", che descrive in modo dettagliato il processo produttivo, le procedure attuate per minimizzare l'impatto ambientale e massimizzare la sicurezza dei lavoratori e le attività di recupero ambientale.

Confermando l'impegno in atto sul fronte dello sviluppo sostenibile, nel mese di febbraio 2003 le centrali di betonaggio site a Livorno, Settimello (FI) e Castelfiorentino (FI) facenti capo alla Betonval S.p.A. hanno ottenuto la certificazione ai sensi della UNI EN ISO 14001 ed OHSAS 18001. Sempre all'inizio del 2003, sono stati resi noti i risultati dello studio di "benchmarking di sostenibilità economica, ambientale e socio-etica" condotto nel 2002 da SAM Research (Zurigo) e dalla Luiss su un campione di 75 società italiane quotate al Mib30, al Mibtel-Nuovo Mercato ed al Midex, messe a confronto con circa 600 imprese quotate al Dow Jones STOXX. Buzzi Unicem è risultata in prima posizione tra le aziende del settore industriale nel campo dello "sviluppo sostenibile", con un livello di eccellenza pari al 52% contro un livello medio, rispettivamente, pari al 31% per le imprese italiane ed al 33% per le imprese europee dello stesso settore.

Buzzi Unicem has always been aware of the need to regard the protection of the environment, the sustainable development and the safeguarding of the health and safety of workers as priority objectives of its productive activities. As early as 1981, an EES Unit (Ecology Environment Safety) was set up as a central function, the aim being to adequately oversee the issues previously mentioned.

In 1997, Buzzi Unicem defined and adopted an "Environment and Safety Policy", geared not only to maintain increasingly high environmental compliance standards, but also to continuously improve conditions in the workplace. The efforts made have allowed the company to obtain environmental certification ISO 14001 in respect of its cement plants in Vernasca (the first in Italy) and Barletta, its batching plant in Orbassano and its Piedmont Area Office. Certification procedures are presently underway for other production sites too.

The year 2002 saw the publication of the first "Report on Environment and Safety", which provides a highly detailed account of the overall production process, the procedures followed to minimize environmental impact and maximize the safety of workers and the environmental recovery activities undertaken.

As confirmation of our commitment to promoting sustainable development, in February 2003 the company's batching plants in Livorno, Settimello (Firenze) and Castelfiorentino (Firenze) (all headed up by Betonval SpA) successfully obtained certification pursuant to the standards UNI EN ISO 14001 and OHSAS 18001. Early 2003 also saw the publication of the findings of the study "Benchmarking economic, environmental and socio-ethical sustainability". This was conducted in 2002 by SAM Research (Zurich) and LUISS using a sample of 75 Italian companies listed on the MIB30, Mibtel-Nuovo Mercato and Midex, which were compared with approximately 600 companies listed on the Dow Jones STOXX. Buzzi Unicem came first out of all industrial companies in the field of "sustainable development", achieving a level of excellence of 52% (compared with the average of 31% for Italian companies and the average of 33% for European companies operating in the same sector).

Fatti di rilievo avvenuti dopo la data di riferimento del bilancio consolidato

Significant Subsequent Events after Closing of the Financial Year

Il 7 marzo 2003 si è conclusa l'operazione di offerta in opzione di n. 10.107.299 obbligazioni del prestito "Buzzi Unicem 4% 2003-2008 convertibile", per un controvalore complessivo di euro 101,1 milioni, deliberata nel dicembre 2002 a seguito della rinegoziazione degli accordi con la Famiglia Dyckerhoff. L'offerta è stata interamente sottoscritta; in particolare, la Famiglia Dyckerhoff ha sottoscritto complessivamente il 94,1% dell'offerta totale, per un controvalore complessivo di 95,1 milioni di euro, in virtù dell'impegno dalla stessa assunto a garantire integralmente il buon esito dell'emissione.

Sempre nel mese di marzo è stato sottoscritto un accordo tra Buzzi Unicem e Holcim, che rafforza la presenza di Buzzi Unicem nel capitale di Dyckerhoff. Esso prevede l'acquisto di n. 1.134.028 azioni ordinarie (5,5% del capitale ordinario) e n. 125.744 azioni privilegiate (0,6% del capitale privilegiato) Dyckerhoff AG, con un esborso complessivo di 25,4 milioni di euro. Per effetto dell'acquisto su indicato la partecipazione di Buzzi Unicem al capitale ordinario di Dyckerhoff passa dal 43,8% al 49,3% ed al 27,2% del capitale complessivo. Contestualmente, Buzzi Unicem ha concesso un'opzione put a favore di Holcim ed Holcim ha concesso un'opzione call a favore di Buzzi Unicem su n. 1.100.000 azioni ordinarie Dyckerhoff AG, aventi rispettivamente scadenza nel gennaio e febbraio 2004. L'eventuale esercizio delle opzioni comporterà, in entrambi i casi, un esborso per Buzzi Unicem di 24,6 milioni di euro e consentirà di acquisire un ulteriore 5,3% del capitale ordinario.

March 7, 2003 marked the close of an issue, offering 10,107,299 "Buzzi Unicem 4% 2003-2008 convertible bonds", as an option, for euro 101.1 million in total. This transaction was approved in December 2002 following the re-negotiation of the agreements in place with the Dyckerhoff family. The offer was fully taken up. Specifically, the Dyckerhoff family subscribed overall to 94.1% of the total offer, for the total sum of euro 95.1 million, by virtue of the undertaking it had assumed to guarantee the complete success of the issue.

Also in March, an agreement was stipulated between Buzzi Unicem and Holcim, strengthening Buzzi Unicem's presence in the capital stock of Dyckerhoff. This agreement included the purchase by Buzzi Unicem of 1,134,028 ordinary shares (5.5% of ordinary capital stock) and 125,744 preferred shares (0.6% of preferred capital stock) of Dyckerhoff AG, for the total sum of euro 25.4 million. As a result of the above share purchase, Buzzi Unicem raised its stake in the ordinary capital stock of Dyckerhoff from 43.8% to 49.3%, while its stake in total stock increased to 27.2%. At the same time, Buzzi Unicem granted a put option in favor of Holcim and Holcim granted a call option in favor of Buzzi Unicem in respect of 1,100,000 Dyckerhoff AG ordinary shares, expiring respectively in January and February 2004. Exercising these options will, in both cases, cost Buzzi Unicem euro 24.6 million and will allow it to acquire a further 5.3% of ordinary capital stock.

La collegata Dyckerhoff ha recentemente annunciato di aver ceduto a Holcim le proprie attività in Spagna al prezzo di 190 milioni di euro. La capacità produttiva cemento oggetto dell'operazione di dismissione è 0,8 milioni di tonnellate annue ed il ricavato della cessione è destinato alla riduzione dell'indebitamento finanziario. A seguito dell'accordo raggiunto tra Sika e HeidelbergCement per l'acquisto del 50% da quest'ultima posseduto in Addiment Italia Srl, Sika e Buzzi Unicem hanno sottoscritto un contratto di joint venture per proseguire la partnership paritetica attiva nel segmento chimica dell'edilizia. L'operazione è soggetta all'approvazione dell'Autorità per la Concorrenza europea, la cui pronuncia è attesa per la fine del mese di aprile.

Sika è un gruppo svizzero fondato nel 1910 e quotato alla borsa di Zurigo dal 1968, attivo nella produzione di additivi chimici per le costruzioni e l'industria, con presenze in oltre 60 paesi ed in tutti i continenti. Il tradizionale, forte impegno di Sika nella ricerca e sviluppo di nuovi prodotti consentiranno ad Addiment Italia di migliorare ulteriormente la propria gamma ed il livello di servizio offerto alla clientela.

The associated company Dyckerhoff recently announced that it had sold its Spanish business to Holcim for euro 190 million. The business disposed of has a cement production capacity of 0.8 million tons per annum. Proceeds from the sale will be used to reduce net debt.

Following an agreement reached between Sika and HeidelbergCement for the acquisition of the 50% interest held by the latter in Addiment Italia Srl, Sika and Buzzi Unicem entered into a joint-venture agreement to pursue their jointly-owned operation, which is active in the construction chemicals business. This deal is subject to the approval by the European Commission for Competition, which is expected to issue a ruling by the end of April.

Sika, a Swiss group founded in 1910 and listed on the Zurich Stock Exchange since 1968, produces chemical additives used in construction and industry with operations in over 60 countries in all continents. Its traditionally strong commitment to R&D for new products will enable Addiment Italia to improve its product range and the quality service it provides to its customers even further.



Evoluzione prevedibile della gestione

Outlook for Operations

Questa prima parte dell'anno 2003 è caratterizzata in Italia da volumi di vendita in progresso, favoriti anche da condizioni meteorologiche eccezionalmente secche. Per l'intero anno, nonostante un probabile rallentamento dell'edilizia privata, ci aspettiamo complessivamente una tenuta del mercato sugli elevati volumi del precedente esercizio, senza significative variazioni nei prezzi. L'impatto negativo sui costi di produzione dovuta alla brusca risalita dei combustibili tradizionali utilizzati, dovrebbe essere mitigato dal crescente impiego di combustibili alternativi cui si è accennato in precedenza. Conseguentemente, la redditività del mercato italiano è attesa sugli elevati livelli del 2002.

Negli Stati Uniti d'America, sebbene il paese non sia tecnicamente in recessione, gli indici di fiducia dei consumatori si mantengono sui livelli più bassi da quasi dieci anni. E' opinione condivisa che nel 2003 il mercato delle costruzioni e del cemento subirà una contrazione. Tale aspettativa è in linea con il sentiment generale dell'economia statunitense, su cui hanno pesato e continuano a pesare le forti tensioni geopolitiche. Sia i volumi che i prezzi risulteranno probabilmente in diminuzione di qualche punto percentuale; tenendo conto della tendenza rialzista di alcuni costi (combustibili, servizi assicurativi e previdenziali) si può quindi ipotizzare per le attività statunitensi un risultato in dollari inferiore al 2002.

The early part of 2003 saw sales volumes in Italy make notable progress, thanks in part to exceptionally dry weather conditions. As far as the whole year is concerned, although the private building industry is likely to slow down, we still expect the market as a whole to remain resilient and record high volumes in line with those seen in 2002, without any significant price changes. The increase in production costs, due to the sharp rise in prices for the traditional fuels used, should be mitigated by the growing use of alternative fuels mentioned earlier on. As a result, the Italian market is expected to register profitability levels in keeping with the high ones seen in 2002.

Although the United States of America are not technically experiencing a recession, consumer confidence indicators are at the lowest levels seen for almost ten years. Opinion is shared that the construction and cement market will contract in the year 2003. This expectation is in keeping with general sentiment regarding the US economy, which has borne, and continues to bear, the brunt of extreme geopolitical tension. Both volumes and prices will probably decrease by a few percentage points. Given that certain costs are increasing (fuels and insurance/welfare services), US activities might therefore be expected to realize a result in dollars that will be lower than that posted for the year 2002.

Per l'economia del Messico il 2003 dovrebbe essere un anno di accelerazione, con l'incognita derivante da un'eventuale ridotta crescita negli Stati Uniti; è prevedibile inoltre che il peso messicano continui ad essere piuttosto debole, riflettendo il differenziale di inflazione con il dollaro. I fondamentali del mercato delle costruzioni rimangono molto positivi: la crescita della popolazione, la bassa età media della stessa ed il fabbisogno infrastrutturale lasciano intravedere prospettive favorevoli anche nel lungo periodo. Nell'anno in corso la collegata Corporación Moctezuma dovrebbe presentare risultati a livello operativo, espressi in valuta locale, in leggero miglioramento.

Nel 2003 l'economia tedesca si manterrà debole ed anche l'industria delle costruzioni non prevede una inversione di tendenza, con implicazioni negative per il mercato del cemento sia in termini di volumi che di prezzi. La collegata Dyckerhoff trarrà i primi benefici dall'imponente programma di riorganizzazione denominato "Project 21", che dovrebbero tradursi in una riduzione dei costi di circa 50 milioni di euro. In assenza di eventi straordinari, si prevede per l'anno in corso il ritorno all'utile da parte della collegata tedesca.

In base alle considerazioni sopra esposte, nell'ipotesi di sostanziale invarianza dei tassi di cambio rispetto ai livelli di questi giorni, i margini operativi del 2003 espressi in euro risulteranno probabilmente in diminuzione a livello consolidato. Sono prevedibili, per contro, miglioramenti nelle componenti non operative del conto economico, grazie all'impatto più favorevole della valutazione Dyckerhoff col metodo del patrimonio netto. Complessivamente quindi, per l'intero esercizio, riteniamo di conseguire risultati operativi soddisfacenti, mantenere una generazione di cassa significativa ed ottenere un utile netto paragonabile a quello del 2002.

Turning to the Mexican economy, the year 2003 should be a year marked by acceleration, with uncertainty stemming from slower growth in the USA. The Mexican peso is also likely to remain rather weak, reflecting the inflation differential with the US dollar. The construction market's fundamentals are still extremely positive: growth of the population, the low average age of the population and infrastructural requirements all pave the way for favorable prospects, including long-term ones. For the year currently underway, the operating results of the associated company Corporación Moctezuma, expressed in local currency, should improve slightly.

In 2003, the Germany economy will remain weak, with no turnaround in the trends for the country's construction industry either. This has negative implications for the cement market, both in terms of volumes and prices. The associated company Dyckerhoff will reap the first benefits of its imposing restructuring program known as "Project 21", which should lead to a reduction in costs of around euro 50 million. In the absence of any extraordinary events, the current year should see the company return to profitability.

Based on the considerations set out above, and assuming that exchange rates remain substantially the same as those presently seen, consolidated operating income (expressed in euro) will probably be lower in the year 2003. On the other hand, non-operating items within the income statement are expected to improve, thanks to the more favorable effect of Dyckerhoff's valuation by the equity method. Overall therefore, and with regard to the entire financial year, we expect operating results to be satisfactory, cash flow to remain at a significant level and net income to be comparable with that achieved in the year 2002.

Azioni proprie ***Treasury Shares***

A fine anno, la controllante Buzzi Unicem possedeva n. 2.300.000 azioni proprie ordinarie, del valore nominale di 0,60 euro, corrispondenti al 1,60% del capitale. Nessuna delle imprese controllate possiede azioni della controllante.

At the year-end, the parent company Buzzi Unicem held in treasury 2,300,000 of its own ordinary shares, each of which bears a par value of euro 0.60 euro, equal to 1.60% of capital stock. No subsidiary companies hold any of the parent company's shares.



Controllo dell'anello di ricambio del forno
Testing a replacement kiln tire



Cava Ciapelaruta di Robilante (Cuneo): i gradoni in ripristino
Ciapelaruta quarry near Robilante (Cuneo): restoration under way

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

ASSETS

(in thousands of euro)

	Dec. 31, 2002	Dec. 31, 2001
A) RECEIVABLES FROM STOCKHOLDERS FOR SUBSCRIBED CAPITAL UNPAID	–	–
B) FIXED ASSETS		
I Intangible fixed assets:		
1) Formation and expansion costs	1,356	1,978
2) Research, development and advertising expenses	–	–
3) Industrial patents and intellectual property rights	1,438	1,221
4) Concessions, licenses, trademarks and similar rights	639	737
5) Goodwill	83,756	99,672
6) Assets in progress and advances	392	7
7) Differential arising from consolidation	22,014	32,101
8) Others	7,649	13,246
Total	117,244	148,962
II Property, plant and equipment:		
1) Land and buildings	244,869	251,635
2) Plant and machinery	518,863	593,085
3) Industrial and commercial equipment	23,697	29,033
4) Other assets	9,163	12,502
5) Assets in progress and advances	51,915	91,672
Total	848,507	977,927
III Financial fixed assets:		
1) Equity investments in:	659,106	541,733
a) unconsolidated subsidiaries	68	93
b) associated companies	654,235	537,097
c) parent companies	–	–
d) other companies	4,803	4,543
2) Receivables:	9,193	32,878
a) from unconsolidated subsidiaries	54	254
- due beyond 12 months	54	254
b) from associated companies	1,955	2,245
- due within 12 months	155	155
- due beyond 12 months	1,800	2,090
c) from parent companies	–	–
d) from others	7,184	30,379
- due within 12 months	484	1,141
- due beyond 12 months	6,700	29,238
3) Other securities	14,888	23
4) Treasury stock	–	–
Total	683,187	574,634
Total fixed assets (B)	1,648,938	1,701,523

(in thousands of euro)

	Dec. 31, 2002	Dec. 31, 2001
C) CURRENT ASSETS		
I Inventories:		
1) Raw materials, supplies and consumables	83,284	89,654
2) Work in progress and semi-finished products	23,813	30,940
3) Contract work in progress	–	–
4) Finished products and goods for resale	24,706	29,265
5) Advances to suppliers	210	1,403
Total	132,013	151,262
II Receivables:		
1) Trade receivables	325,996	308,675
- due within 12 months	325,808	308,421
- due beyond 12 months	188	254
2) From unconsolidated subsidiaries	571	–
3) From associated companies	7,953	7,533
- due within 12 months	7,953	6,710
- due beyond 12 months	–	823
4) From parent companies	5	4
5) From others	51,618	39,253
- due within 12 months	22,999	25,835
- due beyond 12 months	28,619	13,418
Total	386,143	355,465
III Financial assets not held as fixed assets:		
1) Equity investments in unconsolidated subsidiaries	–	–
2) Equity investments in associated companies	–	–
3) Equity investments in parent companies	–	–
4) Other equity investments	–	–
5) Treasury stock (nominal value euro 1,380,000)	15,487	14,149
6) Other securities	149,200	106,877
Total	164,687	121,026
IV Cash and cash equivalents:		
1) Bank and post office deposits	145,740	180,543
2) Checks	2,032	2,582
3) Cash on hand	136	158
Total	147,908	183,283
Total current assets (C)	830,751	811,036
D) ACCRUED REVENUES AND PREPAID EXPENSES	3,817	3,723
TOTAL ASSETS	2,483,506	2,516,282

LIABILITIES AND STOCKHOLDERS' EQUITY

(in thousands of euro)

	Dec. 31, 2002	Dec. 31, 2001
A) STOCKHOLDERS' EQUITY		
I Capital stock	86,281	83,881
II Paid-in capital	33,628	33,628
III Revaluation reserves	85,520	69,170
IV Legal reserve	10,391	8,161
V Reserve for treasury stock	15,487	14,149
VI Statutory reserves	–	–
VII Other reserves:	271,222	310,239
1) Consolidation reserve	2,186	2,644
2) Translation differences	(35,175)	93,122
3) Reserve for gains on contributions ex law 904/77	25,913	22,268
4) Reserve for purchase of treasury stock	21,243	14,683
5) Reserve for capital grants	29,412	8,171
6) Reserve for gains ex law 169/83	9,916	9,916
7) Reserve for issuing of shares art. 2349 Civil Code	175	73
8) Reserve ex legislative decree 124/93	5	–
9) Restricted reserve ex law 488/92 and law 388/00	10,821	–
10) Merger surplus	206,726	159,362
VIII Retained earnings (losses)	460,243	430,310
IX Consolidated net income (loss)	128,731	161,094
Total stockholders' equity of the group	1,091,503	1,110,632
X Minority interests	80,700	129,227
Total stockholders' equity (A)	1,172,203	1,239,859
B) RESERVES FOR RISKS AND CHARGES		
1) Pensions and similar obligations	22,594	19,839
2) Taxation	80,252	83,531
3) Others	62,542	12,316
Total reserves for risks and charges (B)	165,388	115,686
C) RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES	39,784	40,591

(in thousands of euro)

	Dec. 31, 2002	Dec. 31, 2001
D) PAYABLES		
1) Bonds	558,216	129,114
- due within 12 months	129,114	-
- due beyond 12 months	429,102	129,114
2) Convertible bonds	-	-
3) Borrowings from banks	262,072	712,658
- due within 12 months	74,218	450,767
- due beyond 12 months	187,854	261,891
4) Other providers of finance	837	1,930
- due within 12 months	191	942
- due beyond 12 months	646	988
5) Advances	2,038	1,982
6) Trade payables	174,423	185,742
7) Notes payable	38	134
- due within 12 months	38	84
- due beyond 12 months	-	50
8) Payables to unconsolidated subsidiaries	-	-
9) Payables to associated companies	293	196
10) Payables to parent companies	25,098	-
11) Taxes payable	39,474	48,058
- due within 12 months	39,474	45,479
- due beyond 12 months	-	2,579
12) Payables to social security institutions	5,751	6,213
- due within 12 months	5,729	6,206
- due beyond 12 months	22	7
13) Other payables	19,471	17,148
- due within 12 months	16,083	16,855
- due beyond 12 months	3,388	293
Total Payables (D)	1,087,711	1,103,175
E) ACCRUED EXPENSES AND DEFERRED REVENUES	18,420	16,971
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,483,506	2,516,282
MEMORANDUM ACCOUNTS		
Guarantees given	158,390	153,649
Guarantees received	445,185	624,147
Other memorandum accounts	8,774	9,604
Total memorandum accounts	612,349	787,400

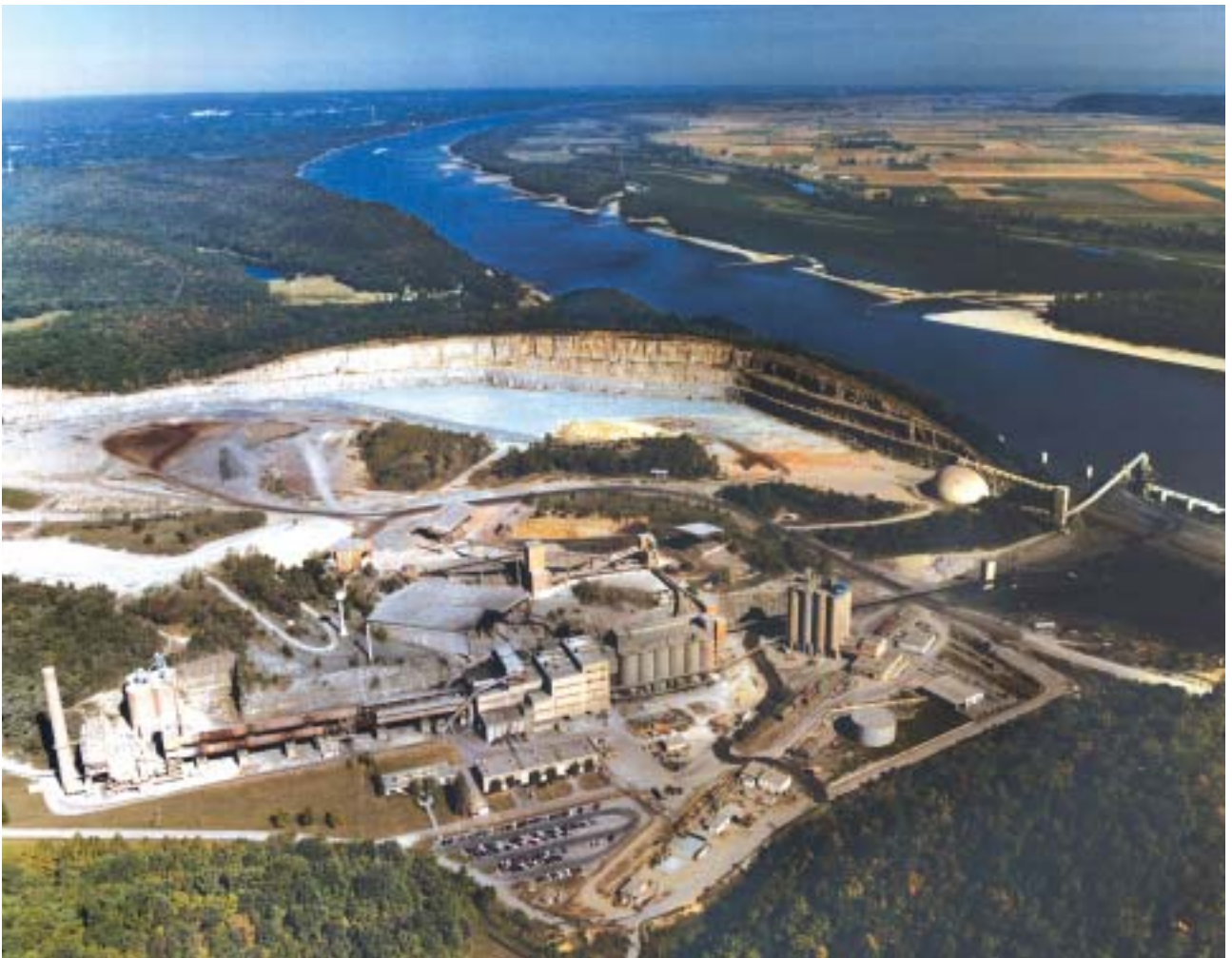
CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	2002	2001
A) VALUE OF PRODUCTION		
1) Revenues from sales and services	1,478,677	1,446,471
2) Changes in inventories of work in progress, semi-finished and finished products	(2,518)	10,440
3) Changes in contract work in progress	–	–
4) Additions to internally produced fixed assets	1,152	568
5) Other revenues and income	16,190	16,769
Total value of production	1,493,501	1,474,248
B) COSTS OF PRODUCTION		
6) Raw materials, supplies, consumables and goods for resale	513,193	524,211
7) Services	288,367	277,841
8) Use of third party assets	16,443	18,072
9) Labour costs:	181,072	181,079
a) salaries and wages	128,492	132,660
b) social security contributions	45,027	41,604
c) employee severance indemnities	5,297	5,265
d) pensions and similar obligations	735	767
e) other costs	1,521	783
10) Amortization, depreciation and writedowns:	139,107	133,297
a) amortization of intangible fixed assets	35,462	32,324
b) depreciation of property, plant and equipment	94,511	96,317
c) other adjustments to fixed assets	2,090	–
d) writedown of receivables under current assets and liquid funds	7,044	4,656
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	830	(4,309)
12) Provisions for risks	207	313
13) Other provisions	1,985	1,527
14) Other expenses	20,922	23,560
Total costs of production	1,162,126	1,155,591
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)	331,375	318,657
C) FINANCIAL INCOME AND EXPENSES		
15) Income from equity investments:	18	691
a) dividends from unconsolidated subsidiaries	–	–
b) dividends from associated companies	–	39
c) dividends from other companies	18	32
d) other income from equity investments	–	620

(in thousands of euro)

	2002	2001
16) Other financial income:	37,278	17,024
a) from receivables under fixed assets:	1,020	1,128
- from unconsolidated subsidiaries	-	-
- from associated companies	59	5
- from parent companies	-	-
- from others	961	1,123
b) from securities under fixed assets other than equity investments	153	-
c) from securities under current assets other than equity investments	883	1,476
d) other income:	35,222	14,420
- from unconsolidated subsidiaries	-	-
- from associated companies	65	62
- from parent companies	-	-
- from others	35,157	14,358
17) Interest and other financial expenses:	52,788	37,859
a) unconsolidated subsidiaries	-	-
b) associated companies	-	-
c) parent companies	258	-
d) others	52,530	37,859
Total financial income and expenses (15+16-17)	(15,492)	(20,144)
D) ADJUSTMENTS TO FINANCIAL ASSETS		
18) Revaluations:	738	1,150
a) of equity investments	731	1,143
b) of financial fixed assets other than equity investments	7	7
c) of securities under current assets other than equity investments	-	-
19) Writedowns:	67,483	3,536
a) of equity investments	63,679	3,469
b) of financial fixed assets other than equity investments	372	67
c) of securities under current assets other than equity investments	3,432	-
Total adjustments (18-19)	(66,745)	(2,386)
E) EXTRAORDINARY INCOME AND EXPENSES		
20) Income:	4,946	2,108
a) gains on disposals	767	86
c) other extraordinary income	4,179	2,022
21) Expenses:	5,033	1,252
a) losses on disposals	421	496
b) prior years taxes	194	14
c) other extraordinary expenses	4,418	742
Total extraordinary income and expenses (20-21)	(87)	856
INCOME BEFORE TAXES (A-B+C+D+E)	249,051	296,983
22) Income taxes	(97,285)	(114,965)
23) COMBINED NET INCOME (LOSS)	151,766	182,018
24) Minority interests	(23,035)	(20,924)
CONSOLIDATED NET INCOME (LOSS)	128,731	161,094



Stabilimento River Cement di Festus, Missouri
River Cement plant in Festus (MO)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form and content of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with Italian Legislative Decree 127/91. They include the statutory financial statements of Buzzi Unicem SpA and of the subsidiaries in which Buzzi Unicem SpA directly or indirectly holds more than 50% of the capital stock or in which it exercises a dominant influence, despite having a minority interest directly or indirectly. The scope of consolidation does not include those subsidiaries in which the parent company's rights are seriously and permanently restricted, nor those whose shares or quotas are held exclusively with a view to selling them in the future. Subsidiaries in winding up and those companies with insignificant assets, both from an investment point of view and in terms of their net equity and results, are also excluded from the scope of consolidation. Companies in which the group, directly or indirectly, exercises joint control with other stockholders are consolidated under the proportional method. Unconsolidated subsidiaries and associated companies in which the direct or indirect holding is between 20% and 50% are carried at equity.

The financial statements used in the consolidation are those prepared or approved as of December 31, 2002 by the boards of the individual companies. These financial statements have been adjusted, where necessary, to bring them into line with group accounting principles, which comply with those laid down by current Italian law and those issued by the Italian Accounting Profession. The adjustments to the individual financial statements made to eliminate items of a purely fiscal nature or to align them with group accounting principles, as well as other consolidation adjustments, take into account the related deferred tax effect, where appropriate. The closing date and the reference period for the consolidated financial statements coincide with those of the statutory financial statements of the parent company and its subsidiaries.

Balance sheet and income statement are comparable with those of the prior year, except for changes in the scope of consolidation. In certain cases, comparability of content entails reclassification of the prior year amounts.

The main changes to the group structure during 2002 are summarized below.

- Buzzi Unicem SpA carried out the following operations: purchase of 13.66% of the ordinary capital of Dyckerhoff AG; merger of Unimed SpA;
- Unicalcestruzzi SpA carried out the following operations: purchase of 13.3% of Frantoio Taro Srl and its subsequent merger; purchase of 10% of Albenga Calcestruzzi Srl;
- Betonval SpA carried out the following operations: merger of Brizzi Calcestruzzi Srl.

Consolidation principles

Subsidiaries have been consolidated under the line-by-line method, fully consolidating all assets, liabilities, costs and revenues, regardless of the percentage of ownership. The portions of stockholders' equity and of the result for the year pertaining to minority shareholders are shown separately in the consolidated balance sheet and income statement under the caption *Minority interests*. The main consolidation principles are:

- the carrying value of consolidated equity investments is eliminated against the related portion of stockholders' equity. Credit differentials arising from this elimination are booked to the *Consolidation reserve*. Debit differentials are allocated, where possible, to the assets or liabilities to which the higher value refers; any residual portion represents goodwill, which is booked to *Differential arising from consolidation*.
- Intercompany receivables and payables, costs and revenues are eliminated. Significant unrealized profits and losses deriving from transactions between consolidated companies and not yet realized with third parties are also eliminated.
- Dividends distributed within the group are eliminated from the consolidated income statement.

The proportional consolidation method, used for companies that are jointly controlled together with other stockholders, entails the inclusion of assets, liabilities and income statement results in proportion to the percentage of ownership held.

The valuation by the equity method, used for unconsolidated subsidiaries and associated companies in which the group has a significant influence, entails carrying the investment at the corresponding interest in the underlying stockholders' equity, after deducting dividends and making the adjustments required by generally accepted accounting principles for consolidated financial statements.

The translation of financial statements in foreign currencies is done using the current rate method. Such method entails translating assets and liabilities at the exchange rate ruling at the end of the year, and converting income statement figures at the average exchange rate for the year. Stockholders' equity is translated at the historical exchange rate ruling at the date of acquisition. The exchange difference arising using a different exchange rate than the one used the previous year is attributed to *Translation differences* under stockholders' equity. The difference that arises on converting the balance sheet and the income statement at different exchange rates is also booked to *Translation differences*. Since year 2002, the financial statements of the Mexican companies used for consolidation purposes are prepared in accordance with historical cost accounting methods and are translated into euro by similarly using the current rate method. The exchange rates used for translation are the following:

(euro)				
Currency	<i>Exchange rate as of Dec. 31, 2002</i>	<i>Average exchange rate for 2002</i>	<i>Exchange rate as of Dec. 31, 2001</i>	<i>Average exchange rate for 2001</i>
US Dollar	1,0487	0,9456	0,8813	0,8948
Mexican Peso	10,9656	9,1573	8,0471	–
Danish Kroner	7,4288	7,4305	7,4365	7,4521

Accounting policies

To improve the true and fair representation of the group's economic results and financial position, the consolidated financial statements are prepared applying different accounting policies from those used in the statutory financial statements of Buzzi Unicem SpA, without any changes from the previous year. Assets and liabilities are valued on a substantially consistent basis. Certain items in the financial statements of foreign operating companies have deliberately not been aligned to group accounting policies, as this better achieves a true and fair view.

Intangible fixed assets

Intangible fixed assets are booked at purchase or production cost, including ancillary charges, and amortized on a straight-line basis over their estimated useful life. The capitalization of individual costs is economically justified by the future benefit they will bring. Their book value is shown net of accumulated amortization, which is generally calculated over 5 years. The useful life of *Goodwill* and *Differential arising from consolidation* has been set at 5 or 10 years, depending on the distinctive features of the sector in which the companies operate and the estimated payback period of the investments concerned. Mining licenses for the quarrying of natural aggregates are amortized in proportion to the volume extracted. Accessory charges incurred for securing medium term financing are amortized over the duration of debt, starting with the closing date.

Assets whose value at the balance sheet date is permanently lower than their book value are shown at this lower value. If the reasons for a permanent writedown no longer apply, the original value is reinstated within the limits of prior writedowns and, in any case, only to the extent that it has effectively recovered economic value.

Property, plant and equipment

Property, plant and equipment are booked at purchase or production cost, including overheads, restated in certain cases according to laws on monetary revaluation or as part of consolidation or merger operations, attributing indirect acquisition costs to the related assets. Production cost includes a reasonably attributable portion of the direct and indirect costs incurred before the asset entered into service. The cost of certain tangible fixed assets, especially new production lines, may include the interest expense on specific loans obtained during their construction.

Leased assets are booked to the assets side of the balance sheet at the lower of market and the net present value of future contractual lease payments. This accounting treatment is in line with IAS 17.

Ordinary maintenance and repairs are expensed in the year they are incurred. Maintenance costs entailing a genuine improvement in terms of productivity, useful life or value are capitalized and added to the value of the assets concerned.

Property, plant and equipment are depreciated systematically each year over their estimated residual useful life. Land on which natural aggregates are quarried is depleted in proportion to the volume of material extracted during the year. The value shown in the financial statements is net of accumulated depreciation and adjustments.

Assets whose value at the balance sheet date is permanently lower than their book value are shown at this lower value. If the reasons for a permanent writedown no longer apply, the original value is reinstated within the limits of prior writedowns and, in any case, only to the extent that it has effectively recovered economic value.

Financial fixed assets

Equity investments in unconsolidated subsidiaries and associated companies are generally valued by the equity method. Other equity investments are carried at purchase or subscription cost. In the event that the stockholders' equity of investments appearing in the financial statements suffers a permanent loss in value or the stock prices of listed companies are permanently lower than the carrying value, the cost is written down accordingly. The original value is reinstated in subsequent years, if the reasons for such writedowns no longer apply.

Receivables are recorded at their estimated realizable value.

Other securities are valued at acquisition cost, which includes overheads. This value is written down in the event of permanent losses. If the reasons for a permanent write-down no longer apply, the original value is reinstated within the limits of prior write-downs and, in any case, only to the extent that it has effectively recovered economic value.

Inventories

Inventories are valued at the lower of purchase or production cost and market. Cost is generally determined at average cost for the period.

Receivables and payables

Receivables are booked at their estimated realizable value, being the difference between their nominal value and the allowance for doubtful accounts. The reserve covers generic collection risks, calculated on all receivables and on the basis of past experience and the level of solvency of debtors or classes of debtors, as well as individual doubtful accounts.

Payables are recorded at their nominal value.

Short-term receivables and payables denominated in foreign currency are translated into euro at the exchange rate ruling at the end of the year. Positive and/or negative differences between the amounts translated at the year-end exchange rate and those recorded at the time of the transaction are booked to the income statement, together with exchange differences realized during the year.

Long-term receivables and payables denominated in foreign currency are reported by using the year-end exchange rate. Any net gain arising from translation is deferred and credited to the *Reserve for deferred exchange gains* on the liabilities side of the balance sheet. This reserve reflects the risk inherent in earnings to be realized beyond 12 months from the closing date. Any net loss arising from translation is instead charged to the income statement.

Financial assets not held as fixed assets

Equity investments, *Treasury stock* and *Other securities* not held as fixed assets are carried at the lower of cost and realizable value, based on market trends at the end of the year. Their original value is reinstated in subsequent years, if the reasons for writedowns no longer apply. *Other securities* are valued taking into account issue discounts accrued during the holding period.

Reserves for risks and charges

The reserves for risks and charges are recorded to cover specific losses or liabilities whose existence is certain or likely, but whose timing or amount is not yet known at the balance sheet date. The provision reflects the best possible estimate based on available information.

Reserve for employee severance indemnities

The amount of this reserve is adjusted each year in compliance with current laws and labor contracts. It represents a certain liability, even if not yet payable, which has accrued up to the end of the year to the benefit of the employees of the Italian companies, net of advances paid.

Accruals and deferrals

Accruals and deferrals are made up of expenses and revenues common to two or more years, the amount of which varies exclusively over time.

Capital grants

The capital grants received up to the end of 1999 were booked to stockholders' equity under *Other reserves*, net of taxes. As from 2000, they are recorded within *Other revenues and income* and then deferred to future years by being included in deferred revenues. The income statement therefore reflects the portion related to the depreciation of property, plant and equipment to which they refer.

Revenues and costs

Revenues and costs are recorded in the financial statements on an accrual basis, notwithstanding their collection or payment date. Dividends from equity investments in unconsolidated companies are accounted for upon receipt.

Income taxes

The estimated amount of taxes for the year, calculated in accordance with current law, is credited to *Taxes payable*, net of advances, withholdings and tax credits. The tax rates applied vary according to the nationality and fiscal situation of each consolidated company. The *Taxation reserve* includes deferred taxes on the timing differences between the pretax and taxable income of the individual companies included in the consolidation, the deferred taxes caused by consolidation adjustments, and an estimate of the tax charges likely to arise on open years or matters in dispute. The tax effect of timing differences that lead to deferred tax assets is recorded only if there is a reasonable chance that they will be recovered.

Comments on items in the consolidated balance sheet

(in thousands of euro)

FIXED ASSETS

Intangible fixed assets

Formation and expansion costs comprise euro 1,299 thousand of notary fees, taxes and duties, and other expenses relating to deeds concerning the legal and corporate expansion of the group, such as capital stock increases, mergers and admission to listing. The balance also includes euro 57 thousand for the start-up of new production sites.

Industrial patents and intellectual property rights mainly include expenses incurred for the purchase of software for plant and office automation.

The caption *Concessions, licenses, trademarks and similar rights* comprises euro 620 thousand of mining concessions, euro 4 thousand of industrial licenses and euro 15 thousand of trademarks mainly owned by the parent company.

Goodwill shown in the balance sheet refers for euro 69,886 thousand to Unicem SpA, merged in 1999. The balance also includes an amount of euro 13,870 thousand which is the cost incurred for the acquisition of firms operating in the concrete and aggregates sector.

Differential arising from consolidation of euro 22,014 thousand consists of the positive differences arising on first-time consolidation of the main subsidiaries. The surpluses recorded in the accounts refer to Alamo Cement Company (euro 14,404 thousand), which arose at the end of 1999 after the increase in our holding from 67% to 100%, and Betonval SpA (euro 7,610 thousand).

The caption *Others* is chiefly made up of accessory charges related to medium term debt (euro 5,424 thousand) in addition to leasehold improvements and other deferred charges.

The following table shows details of changes during the year:

	Net value as of Dec. 31, 2001	Additions and revaluations	Amortization	Transfers and reclassifications	Translation differences	Disposals and others	Net value as of Dec. 31, 2002
Formation and expansion costs	1,978	606	(918)	(199)	(111)	–	1,356
Industrial patents and intellectual property rights	1,221	754	(560)	32	–	(9)	1,438
Concessions, licenses, trademarks and similar rights	737	3	(54)	(32)	(1)	(14)	639
Goodwill	99,672	727	(17,265)	1,075	–	(453)	83,756
Assets in progress and advances	7	385	–	–	–	–	392
Differential arising from consolidation	32,101	–	(9,012)	(1,075)	–	–	22,014
Others	13,246	1,652	(7,653)	425	10	(31)	7,649
Total	148,962	4,127	(35,462)	226	(102)	(507)	117,244

No effect arising from changes in the scope of consolidation was registered.

Property, plant and equipment

The amount shown in the financial statements comes from the gross value of euro 2,109,681 thousand less accumulated depreciation of euro 1,261,174 thousand (euro 2,263,545 thousand and euro 1,285,618 thousand respectively as of December 31, 2001). Increases and decreases in the gross value refer to normal business investments and disposals of fixed assets during the year. The net book value of euro 848,507 thousand decreases by euro 129,420 thousand with respect to the prior year.

The following table shows details of changes during the year:

	<i>Net value as of Dec. 31, 2001</i>	<i>Additions and revaluations</i>	<i>Depreciation</i>	<i>Transfers and reclassifications</i>	<i>Translation differences</i>	<i>Disposals and others</i>	<i>Net value as of Dec. 31, 2002</i>	<i>Accumulated depreciation as of Dec. 31, 2002</i>
Land and buildings	251,635	10,805	(16,882)	25,955	(21,039)	(5,605)	244,869	(261,005)
Plant and machinery	593,085	13,952	(68,148)	57,721	(71,661)	(6,086)	518,863	(904,769)
Industrial and commercial equipment	29,033	2,764	(6,134)	3,614	(4,670)	(910)	23,697	(63,151)
Other assets	12,502	1,007	(3,347)	1,231	(1,644)	(586)	9,163	(32,249)
Assets in progress and advances	91,672	49,902	–	(88,965)	13	(707)	51,915	–
Total	977,927	78,430	(94,511)	(444)	(99,001)	(13,894)	848,507	(1,261,174)

Amounts shown in the column *Transfers and reclassifications* refer to the completion of capital expenditures projects, which were in progress at the end of the prior fiscal year. No effects due to changes in the scope of consolidation were registered.

Financial fixed assets

In detail, *Equity investments* are the following:

	Book value	% of stockholding	
		direct	indirect
Unconsolidated subsidiaries			
Afacementi Srl	68	100.0	
Total unconsolidated subsidiaries			
	68		
Associated companies:			
Dyckerhoff AG	632,067	24.1	
Laterlite SpA	7,995	30.0	
Cementi Moccia SpA	6,321	30.0	
Siefic Calcestruzzi Srl	2,511		50.0
Technobeton Srl	1,986	45.0	
E.L.M.A. Srl	835		50.0
Premix SpA	797	40.0	
Cave Alto Santerno Srl	607		49.0
Ciments de Balears, SA	215	35.0	
Albenga Calcestruzzi Srl	174		50.0
Vielle Calcestruzzi Srl	129		40.0
Betonfer Srl	124		33.3
Nova Beton Srl	110		30.0
Edilcave Srl	114		30.0
Calcestruzzi Faure Srl	78		24.0
Cementi e Calci di Santa Marinella	62	33.3	
Beton Biella Srl	34		20.0
Consorzio CO.ES. Srl	38		44.0
S.A.F.I. Srl	18		33.3
Iblea Calcestruzzi Srl (in liquidation)	13		50.0
Calcestruzzi Bell'Italia Srl	7		25.0
Total associated companies			
	654,235		
Other companies:			
Romana Calcestruzzi SpA	2,357		16.7
Partecipazioni Porto Antico di Genova SpA	1,081	14.0	
Cava degli Olmi Srl	339		12.0
E.ON Italia Produzione SpA	255	5.0	
Tassullo SpA	174		1.9
Ipse Srl	170	11.0	
F.lli Bianchi fu Michele & C. SpA	114		16.7
Navicelli di Pisa SpA	43		10.4
Other minor investments	270		
Total other companies			
	4,803		
Total			
	659,106		

The breakdown by consolidation method is the following:

	Value as of Dec. 31, 2002	Value as of Dec. 31, 2001
Equity investments valued at equity	654,115	537,039
Equity investments valued at cost	4,991	4,694
Total	659,106	541,733

Dyckerhoff AG is valued at equity, setting a useful life of 20 years for the debit differential between the carrying value and the related portions of stockholders' equity acquired during financial years 2001 and 2002, taking into account the specific features of the cement sector, in which the company operates. The other subsidiaries and associated companies carried at cost are not significant in terms of their net worth and results. The following table shows details of changes during the year:

	Value as of Dec. 31, 2001	Valuation at equity	Purchases and subscriptions	Writedowns	Disposals and others	Value as of Dec. 31, 2002
Unconsolidated subsidiaries	93	-	38	(63)	-	68
Associated companies	537,097	(96,738)	214,785	(132)	(777)	654,235
Other companies	4,543	-	446	(184)	(2)	4,803
Total	541,733	(96,738)	215,269	(379)	(779)	659,106

Receivables from unconsolidated subsidiaries, consist of non-interest bearing loans granted to Betongenova Srl in liquidation (euro 30 thousand), Sofinvest Srl in liquidation (21 thousand) and Inerti and Calcestruzzi Srl in liquidation (3 thousand).

Receivables from associated companies are made up of non-interest bearing loans granted to A.P.I.C.E. Srl in liquidation (29 thousand), as well as interest-bearing loans granted to Siefic Calcestruzzi Srl (904 thousand), Nova Beton Srl (155 thousand), Albenga Calcestruzzi Srl (80 thousand), Premix SpA (723 thousand) and Betonsud Srl in liquidation (64 thousand).

Receivables from others total euro 7,184 thousand, compared with euro 30,379 thousand at the end of last year. The caption includes euro 2,664 thousand of receivables from tax authorities including accrued interest; euro 32 thousand of interest-bearing loans granted to third parties; euro 761 thousand of guarantee deposits receivable; other receivables for euro 3.727 thousand. The significant decrease (if compared with the previous year) in receivables from tax authorities is due to the sale on a non-recourse basis of said amounts for a total consideration of principal plus accrued interest of euro 25,682 thousand.

Other securities amount to euro 14,888 thousand, being largely made up of Lone Star Industries bonds with a nominal value of US\$ 17.5 million, bearing fixed interest of 9.25% p.a. and maturing in 2010. Lone Star Industries is 100% owned by our associated company Dyckerhoff AG.

CURRENT ASSETS

Inventories

The amount of euro 132,013 thousand shows a decrease of euro 19,249 thousand against the prior year. Increases and decreases in the various categories involve normal movements in materials and finished goods, in line with the trend in production and sales, as well as changes in exchange rates used for the translation of foreign financial statements. The item *Inventories* is recorded net of allowance for obsolescence of euro 327 thousand.

Receivables

Trade receivables amount to euro 325,996 thousand, net of allowance for doubtful accounts of euro 12,011 thousand, and increase by euro 17,321 thousand against the previous year. This change is attributable, on the one hand, to the normal trend in operating flows; on the other, to differences on translation of foreign financial statements.

Receivables from unconsolidated subsidiaries amount to euro 571 thousand, arising from normal and regular business transactions entered into with Alfacementi Srl.

Receivables from associated companies are made up of euro 964 thousand of interest-bearing loans granted to Cave Alto Santerno Srl. The balance also includes euro 6,989 thousand deriving from normal and regular trade relationships with affiliated firms, mainly in the concrete and aggregates sector. As of December 31, 2001, financial receivables from associated companies amounted to euro 865 thousand, trade receivables to euro 6,668 thousand.

Receivables from others total euro 51,618 thousand. They include receivables from tax authorities for euro 10,616 thousand, from personnel for euro 149 thousand, from social security institutions for euro 205 thousand, from suppliers for euro 322 thousand, deferred tax assets for euro 26,715 thousand, loans to third parties for euro 7,606 thousand and other receivables for euro 6,005 thousand. Loans to third parties include euro 6,815 thousand for those granted to important customers by RC Cement; they bear interest at market rates, are adequately secured and are performing regularly.

Financial assets not held as fixed assets

At year-end, the parent company Buzzi Unicem SpA holds in treasury 2,300,000 ordinary shares, equal to 1.6% of the capital stock. The increase of euro 1,338 thousand is a result of net purchases made during the year to the order of euro 4,770 thousand and write-downs determinable from market trends to the order of euro 3,432 thousand.

Other securities are made up of cash invested in marketable securities, bonds and shares of mutual funds; these are chiefly held by the American and Mexican companies.

Cash and cash equivalents

These total euro 147,908 thousand, with a decrease of euro 35,375 thousand compared to December 31, 2001. They include checking accounts and time deposits.

ACCRUED REVENUES AND PREPAID EXPENSES

Accrued revenues amount to euro 556 thousand and are made up of euro 552 thousand of interest income on marketable securities and time deposits. As of December 31, 2001 accrued revenues totaled euro 40 thousand.

Prepaid expenses amount to euro 3,261 thousand relating to operating expenses pertaining to the following year. As of December 31, 2001 prepaid expenses totaled euro 3,683 thousand.

STOCKHOLDERS' EQUITY

The table below summarizes changes in stockholders' equity of the group during the fiscal year ended on December 31, 2002:

	Capital stock	Paid-in capital	Revaluation reserves	Legal reserve	Reserve for treasury stock	Other reserves	Retained earnings	Consolidated net income (loss)	Total
Balance as of December 31, 2001	83,881	33,628	69,170	8,161	14,149	310,239	430,310	161,094	1,110,632
Allocation of 2001 net income:									
- dividends	-	-	-	-	-	-	-	(32,062)	(32,062)
- to reserves	-	-	-	2,230	-	6,074	120,728	(129,032)	-
Differences on traslation of foreign financial statements	-	-	-	-	-	(126,813)	-	-	(126,813)
Merger of Unimed SpA	2,322	-	16,350	-	-	85,080	(103,752)	-	-
Other movements	78	-	-	-	1,338	(3,358)	12,957	-	11,015
Net income for 2002	-	-	-	-	-	-	-	128,731	128,731
Balance as of December 31, 2002	86,281	33,628	85,520	10,391	15,487	271,222	460,243	128,731	1,091,503

Capital stock

The capital stock, wholly paid-in, is made up of 131,078,148 ordinary shares and 12,724,039 savings shares, both with a par value of euro 0.60 each. The increase of euro 2,400 thousand is a bonus issue, as a result of the following two transactions: issuance of 3,869,670 ordinary shares to the shareholders of the former Unimed SpA, to service the merger share-swap (euro 2,322 thousand); issuance of 130,000 savings shares involving the withdrawal of euro 78 thousand from the *Reserve for issuing of shares art. 2349 Civil Code*.

Paid-in capital

This amounts to euro 33,628 thousand; there have been no changes with respect to the prior year.

Revaluation reserves

These are special reserves originated by specific laws, as follows:

- Reserve ex law 1952 and previous years	713
- Reserve ex law 72/83	28,208
- Reserve ex law 413/91	31,277
- Reserve ex law 342/00	25,322

During the course of the year 2002, following the merger of Unimed SpA, revaluation reserves were established for euro 16,350 thousand in total.

Legal reserve

This amounts to euro 10,391 thousand, with an increase of euro 2,230 thousand due to the partial allocation of 2001 net income according to the stockholders' resolution of May 10, 2002. Current law and the bylaws foresee a maximum limit of 20% of capital stock.

Reserve for treasury stock

This amount corresponds to the value of treasury stock in portfolio at the year-end, shown under current assets.

Other reserves

The *Consolidation reserve* amounts to euro 2,186 thousand, decreased by euro 459 thousand with respect to year 2001. This reserve comprises negative differences that arose the first time companies were consolidated on a line-by-line basis and/or valued by the equity method.

The *Translation differences* are detailed as follows:

	Value as of Dec. 31, 2002	Value as of Dec. 31, 2001
Alamo Cement Company (USD)	1,485	21,428
RC Cement Holding Company (USD)	7,160	70,569
Corporación Moctezuma, SA de CV (MXN)	(45,944)	(2,358)
RC Cement International ApS (DKK)	2,124	2,124
Finpresa SA (EUR)	-	1,099
Fresit BV (EUR)	-	260
Total	(35,175)	93,122

Translation differences relating to Finpresa SA and Fresit BV have been reclassified as part of *Retained earnings (losses)* following the conversion of the consolidated financial statements from Italian lire into euros.

The *Reserve for gains on contributions ex law 904/77* increased by euro 3,645 thousand due to the encumbrances over the capital of the merged company Unimed SpA being re-established for the same purpose.

The *Reserve for purchase of treasury stock* has decreased by euro 12,996 thousand following the resolution adopted on May 10, 2002, and increased by euro 30,000 thousand as a result of the same resolution. The total amount used for the purchase of treasury stock was euro 10,444 thousand. The algebraic sum of these movements has led to an increase of euro 6,560 thousand over the amount recorded in the year 2001.

The *Reserve for capital grants* shows a balance of euro 29,412 thousand. The variation registered during the year was due to the re-establishment of similar reserves recorded in the balance sheet of the merged company Unimed SpA. The *Reserve for gains ex law 169/83* amounts to euro 9,916 thousand; no changes occurred in this balance. The *Restricted reserve ex law 488/92 and 388/00* has been re-established following the merger by incorporation of Unimed SpA.

The merger of Unimed SpA, gross of the re-established reserves referred to above, gave rise to a *Merger surplus* of euro 101,430 thousand. Other movements in this reserve (increases and decreases) were due to resolutions authorizing the company to purchase treasury shares and to transactions carried out by the company involving treasury shares during the course of the year under review.

Retained earnings (losses)

The balance of euro 460,243 thousand increases by euro 29,933 thousand on the previous year. It includes the corresponding item from the statutory financial statements of Buzzi Unicem SpA, changes in stockholders' equity of consolidated companies pertaining to the parent company that took place after the first consolidation and the revaluation reserves accrued by the Mexican companies that used inflation accounting up to the year 2001. During 2002 the item decreased by euro 26,722 thousand as a result of the valuation by the equity method of the investment in Dyckerhoff AG; this effect is mainly attributable to negative translation differences. There was also an increase of euro 39,293 thousand recorded following the merger of Unimed SpA.

The following table shows the reconciliation between the statutory financial statements of Buzzi Unicem SpA and the consolidated financial statements:

	<i>Stockholders' equity</i>	<i>Net income for the year</i>
Buzzi Unicem SpA financial statements	608,142	50,129
Income (losses) of consolidated companies	160,127	160,127
Adjustments to bring the statutory financial statements into line with the accounting principles used in the consolidated financial statements	(157,530)	(32,280)
Elimination of items of a fiscal nature from the statutory financial statements	94,669	9,769
Differences resulting from the translation of foreign currency financial statements	(35,175)	-
Adjustment to the value of investments carried on an equity basis	5,917	25,985
Surplus of stockholders' equity of consolidated companies compared with their carrying value	496,053	17,157
Elimination of dividends distributed by consolidated companies	-	(79,121)
Minority interests	(80,700)	(23,035)
Consolidated financial statements	1,091,503	128,731

Minority interests

This reflects the portion of stockholders' equity pertaining to minority interests in consolidated companies. The balance as of December 31, 2002 is due for euro 12,285 thousand to Betonval SpA, euro 999 thousand to Cementi Riva Srl and euro 67,416 thousand to Corporación Moctezuma, SA de CV. The latter corresponds to 16.7% of the stockholders' equity of Corporación Moctezuma, 50% consolidated under the proportional method, of which Buzzi Unicem holds the 66.7% majority interest jointly with the Spanish partner.

RESERVES FOR RISKS AND CHARGES

Pensions and similar obligations

This caption includes euro 22,435 thousand for funds existing in the financial statements of foreign companies which cover the liability to personnel in respect of pensions and other welfare-related benefits, to be paid after termination of employment. It also includes euro 159 thousand for indemnities on termination of agency agreements.

Taxation

This reserve includes euro 76,499 thousand of deferred taxes, net of deferred tax assets, which have been offset where possible with reference to the individual companies being consolidated. The estimated liability for probable taxes on open years or matters under dispute totals euro 3,753 thousand.

Others

The Morando lawsuit reserve (euro 387 thousand in 2001) has been totally utilized.

The *Reserve for deferred exchange gains* amounts to euro 50,897 thousand and includes the positive difference emerging from the conversion of the dollar bond privately issued by the subsidiary RC Cement Holding Company at the applicable year-end exchange rate.

The residual amount is made up of the reserve for environmental risks for euro 1,661 thousand, quarry restoration reserves for euro 4,460 thousand and other reserves for miscellaneous contractual and commercial risks for euro 5,524 euro.

RESERVE FOR EMPLOYEE SEVERANCE INDEMNITIES

The decrease of euro 807 thousand is determined by the following movements:

	<i>Value as of Dec. 31, 2001</i>	<i>Indemnities accrued</i>	<i>Indemnities paid</i>	<i>Other movements</i>	<i>Value as of Dec. 31, 2002</i>
Reserve for employee severance indemnities	40,591	5,297	(5,519)	(585)	39,784

PAYABLES

Bonds

The amount refers to a euro 129,114 thousand bond issue bearing interest at a floating rate (Euribor plus 0.35%), to be repaid in a single installment, closed on October 1, 1998 and denominated "Buzzi Unicem SpA 1998-2003". This funding is backed by interest rate swaps designed to switch the coupons maturing during the period 1999-2003 from floating to fixed rate. The income statement for the year 2002 has been charged euro 566 thousand in respect of financial expenses due to this interest rate swap contract.

The remaining euro 429,102 thousand relates to the Senior Unsecured Notes, placed privately in the US market (USPP) to the order of US\$ 450 million in total. This deal is structured into three tranches of 175, 240 and 35 million respectively, with a maturity of 7 years average, 10 years average and 15 years bullet and fixed coupons of 6.60%, 6.92% and 7.12%. This fund-raising operation is partly backed by interest rate swaps designed to

switch the coupons maturing during the period 2002-2010 from fixed to floating. The income statement for the year 2002 has received euro 1,852 thousand to its benefit in respect of financial income from this interest rate swap contract.

Borrowings from banks

This caption is made up of secured loans (euro 239,736 thousand), unsecured loans (euro 18,418 thousand), bank overdrafts, other short-term loans and items to be settled (euro 3,918 thousand). During 2002, borrowings from banks of euro 703,674 thousand came to maturity; they were partially refinanced through new loans for euro 256,459 thousand.

Real guarantees on assets of consolidated companies are represented by: mortgages and liens on property, plant and equipment; pledge on shares representing 80.5% of Unicalcestruzzi SpA's capital and on 9,941,124 shares of Dyckerhoff AG. The decrease from the previous year, of euro 450,586 thousand, is mainly due to the partial repayment of the euro 1.4 billion syndicated loan arranged by San Paolo IMI to cover financing requirements arising from the Dyckerhoff deal. At the end of the year, utilization of this loan facility was as follows: euro 133,460 thousand in cash and euro 418,500 thousand related to guarantees received. The facility amortization schedule provides for repayment by the end of 2005.

The table below summarizes the information about interest rates on long-term debt, including the current portion:

	<i>Value as of Dec. 31, 2002</i>	<i>Value as of Dec. 31, 2001</i>
Lower than 5.5%	252,688	696,082
From 5.5% to 7%	1,517	2,679
From 7% to 10%	3,949	6,342
Higher than 10%	-	1,461
Total	258,154	706,564

Other providers of finance

These consist of financial payables to third parties (euro 646 thousand) and the net present value of capital lease obligations (euro 191 thousand). The decrease of euro 1,093 thousand with respect to 2001 is due to reimbursements for euro 971 thousand and translation gains for euro 122 thousand.

Trade payables

They amount to euro 174,423 thousand, with a decrease of euro 11,319 thousand, and reflect liabilities to suppliers of goods and services at the end of the year. The decrease is substantially due to changes in the exchange rates used to translate financial statements in foreign currencies.

Payables to parent companies

The above item amounts to euro 25,098 thousand and consists of a short-term loan granted by Presa SpA to Buzzi Unicem SpA, inclusive of interest accrued on the same.

Taxes payable

The caption comprises value added tax payable (euro 1,787 thousand), withholding taxes payable (euro 2,244 thousand), substitute tax on revaluation of assets ex law 342/00 (euro 3,174 thousand), income taxes and other dues (euro 32,269 thousand). At the end of the year the parent company owes the tax authorities euro 966 thousand, whose payment is still outstanding because of the earthquake which struck the Augusta factory in 1990.

Payables to social security institutions

This caption does not require further explanation about its content. The balance is in line with 2001. Payments of social contributions are still outstanding, to the extent of euro 750 thousand, because of the earthquake which struck the Augusta factory in 1990.

Other payables

These amount to euro 19,471 thousand and include, among others, payables to personnel (euro 11,879 thousand), to customers (euro 522 thousand), to corporate bodies (euro 406 thousand) and guarantee deposits (euro 290 thousand).

ACCRUED EXPENSES AND DEFERRED REVENUES

Accrued expenses total euro 9,678 thousand; they refer to interest expense on loans and bonds for euro 6,733 thousand and other costs pertaining to the year of euro 2,945 thousand, the most important of which are the deferred portions of labor costs. As of December 31, 2001 accrued expenses totaled euro 9,425 thousand.

Deferred revenues amounting to euro 8,742 thousand relate to financial and operating income pertaining to 2002 and/or subsequent years. They also include a deferred capital gain of euro 6,097 thousand booked by Alamo Cement Company. As of December 31, 2001 deferred revenues totaled euro 7,546 thousand.

MEMORANDUM ACCOUNTS

Guarantees given include commitments toward banks in favour of investee companies and a pledge on shares representing 80.5% of Unicalcestruzzi SpA's capital stock for euro 137,674 thousand. *Guarantees received* include bank and insurance guarantees in favor of various entities, the public administration, etc., a guarantee of San Paolo IMI in favor of IMI Investments SA for euro 418,500 thousand with respect to the put option on Dyckerhoff AG shares expiring at the end of 2004. *Other memorandum accounts* consist of a commitment to buy further shares in Cementi Moccia SpA (euro 7,747 thousand), our assets in the hands of third parties, third party assets in our hands, risk of recourse on discounted bills, etc.

The commitments of foreign subsidiaries not shown in the balance sheet are not such as to prejudice the valuation of the net assets and financial position in the consolidated financial statements taken as a whole.

Comments on items in the consolidated income statement

(in thousands of euro)

VALUE OF PRODUCTION

Revenues from sales and services

They amount to euro 1,478,677 thousand, net of premiums and discounts granted to customers. The increase of 2.2% is due to: favorable market situation (+6.0%), currency effects (-3.2%), change in the scope of consolidation (-0.6%).

The breakdown by sector and geographical area is the following:

	<i>Italy</i>	<i>United States of America</i>	<i>Mexico</i>	<i>Total</i>
Cement and clinker	411,636	331,591	108,542	851,769
Concrete and aggregates	461,144	106,579	42,594	610,317
Others	2,371	14,220	–	16,591
Total	875,151	452,390	151,136	1,478,677

Other revenues and income

This caption includes: revenues from rented properties (euro 1,425 thousand), gains on disposal of fixed assets (euro 2,193 thousand), gains on the contribution of the expanded clay business to Laterlite SpA (euro 2,079 thousand), insurance claims (euro 247 thousand), out-of-period revenues and other expense recoveries and/or income for the residual amount.

COSTS OF PRODUCTION

Raw materials, supplies, consumables and goods for resale

The total of euro 513,193 thousand is made up of the purchase of raw materials and finished products (euro 287,888 thousand), supplies and consumables (euro 59,082 thousand), power (euro 84,183 thousand), fuel (euro 63,298 thousand) and other goods used in production, selling, and administration for euro 18,742 thousand.

Services

The amount of euro 288,367 thousand includes: maintenance on tangible fixed assets, transportation, factory overhead, consultancy, professional fees, emoluments of corporate bodies, personnel services, commercial services, bank and insurance services, general and administrative services.

Use of third party assets

Total costs incurred amount to euro 16,443 thousand. The main categories of expenses listed in this caption are: lease expenses, rent payable for land and buildings, quarry concessions, operating leases of vehicles and office automation equipment.

Labor costs

The format of the income statement gives full disclosure about labor costs. The average number of employees working in fully consolidated companies split by category is the following:

	2002	2001
White collar and executives	1,459	1,456
Blue collar and supervisors	2,040	2,141
Total	3,499	3,597

The average number of employees working in companies consolidated under the proportional method, split by category and in proportion to the percentage of ownership is the following:

	2002	2001
White collar and executives	148	130
Blue collar and supervisors	154	142
Total	302	272

Amortization, depreciation and writedowns

The income statement format foresees four sub-captions which provide sufficient detail.

The item *other adjustments to fixed assets* relates to a kiln at Santarcangelo (Rimini) cement works and to land used for the quarrying of natural aggregates that is due to be disposed of shortly.

The *writedowns of receivables under current assets and liquid funds* consist of provisions to the allowance for doubtful accounts and direct writedowns.

Other provisions

These include further additions to the quarry restoration reserve.

Other expenses

This caption includes indirect taxes and duties (euro 9,796 thousand), memberships in industry organizations (euro 3,179 thousand), losses on disposal of fixed assets (euro 802 thousand), as well as out-of-period expenses, costs relating to real estate properties and other costs for the balance.

FINANCIAL INCOME AND EXPENSES

Other financial income

Income *from receivables under fixed assets* refers to interest revenue on loans to third parties, to associated companies and on amounts due from tax authorities.

Income *from securities under current assets other than equity investments* relates to the short-term investment of cash in marketable securities and other financial instruments.

Other income refers to interest revenue on amounts receivable from banks (euro 9,210 thousand), on trade and other receivables (euro 97 thousand), on interest rate swap contracts (euro 1,852 thousand), as well as other interest income and revenues for the residual amount, including foreign exchange gains of euro 23,213 thousand. The exchange gains are in turn the result of hedging transactions on new bonds in US dollars (euro 10,463 thousand) and of gains accrued on liquid assets held in strong currencies by the Mexican companies, following the depreciation of the peso.

Interest and other financial expenses

Financial expenses *others* represent interest expense on bonds (euro 24,524 thousand), on borrowings from banks (euro 19,570 thousand), charges in respect of guarantees and commitment fees associated with the syndicated loan meant for the investment in Dyckerhoff (euro 6,856 thousand), other bank and financial charges for the residual amount, including foreign exchange losses of euro 563 thousand.

ADJUSTMENTS TO FINANCIAL ASSETS

Revaluations

The *revaluations of equity investments* represent the subsidiary earnings of investments carried on an equity basis.

Writedowns

Writedowns of equity investments reflect subsidiary losses of investments carried on an equity basis, euro 63,300 thousand (with euro 62,144 thousand of this relating to the associated company Dyckerhoff AG), and writedowns of investments carried at cost, euro 379 thousand.

EXTRAORDINARY INCOME AND EXPENSES

Income

Gains on disposals derive mainly from the sale of non-industrial fixed assets.

Other extraordinary income includes a tax refund of euro 3,790 thousand, obtained in respect of previous years by the Mexican associated company Corporación Moctezuma.

Expenses

Losses on disposals mainly derive from the sale of tangible fixed assets.

Other extraordinary expenses include euro 3,794 thousand in respect of pension funds adjustments within US companies, with non-recurring charges from previous years and sundry expenses making up the rest of the amount recorded.

Income taxes

Income taxes amount to euro 97,285 thousand, net of deferred tax assets totalling euro 19,624 thousand.

Maturity of receivables and payables

(in thousands of euro)

The expected maturities of receivables outstanding at the balance sheet date are the following:

	<i>Within 1 year</i>	<i>Beyond 1 year and within 5 years</i>	<i>Beyond 5 years</i>	<i>Total as of Dec. 31, 2002</i>
B) Fixed assets				
2) Receivables				
a) from unconsolidated subsidiaries	–	54	–	54
b) from associated companies	155	1,800	–	1,955
d) from others	484	6,700	–	7,184
C) Current assets				
II Receivables				
1) trade receivables	325,808	188	–	325,996
3) from associated companies	7,953	–	–	7,953
4) from parent companies	5	–	–	5
5) from others	22,999	28,619	–	51,618
Total	357,404	37,619	–	394,765

The expected maturities of payables at the balance sheet date are as follows:

	<i>Within 1 year</i>	<i>Beyond 1 year and within 5 years</i>	<i>Beyond 5 years</i>	<i>Total as of Dec. 31, 2002</i>
D) Payables				
1) Bonds	129,114	–	429,102	558,216
3) Borrowings from banks	74,218	187,854	–	262,072
4) Other providers of finance	191	646	–	837
5) Advances	2,038	–	–	2,038
6) Trade payables	174,423	–	–	174,423
7) Notes payable	38	–	–	38
9) Payables to associated companies	293	–	–	293
10) Payables to parent companies	25,098	–	–	25,098
11) Taxes payable	39,474	–	–	39,474
12) Payables to social security institutions	5,729	22	–	5,751
13) Other payables	16,083	3,388	–	19,471
Total	466,699	191,910	429,102	1,087,711

Financial expenses allocated to assets

During the year no financial expenses were capitalized on assets of the consolidated balance sheet.

Emoluments to corporate bodies

Fees to Directors and Statutory Auditors for carrying out their duties also in other consolidated companies are illustrated in the notes to Buzzi Unicem SpA's statutory financial statements in accordance with CONSOB's resolution 11971 of May 14, 1999.

The consolidated statement of cash flows, the list of companies included in the consolidated financial statements (article 38 and 39 of Italian Legislative Decree 127/91), the list of unquoted equity investments in which the group ownership is between 10% and 20% (art. 125 and 126 of CONSOB's resolution 11971/99 and subsequent amendments) are attached to these notes.

These consolidated financial statements agree with the accounting records as adjusted for consolidation entries.

CONSOLIDATED STATEMENT OF CASH FLOWS

	(in thousands of euro)	
	2002	2001
A) Cash and cash equivalents at beginning of year	183,283	177,493
B) Cash provided (used) by operating activities		
Combined net income	151,766	182,018
Amortization and depreciation	129,973	128,641
Writedowns of fixed assets	66,745	2,386
Gains on disposal of fixed assets	(3,816)	(816)
Net change in reserves for risks and charges	49,702	14,818
Net change in reserve for employee severance indemnities	(807)	1,363
Changes in working capital:		
• Inventories	19,249	(21,218)
• Trade receivables	(17,321)	(29,101)
• Other current assets	(12,457)	(4,109)
• Trade payables	(11,319)	9,845
• Other current liabilities	960	559
• Taxes payable	(8,586)	19,095
Total B)	364,089	303,481
C) Cash provided (used) by investing activities		
Investments in fixed assets:		
• Intangibles	(972)	(15,114)
• Property, plant and equipment	(78,430)	(121,850)
• Equity investments	(208,295)	(517,852)
Proceeds from the sale of fixed assets	4,305	9,404
Proceeds from the sale of equity investments	1,307	3,254
Changes in financial receivables and payables	21,600	3,708
Changes in other securities	(58,526)	(28,856)
Total C)	(319,011)	(667,306)
D) Cash provided (used) by financing activities		
New long-term loans and bonds	707,502	588,744
Principal payments on long-term debt	(703,674)	(196,926)
Net change in short-term bank borrowings	(3,370)	3,916
Capital grants	2,791	1,391
Dividends paid	(36,241)	(30,907)
Total D)	(32,992)	(366,218)
E) Change in the scope of consolidation and translation differences	(47,461)	3,397
F) Increase (decrease) in cash and cash equivalents (B+C+D+E)	(35,375)	5,790
G) Cash and cash equivalents at end of year (A+F)	147,908	183,283

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

Companies consolidated on a line-by-line basis

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	% of voting rights
Buzzi Unicem SpA	Casale Monferrato I	EUR 86,281,312			
Unicalcestruzzi SpA	Casale Monferrato I	EUR 200,000,000	Buzzi Unicem SpA	100.00	
Uniserv Srl	Casale Monferrato I	EUR 93,600	Buzzi Unicem SpA	100.00	
Finpresa SA	Luxembourg L	EUR 22,000,000	Buzzi Unicem SpA	100.00	
RC Cement International ApS	Copenhagen DK	DKK 200,000	Buzzi Unicem SpA	100.00	
Cementi Riva Srl	Riva del Garda I	EUR 750,296	Buzzi Unicem SpA	90.00	
Presa International BV	Utrecht NL	EUR 4,000,000	Finpresa SA	100.00	
Alamo Cement Company	San Antonio USA	USD 200,000	Finpresa SA	100.00	
RC Cement Holding Company	Wilmington USA	USD 100	RC Cement International ApS	100.00	
La Rinascita Calcestruzzi SpA	Casale Monferrato I	EUR 2,476,800	Unicalcestruzzi SpA	80.00	
Betonval Calcestruzzi di Cemento SpA	Sesto Fiorentino I	EUR 12,500,000	Unicalcestruzzi SpA	70.00	
Simco Srl	Casale Monferrato I	EUR 104,000	Unicalcestruzzi SpA	44.10	
San Martino Scrl	Casale Monferrato I	EUR 100,000	Unicalcestruzzi SpA	51.00	
			Betonval Calcestruzzi di Cemento SpA	24.00	
Alamo Cement Holding Company	Wilmington USA	USD 1	Alamo Cement Company	100.00	
Alamo Cement Management Company	Wilmington USA	USD 1	Alamo Cement Company	100.00	
River Cement Company	Wilmington USA	USD 100	RC Cement Holding Company	100.00	
Hercules Cement Company	Wilmington USA	USD 1,000	RC Cement Holding Company	100.00	
Signal Mountain Cement Company	Wilmington USA	USD 100	RC Cement Holding Company	100.00	
Heartland Cement Company	Wilmington USA	USD 100	RC Cement Holding Company	100.00	
RC Cement Co., Inc.	Wilmington USA	USD 100	RC Cement Holding Company	100.00	
Longhorn Cement Company	San Antonio USA	USD 101,000	Alamo Cement Holding Company	100.00	
Alamo Cement Trucking Company	San Antonio USA	USD 10	Alamo Cement Holding Company	100.00	
Alamo Cement Company II, Ltd.	San Antonio USA	USD n/a	Alamo Cement Holding Company	99.00	
			Alamo Cement Management Company	1.00	
Alamo Concrete Products, Ltd.	San Antonio USA	USD n/a	Alamo Cement Holding Company	99.00	
			Alamo Cement Management Company	1.00	
Alamo Transit Company II, Ltd.	San Antonio USA	USD n/a	Alamo Cement Holding Company	99.00	
			Alamo Cement Management Company	1.00	
River Cement Sales Company	Wilmington USA	USD 100	River Cement Company	100.00	
Hercules Cement Sales Company	Wilmington USA	USD 10	Hercules Cement Company	100.00	
Hercules Cement Holding Company	Wilmington USA	USD 10	Hercules Cement Company	100.00	
Hercules Cement Company LP	Bethlehem USA	USD n/a	Hercules Cement Company	99.00	
			Hercules Cement Holding Company	1.00	
Heartland Cement Sales Company	Wilmington USA	USD 10	Heartland Cement Company	100.00	
HCC Holding, Inc.	Wilmington USA	USD 1	Hercules Cement Company LP	100.00	

Companies consolidated by the proportional method

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	% of voting rights
Addiment Italia Srl	Casale Monferrato I	EUR 10,400	Buzzi Unicem SpA	50.00	
Fresit BV	Utrecht NL	EUR 6,795,000	Finpresa SA	50.00	
Corporación Moctezuma, SA de CV	Mexico City MEX	MXN 171,376,652	Presa International BV	7.59	
			Fresit BV	51.51	
Cementos Portland Moctezuma, SA de CV	Jiutepec MEX	MXN 32,877,389	Corporación Moctezuma, SA de CV	100.00	
Cementos Moctezuma, SA de CV	Mexico City MEX	MXN 2,500,000	Corporación Moctezuma, SA de CV	100.00	
Latinoamericana de Agregados y Concretos, SA de CV	Mexico City MEX	MXN 10,929,252	Corporación Moctezuma, SA de CV	100.00	
Latinoamericana de Comercio, SA de CV	Emiliano Zapata MEX	MXN 10,775,000	Corporación Moctezuma, SA de CV	100.00	
Latinoamericana de Concretos, SA de CV	Mexico City MEX	MXN 7,321,821	Corporación Moctezuma, SA de CV	98.00	
			Cementos Portland Moctezuma, SA de CV	2.00	
Arrendadora de Equipos de Transporte, SA de CV	Emiliano Zapata MEX	MXN 5,300,000	Corporación Moctezuma, SA de CV	98.00	
			Cementos Portland Moctezuma, SA de CV	2.00	
Inmobiliaria Lacosa, SA de CV	Mexico City MEX	MXN 50,068,500	Corporación Moctezuma, SA de CV	98.00	
			Cementos Portland Moctezuma, SA de CV	2.00	

Companies consolidated by the proportional method (continued)

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	% of voting rights
Servicios Corporativos Moctezuma, SA de CV	Emiliano Zapata MEX	MXN	40,000	Corporación Moctezuma, SA de CV	98.00
				Cementos Portland Moctezuma, SA de CV	1.00
				Inmobiliaria Lacosa, SA de CV	0.50
				La. de Agregados y Concretos, SA de CV	0.50
Grupo Impulsor Industrial, SA de CV	Mexico City MEX	MXN	50,000	Corporación Moctezuma, SA de CV	98.00
				Cementos Moctezuma, SA de CV	2.00
Latinoamericana de Concretos de San Luis, SA de CV	Mexico City MEX	MXN	15,676,541	Latinoamericana de Concretos, SA de CV	60.00

Companies valued by the equity method

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	% of voting rights	
Technobeton Srl	Riva del Garda I	EUR	512,200	Buzzi Unicem SpA	45.00	
Premix SpA	Melilli I	EUR	2,580,000	Buzzi Unicem SpA	40.00	
Ciments de Balears, SA	Palma de Mallorca E	EUR	306,510	Buzzi Unicem SpA	35.00	
Cementi Moccia SpA	Napoli I	EUR	7,398,300	Buzzi Unicem SpA	30.00	
Laterlite SpA	Solignano I	EUR	25,000,000	Buzzi Unicem SpA	30.00	
Dyckerhoff AG	Wiesbaden D	EUR	105,639,816	Buzzi Unicem SpA	24.09	43.75
Inerti e Calcestruzzi Srl (in liquidation)	Torino I	EUR	96,900	Unicalcestruzzi SpA	100.00	
Sofinvest Srl (in liquidation)	Milano I	EUR	26,000	Unicalcestruzzi SpA	100.00	
Betongenova Srl (in liquidation)	Genova I	EUR	10,400	Unicalcestruzzi SpA	54.88	
Siefic Calcestruzzi Srl	Isernia I	EUR	5,080,000	Unicalcestruzzi SpA	50.00	
Albenga Calcestruzzi Srl	Albenga I	EUR	100,700	Unicalcestruzzi SpA	50.00	
Betonsud Srl (in liquidation)	Foggia I	EUR	1,082,220	Unicalcestruzzi SpA	49.99	
A.P.I.C.E. Srl (in liquidation)	Trino I	EUR	99,960	Unicalcestruzzi SpA	46.00	
Vielle Calcestruzzi Srl	Gallarate I	EUR	156,000	Unicalcestruzzi SpA	40.00	
S.A.F.I. Srl	Pieve del Cairo I	EUR	332,010	Unicalcestruzzi SpA	33.33	
Betonfer Srl	Torino I	EUR	46,800	Unicalcestruzzi SpA	33.33	
Nova Beton Srl	S. Maurizio Canavese I	EUR	46,800	Unicalcestruzzi SpA	30.00	
Edilcave Srl	Villarfocchiaro I	EUR	72,800	Unicalcestruzzi SpA	30.00	
Calcestruzzi Bell'Italia Srl	Montanaso Lombardo I	EUR	40,000	Unicalcestruzzi SpA	25.00	
Calcestruzzi Faure Srl	Salbertrand I	EUR	53,560	Unicalcestruzzi SpA	24.00	
PRO.CAL.MI. Srl (in liquidation)	Milano I	EUR	51,000	Unicalcestruzzi SpA	23.77	
Beton Biella Srl	Biella I	EUR	52,000	Unicalcestruzzi SpA	20.00	
Beton Pavia Srl (in liquidation)	Milano I	EUR	98,800	Sofinvest Srl (in liquidation)	100.00	
E.L.M.A. Srl	Sinalunga I	EUR	15,000	Betonval Calcestruzzi di Cemento SpA	50.00	
Cave Alto Santerno Srl	Sesto Fiorentino I	EUR	250,000	Betonval Calcestruzzi di Cemento SpA	49.00	
Consorzio CO.ES. Srl	Vezzano Ligure I	EUR	46,800	Betonval Calcestruzzi di Cemento SpA	44.05	

Other investments in subsidiaries and associated companies

Name	Registered office	Capital stock	Ownership interest held by	% of ownership	% of voting rights
Cementi e Calci di Santa Marinella Srl	Bergamo I	EUR	10,000	Buzzi Unicem SpA	33.33
Alfacementi Srl	Siracusa I	EUR	10,000	Buzzi Unicem SpA	100.00
Iblea Calcestruzzi Srl (in liquidation)	Ragusa I	EUR	25,000	Unicalcestruzzi SpA	50.00

List of equity investments in unquoted companies between 10% and 20%

Name	Registered office	Capital stock	Ownership interest held by	% of ownership
Partecipazioni Porto Antico di Genova SpA	Genova I	EUR 3,802,920	Buzzi Unicem SpA	14.00
Ipse Srl	Settimo Torinese I	EUR 52,000	Buzzi Unicem SpA	11.00
Romana Calcestruzzi SpA	Roma I	EUR 2,597,312	Unicalcestruzzi SpA	16.66
Fratelli Bianchi fu Michele & C. SpA	Roma I	EUR 486,606	Unicalcestruzzi SpA	16.66
Cava degli Olmi Srl	Carignano I	EUR 1,000,000	Unicalcestruzzi SpA	12.00
Navicelli di Pisa SpA	Pisa I	EUR 701,353	Betonval Calcestruzzi di Cemento SpA	10.37

N.B. The Company does not hold equity investments through trustees or other persons nor investments in which the voting right is held by such trustees or persons.

**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW
DECREE No. 58, DATED 24 FEBRUARY 1998**

To the Shareholders of
BUZZI UNICEM SpA
Casale Monferrato (AL)
(Italy)

- 1 We have audited the consolidated financial statements of BUZZI UNICEM Group as at 31 December 2002. These financial statements are the responsibility of BUZZI UNICEM SpA's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. These standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior period, which are presented for comparative the purposes as required by law, reference is made to our report dated 5 April 2002.

- 3 In our opinion, the consolidated financial statements of BUZZI UNICEM Group as at 31 December 2002 comply with the laws governing the criteria for their preparation; accordingly, they give a true and fair view of the financial position and result of operations of the Group.

- 4 Without qualifying our opinion, we wish to highlight the following:
 - As explained in the notes to the consolidated financial statements, the result for the year includes a write-down of Euro 18.9 million of the investment in Dyckerhoff AG posted in order to reflect the estimated impairment due to changes in structure and operations and to the consequent decrease in present and future earnings after the purchase.

- In execution of the resolution taken by the shareholders at the extraordinary general meeting of 10 May 2002, the merger of the subsidiary UNIMED – Cementerie del Mediterraneo SpA into Buzzi Unicem SpA was finalised by a deed dated 12 November 2002, the effects of which are recorded in the notes to the consolidated financial statements.

Milan, 7 April 2003

PricewaterhouseCoopers SpA

Roberto Pirola
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. The consolidated financial statements referred to in the above report have been translated by the company and the translation has not been examined by us.

SHARES AND SHAREHOLDERS

Since September 1999 the ordinary and savings shares of Buzzi Unicem SpA are traded in Italy on the Borsa Italiana SpA system (Reuters BZU.MI). Stock market capitalization at year end was euro 952 million.

As of March 31, 2003 the capital stock is made up of 131,078,148 ordinary shares and 12,724,039 savings shares, both with par value of 0.60 euro. Each ordinary share has one vote. Savings shares, which do not have voting rights, may be registered or non registered at the stockholders' preference.

Trading in Buzzi Unicem shares*

Period	Number		euro million	
	Ordinary	Savings	Ordinary	Savings
27 Sep-Dec 1999	10,089,000	17,503,000	115.1	72.8
Year 2000	42,154,500	62,314,500	389.6	301.9
Year 2001	78,364,744	11,301,071	730.0	71.6
Year 2002	51,043,944	1,605,164	406.3	11.5
Jan - Mar 2003	11,479,956	145,832	65.2	0.8

Source: Milan Stock Exchange

* Non adjusted data; effective February 15, 2001 shavings shares were converted into ordinary shares in a ratio of 16 ordinary shares to 25 savings shares.

Performance of the Buzzi Unicem ordinary share



Distribution of shareholding

	<i>Nr. of shareholders</i>	<i>%</i>	<i>Nr. of shares</i>	<i>%</i>
1 – 1,000	10,279	77.84	4,568,134	3.48
1,001 – 10,000	2,510	19.01	6,974,985	5.32
10,001 – 100,000	327	2.48	10,349,405	7.90
100,001 –	89	0.67	109,185,624	83.30

Source: Shareholders' Register completed with additional informations available to the company, as of March 31, 2003.

Main shareholders

	<i>Ordinary</i>	<i>Savings</i>	<i>% of ownership</i>	<i>% of voting rights</i>
Fimedi SpA*	11,500,000	–	7.99	8.77
Presa SpA*	64,200,000	–	44.64	48.98
Banca d'Italia	2,636,697	–	1.83	2.01

Source: Shareholders' Register completed with additional informations available to the company, as of March 31, 2003.

* Holding companies Buzzi's family

In total 19,985,700 of the shares representing 15.25% of the voting rights were owned by foreign investors.

Highlights per share

	<i>(euro)</i>			
	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>
Earnings per share	0.78	1.05	1.15	0.90
Cash flow per share	1.61	1.96	2.22	2.22
Stockholders' equity per share	4.78	6.03	7.94	7.59
Dividend per share				
- ordinary	0.150	0.200	0.230	0.250
- savings	0.180	0.224	0.254	0.274
Share price at year end				
- ordinary	10.68	9.08	7.43	6.68
- savings	4.64	5.59	5.76	6.06
Price/Earnings ratio	13.74	8.66	6.45	7.57
Price/Cash flow ratio	6.62	4.63	3.34	3.05



Stabilimento Dyckerhoff di Nowiny, Polonia
Dyckerhoff plant in Nowiny, Poland

**A d d i t i o n a l
I n f o r m a t i o n a b o u t t h e
A s s o c i a t e d C o m p a n y**

D y c k e r h o f f A G

CONSOLIDATED BALANCE SHEET

	(in thousands of euro)	
	31.12.2002	31.12.2001
Fixed assets		
Intangible assets	143,357	134,270
Property, plant and equipment	2,708,177	3,124,869
Investments in associated companies	136,970	195,449
Other investments	86,437	124,203
Total fixed assets	3,074,941	3,578,791
Current assets		
Inventories	174,347	194,729
Trade accounts receivable	120,855	120,695
Other accounts receivable and other assets	255,314	343,626
Cash and securities	65,069	25,301
Total current assets	615,585	684,351
Deferred tax assets	43,585	7,354
Prepaid expenses	5,978	5,212
TOTAL ASSETS	3,740,089	4,275,708
Shareholders' equity		
Subscribed capital	105,640	105,640
Capital reserves	293,684	293,684
Retained earnings	503,520	798,205
Total shareholders' equity	902,844	1,197,529
Minority interests	32,737	46,029
Provisions		
Pension provisions and similar obligations	318,180	284,431
Tax provisions	75,197	55,296
Other provisions	329,296	247,797
Total Provisions	722,673	587,524
Liabilities		
Mezzanine Financing	200,200	–
Bonds and notes	771,846	983,628
Liabilities to banks	323,637	399,864
Trade accounts payable	71,609	75,953
Other liabilities	128,399	276,459
Total liabilities	1,495,691	1,735,904
Deferred tax liabilities	586,144	708,722
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,740,089	4,275,708

Source: Dyckerhoff Annual Report 2002.

CONSOLIDATED INCOME STATEMENT

	(in thousands of euro)	
	2002	2001 <i>restated</i>
Sales	1,545,158	1,642,879
Changes in inventories and other capitalized expenses	(3,414)	3,344
	1,541,744	1,646,223
Other operating income	90,270	120,571
Cost of materials	(633,896)	(666,221)
Personnel expense	(358,860)	(359,295)
Other operating expenses	(370,200)	(398,075)
EBITDA (operating cash flow)	269,058	343,203
Depreciation and amortization on intangible assets and property, plant and equipment	(188,811)	(201,269)
EBIT (operating result)	80,247	141,934
Other non operating expenses	(107,200)	
Net income from associated companies	7,228	(4,600)
Other net investment income	(15,445)	(13,029)
Net interest	(106,823)	(95,384)
Result before income taxes	(141,993)	28,921
Income taxes	14,063	(7,059)
Net income (loss)	(127,930)	21,862
Minority interests	2,802	(3,992)
Group net loss	(130,732)	17,870
thereof: to be distributed to shareholders	–	37,139
Earnings per share (in euro)	(3,17)	0,43

Source: Dyckerhoff Annual Report 2002.

CONSOLIDATED CASH FLOW STATEMENT

	(in thousands of euro)	
	2002	2001 <i>restated</i>
EBITDA (operating cash flow)	269,058	343,203
Net investment income (without write-offs on investments)	(40)	(6,947)
Interest payments	(98,961)	(111,013)
Other net interest and net income from derivatives	(7,862)	15,629
Tax payments	(21,174)	(12,101)
Other taxes incl. deferred taxes	35,237	5,042
Cash Flow	176,258	231,813
Gains/losses from disposals of fixed assets	(4,047)	(13,390)
Non-cash income	(7,100)	4,458
Changes in accounts receivable and other assets	(9,241)	1,712
Changes in liabilities	(75,986)	(20,091)
Net cash provided by operating activities	79,884	204,502
Purchase of intangible assets	(614)	(6,512)
Purchase of property, plant and equipment	(89,402)	(160,685)
Purchase of investments	(22,932)	(29,990)
Proceeds from disposals of fixed assets	68,617	47,978
Net cash used by investment activities	(44,331)	(149,209)
Mezzanine financing	200,200	–
Changes in liabilities to banks/bonds	(149,935)	(57,440)
Dividend paid by Dyckerhoff AG	(37,139)	(37,139)
Dividends to minority shareholders	(4,858)	(3,154)
Minority interest in capital increases	(475)	–
Net cash used by/provided by financing activities	7,793	(97,733)
Cash-effective changes in liquidity	43,346	(42,440)
Currency-related changes in liquidity	(9,770)	5,728
Consolidation-related changes in liquidity	6,192	4,977
Cash and cash equivalents at start of period	25,301	57,036
Cash and cash equivalents at end of period	65,069	25,301

Source: Dyckerhoff Annual Report 2002.

COMPARATIVE RECLASSIFIED BUZZI UNICEM AND DYCKERHOFF 2002 FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)

	<i>BUZZI UNICEM</i>		<i>DYCKERHOFF</i>	
	<i>2002</i>	<i>% of revenues</i>	<i>2002</i>	<i>% of revenues</i>
Net revenues	1,478.7	100	1,545.2	100
Materials, operating costs and services	(836.3)	(56.6)	(917.2)	(59.4)
Labor costs	(181.1)	(12.2)	(358.9)	(23.2)
EBITDA (Operating cash flow)	461.3	31.2	269.1	17.4
Depreciation and amortization	(130)	(8.8)	(188.8)	(12.2)
Operating income	331.4	22.4	80.2	5.2
Financial income (expenses)	(15.5)	(1.0)	(106.8)	(6.9)
Other income (charges)	(66.8)	(4.5)	(8.2)	(0.6)
Expected Cartel Fine	–	–	(107.2)	(6.9)
Income before income taxes	249.1	16.8	(142.0)	(9.2)
Income taxes	(97.3)	(6.6)	14.1	0.9
Combined net income	151.8	10.3	(127.9)	(8.3)
Minority interests	(23.0)	(1.6)	2.8	0.2
Consolidated net income	128.7	8.7	(130.7)	(8.5)
Cash flow (combined net income + depreciation)	319.7	21.6	60.9	3.9

Buzzi Unicem holds a 24.09% economic stake in Dyckerhoff AG as of 31 December, 2002.

CONSOLIDATED BALANCE SHEET

(in thousands of euro)

	<i>BUZZI UNICEM</i> 31.12.2002	<i>DYCKERHOFF</i> 31.12.2002
Property, plant and equipment and intangible fixed assets, net	965.8	2,938.0
Financial fixed assets	683.2	136.9
Working capital	260.5	400.1
Net invested capital	1,909.5	3,475.0
Stockholders' equity	1,172.2	935.6
of which, Minority interests	80.7	32.7
Reserves for risks and charges	205.2	1,308.8
Net financial position	532.1	1,230.6
Total financing	1,909.5	3,475.0

Buzzi Unicem holds a 24.09% economic stake in Dyckerhoff AG as of 31 December, 2002.

CONSOLIDATED NET FINANCIAL POSITION

(in thousands of euro)

	<i>BUZZI UNICEM</i> 31.12.2002	<i>DYCKERHOFF</i> 31.12.2002
Cash, banks, and marketable securities	297.6	65.1
Short-term debt	(235.4)	(68.5)
Net short-term cash (debt)	62.2	(3.4)
Long-term debt	(594.3)	(1,027.0)
Mezzanine Financing	–	(200.2)
Net financial position (net debt)	532.1	1,230.6

Buzzi Unicem holds a 24.09% economic stake in Dyckerhoff AG as of 31 December, 2002.