Buzzi Unicem

Interim report as at

March 31, 2015

Buzzi Unicem S.p.A.

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

Share Capital euro 123.636.658,80

Company Register of Alessandria no.00930290044

CONTENTS

INTERIM MANAGEMENT REVIEW

During the first quarter 2015, compared to the same period of last year, cement and ready-mix concrete demand overall slightly increased in all geographical areas of group operations. In the quarter, the United States of America closed with an increase, in spite of the rather adverse climate in March. In Eastern Europe sales volumes advanced in all markets of the operating division, especially in Russia, thanks to the Korkino cement plant, which entered the consolidation scope in December 2014, and with a remarkable pace of deliveries in Poland and in the Czech Republic. Sales decline in Central Europe is deemed essentially due to the difficult comparison with the brilliant activity level of 2014, favored by the unusually mild climate. In Italy, the weakness of the domestic market was partially offset by an advance of exports and shipments of clinker.

In the first months of 2015 world trade strengthened and the recovery in developed countries continued, while economy was still slowing down in the emerging markets; prospects remain moderately positive and risks appear more balanced than at the end of last year. In the United States, although industrial production was affected by difficult weather conditions, the economic situation remained positive and the unemployment rate fell back to the levels before the crisis. In Europe signals of cyclical improvement were accentuated, albeit in an uncertain framework; the euro depreciated, achieving in the middle of April the lowest values over the last thirteen years. In Italy we noticed the emergence of more favorable economic data, thanks to exports, the continuation of the increase in consumption and the slight recovery in capital expenditures. Oil prices, slightly rising from their lows in January, remained nevertheless moderate, even in expectations. Global inflation didn’t show any signs of revival, except for some countries like Ukraine and Russia, where prices were affected by the foreign exchange shock. The geopolitical situation remains uncertain due to the negotiations on the revision of the support measures for Greece and the conflict in Ukraine, Libya and the Middle East.

Consolidated cement sales were up 2.2% over the first quarter of 2014, reaching 4.9 million tons. The volume growth was significant in Eastern Europe (+14.8%), particularly in Russia (+23.4%), thanks to first-time consolidation of the Korkino cement plant, and well set in the United States of America (+2.8%). Sales of ready-mixed concrete registered a decrease (-3.3%) compared to the same period of 2014, reaching 2.4 million cubic meters.
Price effect in local currency, compared to the first quarter of 2014, was favorable in the United States and Ukraine, neutral in Germany and Russia; conversely, always in local currency, average prices suffered a fall in Italy and Poland, as well as a slight drop in the Czech Republic and Luxembourg.

Consolidated net sales revenue rose from €496.4 million to €513.4 million (+3.4%), gross of a foreign exchange effect which gave a positive contribution for €10.8 million. Ebitda closed at €27.2 million (+€16.9 million compared to the first quarter of 2014); changes in scope were negative for €0.6 million and foreign exchange rate effect positive for €2.6 million. Like for like net sales would have increased by 0.3% and Ebitda would have come in at €14.9 million. The figure of the period includes net non-recurring revenues for €3.8 million, of which with positive sign €5.6 million for partial release of the provision for antitrust risks and with negative sign €1,8 million for dismantling and transportation of equipment within the group (in 2014 net non-recurring costs of €1.3 million). Therefore recurring Ebitda rose from €11.6 million to €23.4 million, with Ebitda to sales margin at 4.6% (2.3% in 2014). After amortization and depreciation for €46.4 million (€47.7 million in the first quarter of 2014) Ebit was negative for €19.2 million (negative for €37.4 million in 2014). Net finance costs for the period were greater compared to the previous year (€43.0 million vs. €32.7 million in 2014) due to higher non-cash items for unfavorable foreign exchange differences. The share of equity earnings amounted to €16.1 million (€9.0 million in the first quarter of 2014). As a result of the above, the first quarter of 2015 closed with a loss before tax of €46.2 million vs. a loss of €61.1 million last year. After taxes, net loss for the period was €41.4 million (€41.5 million being the portion attributable to the owners of the company).

Net sales and Ebitda breakdown by geographical area is as follows:

Net sales

million euro	*Q1-15*	*Q1-14*	*Change abs*
Italy	84.1	86.6	-2.5
United States of America	204.5	152.5	52.0
Germany	115.1	127.8	-12.7
Luxembourg	22.3	24.8	-2.5
Netherlands	13.5	13.2	0.4
Czech Republic	20.8	22.8	-2.0
Poland	17.5	17.1	0.5
Ukraine	10.3	16.9	-6.6
Russia	33.7	40.6	-6.9
Eliminations	-8.5	-5.8	-2.7
	513.4	**496.4**	**17.0**

Ebitda

million euro	*Q1-15*	*Q1-14*	*Change abs*
Italy	-8.2	-8.9	0.7
United States of America	30.1	7.0	23.1
Germany	-0.7	0.2	-0.9
Luxembourg	-1.6	0.3	-1.9
Netherlands	-0.4	-0.8	0.4
Czech Republic	1.0	-0.7	1.7
Poland	-0.2	0.3	-0.6
Ukraine	-1.4	-2.4	1.0
Russia	8.5	15.1	-6.6
	27.2	**10.3**	**16.9**

Cash flow for the period was positive for €5.0 million (negative for €5.8 million in 2014). Net debt as at 31 March 2015 amounted to €1,133.3 million, +€70.6 million compared to the end of year 2014. Total capital expenditures of €68.7 million affected this figure (€38.7 million in the same period of 2014), €37.5 million thereof related to the expansion project at the Maryneal plant (Texas). At the end of the quarter total equity, inclusive of non-controlling interests, amounted to €2,539.9 million, compared to €2,362.1 million as at 31 December 2014. Consequently debt/equity ratio was equal to 0.45 (0.45 also at 2014 year-end).

Italy
In the first months of 2015, the trend in industrial activity grew moderately, anticipating a slight increase in output in the quarter. Employment stabilized and the unemployment rate fell slightly; recent surveys indicate a slight improvement of job prospects in the coming months, to which the tax relief and the rules provided for by the Jobs Act could have contributed. Consumer price inflation was almost nil, as a result of a negative trend in energy prices and the weak increase in other components. Business confidence is showing signs of improvement and favorable indications emerge also for investments, which began to grow again since the fourth quarter of last year, after having declined almost continuously since the beginning of 2011. Financial market conditions improved significantly, with a reduction in government bonds yields and risk premiums on sovereign and private debt. Share prices recorded sharp rises and their volatility decreased. In the construction sector, signs of stabilization are emerging, with slight increases in trade, mitigated decline in house prices and some moderate recovery of building production. Our sales volumes of cement and clinker, including exports, reported a 1.9% decline from the same period a year earlier. It should be considered though, that following the agreement with Wietersdorfer involving the North East regions, as of 1 August 2014 our scope of operations was reduced. The sales mix was characterized by an increasing portion of clinker and shipments abroad. Selling prices confirmed the 2014 exit level, but the change quarter on quarter was rather penalizing (-8.2%). The ready-mix concrete production recorded an increase by 10.0%, with prices down 2.6%. Overall net sales decreased from €86.6 million to €84.1 million (-2.9%), while Ebitda closed in negative territory for €8.2 million, compared to a parallel negative balance of €8.9 million in the first quarter 2014. The figure for 2015 includes non-recurring income for €5.6 million referred to the partial release of provisions for antitrust risks (outcome of the litigation in the ready-mix concrete sector for events occurred in the nineties in the province of Milan) and non-recurring costs for dismantling and transportation of equipment for €1.8 million.

Central Europe
In this region of the Eurozone the moderate recovery under way since the fourth quarter of 2014 is driven by the consumption of households and businesses and by foreign trade. Economic activity confirmed a slight accelerating trend in the first quarter of 2015. Construction investments show a basically stable development, rather positive in Germany, weaker in Luxembourg and recovering in the Netherlands.

In Germany, the particularly challenging comparison with the same period last year, when the building materials demand had benefited from favorable weather conditions, led to a reduction in both cement (-5,2%) and ready-mix concrete volumes (-11.6%). The weaker oil well cement market contributed to the decrease of deliveries. Sales prices remained in line in both cement (-1.1%) and ready-mix concrete (-1.4%) sectors. Overall net sales amounted to €115.1 million (€127.8 million in 2014) and Ebitda went to negative territory at -€0.7 million versus €0.2 million positive in the previous period. The figure for 2014 included non-recurring costs for €1.3 million due to restructuring expenses.

The comparison with the good results achieved in the first quarter of 2014 proved similarly challenging also in Luxembourg, where a certain weakness in exports was registered too. Our sales volumes were down 10.4%, with prices slightly lower (-1.5%). Net sales amounting at €22.3 million recorded a decrease by 9.9% (€24.8 million in 2014). Ebitda was negative for €1.6 million (positive for €0.3 million in 2014). In the period the company realized other operating revenues for €0.2 million from the swap of CO_2 emission rights (nil in 2014).

In the Netherlands, ready-mix concrete sales for the first three months of the year showed an increase by 9.1% with prices down 3.0%. Net sales trend was virtually stable at €13.5 million (€13.2 million in the previous period) and Ebitda, although improving, remained negative for €0.4 million (-€0.8 million in 2014).

Eastern Europe

In the quarter the European Union countries (Czech Republic, Slovakia, Poland) continued to benefit from the gradual economic recovery; the economic situation is still difficult in Ukraine, where the attempts to return to normality prove fragile and uncertain; in Russia the expectations of a recessionary economy have recently worsened.

In the Czech Republic, cement sales volumes increased by 5.7% and average prices in local currency were slightly down (-2.7%). The ready-mix concrete sector, which includes also Slovakia operations, opened the year with a decline in volumes (-14.2%), compared to a very high basis of comparison, but with prices on the rise (+4.4%). Net sales, which were somewhat negatively affected by the exchange rate effect, stood at €20.8 million (€22.8 million in 2014), while Ebitda closed in positive territory (€1,0 million versus -€0.7 million in the first quarter of 2014). In the period the company realized other operating revenues for €0.2 million from the swap of CO_2 emission rights (nil in 2014).

In Poland trading was regular and despite the difficult comparison with the brilliant first quarter of last year, cement deliveries recorded a positive variance of 8.9%, together with a ready-mix concrete output at the same good levels of 2014 (+1.1%). Sales prices in local currency were lower than 2014 for cement (-11.5%) while concrete prices were slightly higher. Net sales, not impacted by foreign exchange fluctuation, reached €17.5 million compared to €17.1 million in 2014 (+2.9%). Ebitda was negative for €0.2 million (positive for €0.3 million in 2014). In the period the company realized other operating revenues for €0.4 million from the swap of CO_2 emission rights (nil in 2014).

In Ukraine economic activity of the western regions continued to show a good steadiness. In fact, despite the recessionary climate in the country and the uncertainties about possible developments of the geopolitical tensions, our industrial operations showed a regular trend, with growing cement sales in the first quarter (+6.5%) and a substantial increase of prices in local currency (+16.2%). Ready-mix concrete output, insignificant in absolute value, still decreased, but average prices in local currency followed inflation. Net sales and Ebitda, affected by the very strong depreciation of the local currency (-91.1%), respectively declined from €16.9 million to €10.3 million (-39.2%) and from -€2.4 million to -€1.4 million. Net sales in local currency would have posted an increase by 16.2%.

In Russia, a recession phase is ongoing due to the fall in oil prices, the drop in capital expenditures and the worsening of business confidence. The trend in consumer prices continued to rise, driven by the exchange rate depreciation in recent months, reaching 16.9% in February. Sales in the first quarter of the current year benefited from the Korkino plant, which entered the consolidation scope, closing the period with a volumes growth by +23.4%. At constant scope volumes would have been at the same level as last year. The category of oil well cements, used in the extraction industry, performed well, posting an increase compared to the figures of 2014. Unit revenues in local currency were confirmed in line (-0.5%), considering that the average sales price of Korkino products is lower than the one of Suchoi Log cement plant. The translation of results into euro was seriously penalized by the ruble devaluation (-47.7%). Net sales stood at €33.7 million vs. €40.6 million in 2014, down 17.0%; in local currency they would have increased by 22.6%. Ebitda reached €8.5 million versus €15.1 million in 2014, down 43.7%, while in local currency it would have decreased by 16.8%.

United States of America
In the first months of 2015, despite an industrial production affected by unfavorable weather conditions, the economic situation remained positive with consumer spending offsetting a certain weakening of investment. Inflation continued to fall and was canceled in February. It is anticipated that the Federal Reserve implements a more gradual normalization than disclosed, and the markets expect a first rise in the second half of the year. The most recent estimates on cement consumption for the current year confirm a good improvement over the previous year, with a positive trend in residential and commercial building demand, as well as a growth in public works. The unfavorable weather conditions in March, with low temperatures even in the South-West regions, slowed down the good pace of deliveries achieved in January and February. Our cement sales increased by 2.8% despite a significant drop in the deliveries of oil well cements. Average prices in local currency increased by 11.0%. Ready-mix concrete output confirmed the volumes of the same period last year (-0.9%), but with significantly higher prices. Overall net sales thus improved from €152.5 million to €204.5 million (+34.1%); foreign exchange effect was favorable for €36.4 million. Ebitda amounted to €30.1 million (versus €7.0 million in 2014), including a positive foreign exchange effect for €5.4 million. The project works for the modernization and expansion of the Maryneal plant in Texas progressed according to schedule, with commissioning expected in the first months of 2016.

Mexico (valued by the equity method)
The country continued, also at the beginning of the year, with its economic expansion phase. In the first quarter cement shipments showed a higher trend than expected, with average prices in local currency up compared to the same period of 2014. Ready-mix concrete sales reacted in a similar way, thanks to the resilience of the main metropolitan market. Net sales and Ebitda, in local currency, recorded an increase of 25.0% and 38.4% respectively. The appreciation of the Mexican peso had a favorable impact on the translation of results into euro; with reference to 100% of the associate, net sales increased from €118.1 million to €159.0 million (+40.9%) and Ebitda from €44.1 million to €65.7 million (+49.1%). The share of equity earnings referring to Mexico, included in the line item that encompasses the investments valued by the equity method, amounts to €13.8 million (€9.1 million in 2014).

Outlook
In Central Europe the weather impact that favored sales at the beginning of 2014 normalized, therefore the decline posted in the quarter is expected to disappear during the year, thus confirming the developments foreseen in the internal projection.
Likewise the performance achieved in Poland and the Czech Republic was consistent with the budget objectives. In the other Eastern European countries (Ukraine and Russia) the activity was regular and quite encouraging as for the development of volumes and prices. Moreover the quarter trend will hardly be confirmed in the rest of the year. On the other hand, compared with the initial assumptions, it is to be noted that since April the exchange rate of the ruble has gained strength.
In Italy, demand is gradually stabilizing, but results were mainly affected by the negative price effect. Our offer to purchase SACCI was not successful, mainly due to the lack of a positive response by the banks involved in the restructuring. This however indicates how difficult it is to close extraordinary transactions that would allow the industrial rationalization strongly needed by the industry.
In the United States, despite bad weather conditions in March, the construction sector continues to be healthy and from now on we expect a more brilliant development in demand.
The likely development of the current year can be better clarified after the second quarter results,

particularly in markets such as Russia and Ukraine, where the outcome of the geopolitical and economic crisis is more complex to identify, or as Italy, which is the main focus of the efforts to re-establish an economic balance, or again as the United States, particularly in Texas, with the downsize of capital expenditures in the oil and gas sector. On the occasion of this first interim report, we can then confirm for the full year 2015 our expectations of recurring operating results in slight improvement over those posted in 2014.

* * *

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

Casale Monferrato, May 8, 2015

For the Board of Directors
Enrico Buzzi
(Chairman)

CONSOLIDATED BALANCE SHEET

(thousands of euro)	Mar 31, 2015	Dec 31, 2014
ASSETS		
Non-current assets		
Goodwill	587,132	571,213
Other intangible assets	9,797	10,326
Property, plant and equipment	3,080,164	2,835,410
Investment property	23,652	23,822
Investments in associates and joint ventures	408,345	371,914
Available-for-sale financial assets	2,488	2,377
Deferred income tax assets	72,939	61,470
Derivative financial instruments	21,524	4,204
Other non-current assets	46,398	44,561
	4,252,439	**3,925,297**
Current assets		
Inventories	405,297	377,003
Trade receivables	367,123	360,499
Other receivables	84,718	87,982
Available-for-sale financial assets	2,932	3,595
Cash and cash equivalents	438,183	412,590
	1,298,253	**1,241,669**
Assets held for sale	2,649	2,636
Total Assets	**5,553,341**	**5,169,602**

(thousands of euro)	Mar 31, 2015	Dec 31, 2014
EQUITY		
Equity attributable to owners of the company		
Share capital	123,637	123,637
Share premium	458,696	458,696
Other reserves	281,997	46,465
Retained earnings	1,651,067	1,711,064
Treasury shares	(4,768)	(4,768)
	2,510,629	**2,335,094**
Non-controlling interests	29,267	27,038
Total Equity	**2,539,896**	**2,362,132**
LIABILITIES		
Non-current liabilities		
Long-term debt	1,375,680	1,304,359
Derivative financial instruments	33,086	18,588
Employee benefits	490,926	441,569
Provisions for liabilities and charges	85,074	86,959
Deferred income tax liabilities	444,352	402,882
Other non-current liabilities	21,516	19,137
	2,450,634	**2,273,494**
Current liabilities		
Current portion of long-term debt	172,641	158,156
Short-term debt	1,957	-
Derivative financial instruments	1,592	2,687
Trade payables	229,562	226,399
Income tax payables	6,965	8,240
Provisions for liabilities and charges	14,914	17,266
Other payables	134,304	120,018
	561,935	**532,766**
Liabilities held for sale	876	1,210
Total Liabilities	**3,013,445**	**2,807,470**
Total Equity and Liabilities	**5,553,341**	**5,169,602**

CONSOLIDATED INCOME STATEMENT

(thousands of euro)	January-March 2015	2014
Net sales	**513,392**	**496,376**
Changes in inventories of finished goods and work in progress	3,558	(11,605)
Other operating income	20,350	10,858
Raw materials, supplies and consumables	(231,423)	(228,342)
Services	(149,899)	(137,141)
Staff costs	(110,182)	(104,862)
Other operating expenses	(18,643)	(15,026)
Operating cash flow (EBITDA)	**27,153**	**10,258**
Depreciation, amortization and impairment charges	(46,391)	(47,675)
Operating profit (EBIT)	**(19,238)**	**(37,417)**
Equity in earnings of associates and joint ventures	16,084	9,021
Finance revenues	-	31
Finance costs	34,121	8,113
Gains on disposal of investments	(77,131)	(40,863)
Profit before tax	**(46,164)**	**(61,115)**
Income tax expense	4,727	7,669
Profit for the period	**(41,437)**	**(53,446)**
Attributable to:		
Owners of the company	(41,548)	(53,844)
Non-controlling interests	111	398

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of euro)	January-March 2015	2014
Profit for the period	**(41,437)**	**(53,446)**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on post-employment benefits	(33,306)	(15,648)
Income tax relating to items that will not be reclassified	10,599	5,219
Total items that will not be reclassified to profit or loss	**(22,707)**	**(10,429)**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	243,367	(61,165)
Income taxes relating to items that may be reclassified	-	5,935
Total items that may be reclassified subsequently to profit or loss	**243,367**	**(55,230)**
Other comprehensive income for the period, net of tax	**220,660**	**(65,659)**
Total comprehensive income for the period	**179,223**	**(119,105)**
Attributable to:		
Owners of the company	176,024	(117,286)
Non-controlling interests	3,199	(1,819)

CONSOLIDATED NET FINANCIAL POSITION

(thousands of euro)	Mar 31, 2015	Dec 31, 2014
Cash and short-term financial assets:		
- Cash and cash equivalents	438,183	412,590
- Short-term monetary investments	60	115
- Other current financial receivables	8,227	9,028
Short-term financial liabilities:		
- Current portion of long-term debt	(172,641)	(158,156)
- Short-term debt	(1,957)	-
- Derivative financial instruments	(1,592)	(2,687)
- Other current financial liabilities	(25,458)	(14,624)
Net short-term cash	**244,823**	**246,266**
Long-term financial assets:		
- Derivative financial instruments	21,524	4,204
- Other non-current financial receivables	12,942	13,091
Long-term financial liabilities:		
- Long-term debt	(1,375,680)	(1,304,359)
- Derivative financial instruments	(33,086)	(18,588)
- Other non-current financial liabilities	(3,822)	(3,347)
Net debt	**(1,133,299)**	**(1,062,733)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

This interim report for the three months ended 31 March 2015 has been drawn up in compliance with art. 154 ter of Legislative Decree 58/1998. It has been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission and the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2014, to which please refer for additional information.

The preparation of the interim report requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the closing date and the reported amounts of revenues and expenses for the period. In case in the future such estimates and assumptions, based on the best knowledge of the management, should significantly differ from the actual circumstances, they would be modified accordingly in the relevant period in which they change. Income tax expense is accrued using the tax rate that would be applicable to expected total annual profit or loss.

The changes occurred in the scope of consolidation during the first three months of 2015 relate to the income statement and refer to the inclusion of OOO Dyckerhoff Korkino Cement, a company acquired on 1 December 2014 and not yet present in the figures of the previous period for comparison.

For the outlook please refer to the section “Interim management review”.

* * *

Equity attributable to owners of the company increased by €175.5 million from 31 December 2014. The change is mainly due to: an increase in translation differences (€240.3 million); a decrease in the result of the period (€41.5 million) and in actuarial losses on post-employment benefits (€22.7 million).

* * *

The 3.4% increase in net sales compared to the same period of 2014 is due to a positive currency effect for 2.2%, to favorable trading conditions (volumes and prices effect) for 0.2% and to a change in consolidation area positive for 1.0%.

Segment information

The breakdown of net sales, operating cash flow and operating profit by geographical area is the following:

(thousands of euro)	*Italy*	*Central Europe*	*Eastern Europe*	*United States of America*	*Unallocated items and adjustments*	*Total*	*Mexico 100%*
Three months ended 31 March 2015							
Segment revenue	83,738	146,090	81,752	201,446	366	**513,392**	159,051
Intersegment revenue	(42)	-	-	-	42	**-**	-
Revenue from external customers	83,696	146,090	81,752	201,446	408	**513,392**	159,051
Operating cash flow	(8,314)	(2,619)	7,864	30,112	110	**27,153**	65,731
Operating profit	(15,360)	(13,467)	(1,091)	10,570	110	**(19,238)**	58,324

(thousands of euro)	*Italy*	*Central Europe*	*Eastern Europe*	*United States of America*	*Unallocated items and adjustments*	*Total*	*Mexico 100%*
Three months ended 31 March 2014							
Segment revenue	86,645	161,648	95,644	152,456	(17)	**496,376**	116,608
Intersegment revenue	(15)	-	-	-	15	**-**	-
Revenue from external customers	86,630	161,648	95,644	152,456	(2)	**496,376**	116,608
Operating cash flow	(8,921)	(234)	12,380	7,020	13	**10,258**	42,541
Operating profit	(17,020)	(11,383)	1,332	(10,405)	59	**(37,417)**	35,731

* * *

The manager responsible for preparing the company's financial reports, Silvio Picca, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this interim report corresponds to the document results, books and accounting records.

Casale Monferrato, May 8, 2015

For the Board of Directors
Enrico Buzzi
(Chairman)