

PRESS RELEASE

Trading update at 31 March 2017

- **Cement sales up 4.5% and ready-mix concrete volumes up 9.1% versus last year**
- **Improved trading conditions in Central Europe, Italy and Eastern Europe, also favored by some additional working days compared to the first quarter of 2016**
- **Stable volumes in the United States, despite the comparison with an excellent first quarter 2016**
- **Net sales at €588.5 million (2016: €540.3 million)**

Consolidated data		Jan-Mar 17	Jan-Mar 16	% 17/16
Cement sales	m ton	5.2	5.0	+4.5
Ready-mix sales	m m3	2.6	2.4	+9.1
Net sales	€m	588.5	540.3	+8.9
		Mar 17	Dec 16	change
Net debt	€m	979.9	941.6	38.3

The Board of Directors of Buzzi Unicem SpA met today to briefly examine the economic performance of the first three months of 2017 as well as the net financial position at the end of the quarter.

Sales volumes of the group in the first quarter 2017 showed a slight increase over the same period of the previous year. In the comparison between the two periods, also considering the higher number of working days in 2017 (the Holy Week fell in April), the most crucial changes were recorded in Central Europe, particularly in Germany, where the dynamics of the construction sector continued to expand, and in Italy, thanks to the recovery in exports. In Eastern Europe, the positive development in the Czech Republic, Ukraine and Poland overall more than offset the decline in Russia, while in the United States the deliveries to customers were similar to the particularly brilliant ones which were achieved in the same period of 2016.

At the beginning of the year, the favorable indications showing the consolidation of recovery prospects and the acceleration of international trade strengthened, also driven by the boost of expanding policies and the reinforcement of investments in many countries. GDP growth estimates for 2017 were revised upwards for most of the major advanced economies, while they remained essentially unchanged for emerging markets. In the United States of America the economic climate strengthened, thanks to the resilience of private consumption and the growth in investment; the employment rate increased better than expected and the mood of

confidence significantly improved. In Europe, the expansion of economic activity consolidated, driven by domestic demand and the strong recovery of investment; GDP growth during the first quarter is estimated to be in line with the previous period (+0.5%), with the major countries in the area which achieved +0.4% in Germany and France and +0.2% in Italy. In the emerging economies, growth slightly strengthened in China, thanks to the recovery in exports and the persisting effects of the fiscal and monetary stimulus on domestic demand. It moderately decelerated in India, remained positive in Russia, benefiting from the recovery in oil prices, while no signs of recovery in Brazil have been shown yet. However, the gradual consolidation of global recovery remains subject to various uncertainties due, among other things, to the possibility that trade protection policies are being implemented, with the risk of adverse repercussions on commerce and overall economic activity. In the advanced economies, consumer inflation increased, mainly as a result of rising energy prices, while the underlying component underwent some modest changes. In the main emerging economies in February inflation decreased to 0.8% in China, 3.2% in India, 4.6% in Russia, and 4.8% in Brazil. Oil prices, after rising following the November agreement between the OPEC and some non-OPEC countries, remained virtually stable until the beginning of March, when the increase in production in the United States and the stockpiling of stocks prompted a temporary price reduction. The condition of the financial markets signal optimism on the strengthening of international growth and equity indices rose in all major economies. In line with the expectations, the Federal Reserve increased its benchmark rates for the dollar, while the ECB's Governing Council confirmed the high level of monetary expansion aimed at rising inflation over the medium term.

Cement sales of the group closed the period up 4.5% compared to the first quarter 2016, standing at 5.2 million tons. The volume trend was improving in all the countries of presence, except for a moderate decline in Russia. Ready-mix concrete sales recorded a more evident favorable change (+9.1%) compared to the same period of 2016, reaching 2.6 million cubic meters. The higher number of working days, compared to the first quarter 2016, when the Holy Week fell in March, naturally favored the sales results achieved.

The price effect in local currency, compared to the first quarter 2016, was positive in the United States, Ukraine (driven by inflation) and slightly improving in Poland, while in the other countries no relevant changes occurred, although in some cases unit revenues showed some moderately negative trend (quarter vs quarter).

Consolidated net sales increased from €540.3 to €588.5 million (+8.9%), gross of a foreign exchange effect which was favorable for €16.8 million. Like for like, net sales would have increased by 5.8%. The volume effect and the price effect, both favorable, were respectively €22.0 million and €5.5 million.

Net sales breakdown by geographical area is as follows:

Net sales

<i>million euro</i>	<i>Q1-17</i>	<i>Q1-16</i>	<i>Change abs</i>
Italy	95.1	84.4	10.7
United States of America	256.8	243.5	13.3
Germany	120.2	112.0	8.2
Luxembourg and Netherlands	39.1	37.6	1.4
Czech Republic and Slovakia	23.5	21.5	2.0
Poland	15.9	14.5	1.4
Ukraine	13.0	9.0	4.0
Russia	33.9	26.0	7.9
Eliminations	-8.9	-8.1	-0.8
	588.5	540.3	48.1

Net debt as at 31 March 2017 amounted to €979.9 million, up €38.3 million from year-end 2016. Total capital expenditure of €49.2 million affected this figure (€69.3 million in the same period of 2016).

Italy

The performance of our cement and clinker sales recorded a significant favorable variance over the first quarter of 2016, mainly thanks to the recovery of export volumes and clinker, with selling prices marginally down. The ready-mix concrete sector, also due to the positive change in scope which occurred in the Milan area, showed a remarkable increase in output, with prices down. Overall net sales increased from €84.4 to €95.1 million (+12.7%).

Central Europe

In Germany, the demand for hydraulic binders maintained a remarkable positive development and our deliveries showed a consistent growth, also favored by the recovery of oil well special products. Selling prices showed a slightly declining trend compared to the first quarter 2016, although recovering from the exit level. Ready-mix concrete sales recorded a lower growth than cement, with stable prices. Overall net sales stood at €120.2 million, up 7.4% from €112.0 million in 2016.

In Luxembourg and the Netherlands the cement sales achieved by our operations during the first three months of the year showed a slightly favorable change, with prices in line, while ready-mix concrete volumes started the year with a more lively recovery and prices marginally up. Net sales stood at €39.1 million, up 3.9% (€37.6 million in 2016).

Eastern Europe

In the Czech Republic cement sales accelerated at a good pace, with average prices in local currency virtually stable. The ready-mix concrete market, which also includes Slovak operations, started the year with a favorable volume change as well as a strengthening of

selling prices. Net sales, which were not affected by the exchange rate effect, totaled €23.5 million (€21.5 million in 2016, i.e. +9.1%).

In Poland cement sales of the quarter reported a moderately positive variation, while ready-mix concrete output showed a remarkable recovery. Selling prices in local currency were slightly higher than 2016, for both cement and ready-mix concrete. Net sales, which were positively affected by the exchange rate effect for €0.2 million, increased from €14.5 to €15.9 million (+9.7%).

In Ukraine cement deliveries during the first three months showed a satisfactory favorable change, with prices in local currency still driven up by inflation. Ready-mix concrete output, although not significant in absolute terms, also increased clearly, with average prices in local currency up by double-digit percentage. Net sales increased from €9.0 million to €13.0 million (+44.3%). The translation of results into euro was penalized by the depreciation of the local currency for €0.2 million.

In Russia deliveries in the first quarter, despite the improvement achieved in the category of the oil well special cements, were altogether down compared to the volumes achieved in the previous year, with average unit prices in local currency marginally up. Net sales increased from €26.0 million to €33.9 million (+30.2%), but the translation into euro was favored by the strengthening of the ruble (+€8.2 million); in local currency net sales would have recorded a decrease of 1.3%.

United States of America

Our total cement sales, despite the particularly challenging comparison with the excellent result achieved in the same period last year and less favorable market and weather conditions in the South-West, confirmed levels in line with the ones of the first quarter 2016. The increase of deliveries in the Midwestern regions, together with the recovery of oil well cements, more than offset a persisting weakness of demand in Texas, in particular in the Houston area. Average prices in local currency improved by some percentage points. Ready-mix concrete output, mainly concentrated in Texas, suffered from both the weak demand and the weather conditions, with marginally unfavorable price change in local currency. Thus overall net sales increased from €243.5 million to €256.8 million (+5.5%). The exchange rate effect was favorable for €8.7 million.

Mexico (valued by the equity method)

The demand for building materials continued its expansion phase, although with a weaker momentum. Cement deliveries in the first quarter, which benefited from the higher production capacity associated with the second line of the Apazapan plant, Veracruz, achieved a promising growth, with average prices in local currency clearly improving compared to the same period of 2016. Ready-mix concrete sales remained below the levels recorded in 2016, but with higher prices. Net sales in local currency were up 30.4%. The depreciation of the Mexican peso (-8.6%) had an unfavorable impact on the translation of results into euro. With

reference to 100% of the associate, net sales increased from €143.1 million to €171.8 million (+20.0%).

Outlook

At the beginning of the year we recorded an operating performance overall consistent with the developments which were expected for the entire financial period; however usually at least six months are necessary for the seasonal nature of the business, which is typical of the first quarter, to be absorbed and normalized. We therefore believe it appropriate to confirm the outlook which was assumed with the approval of the financial statements 2016, namely that the consolidated recurring Ebitda for the whole of 2017 will possibly post a favorable variance between 5% and 10% compared to the previous year.

Alternative performance measures

Buzzi Unicem uses in its financial disclosure some alternative performance measures that, although widespread, are not defined or specified by the accounting.

Pursuant to Consob Communication n. 92543/2015 and the guidelines ESMA/2015/1415 set out below is the definition of the measure which has been used in this disclosure.

Net debt: it's a measure of the capital structure determined by the difference between financial liabilities and assets, both short and long term; under such items are included all interest-bearing liabilities or assets and those connected to them, such as derivatives and accruals.

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 press release corresponds to the document results, books and accounting records.

Casale Monferrato, 12 May 2017

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