Buzzi Unicem

PRESS RELEASE

Results approved for the year ended December 31, 2016

- **Ebitda up 16.4% to €551 million (+€77 million). Improvement of the economic climate, constant focus on management efficiency and favorable trend in energy costs the reasons behind this satisfactory development of profitability**
- **Ebit at €348 million (+€84 million), thanks to key progress achieved in the United States and to favorable year-over-year changes in all the macro-regions in which the group operates**
- **Net profit growth (+€21 million) despite the burden of higher finance costs (mainly non-cash) and income taxes (especially deferred)**
- **Net debt at €942 million (-€88 million) after capital spending of €236 million, €77 million thereof for expansion projects**
- **Dividend proposal: 10 cents per ordinary and savings share (7.5 cents in 2015 for both categories)**

Consolidated data		**2016**	**2015**	**% 16/15**
Cement sales	m ton	25.6	25.6	+0.3
Ready-mix sales	m m^3	11.9	11.9	0.0
Net sales	€m	2,669.3	2,662.1	+0.3
Ebitda	€m	550.6	473.2	+16.4
Ebitda recurring	€m	550.7	478.8	+15.0
Net profit	€m	148.7	128.1	+16.1
Consolidated net profit	€m	145.9	125.3	+16.4
		Dec 16	**Dec 15**	**Change**
Net debt	€m	941.6	1,029.7	(88.2)

The Board of Directors of Buzzi Unicem SpA met today to examine the statutory and consolidated financial statements for the year ended 31 December 2016.

The world economy was characterized by moderate continuous growth, which was recovering to a greater extent in the second half of 2016. The development intensity has been gradually strengthening since the summer, after a first half year with no particular momentum, especially thanks to the recovery in the advanced economies and a slight improvement in the emerging ones. International trade, which was stagnating at the beginning of the year, subsequently showed a modest expansion, driven by the trade of developing economies, but with slowdowns in the mature countries, which were affected by the weakening of investments.

In the United States, a subdued first part of the year, with a winter quarter below expectations and sluggish investments, marked the consolidation of the recovery, leading to GDP growth, during the whole of the year, well below 2015. The strong acceleration achieved during the summer months, thanks to the contribution of net exports, the expansion of private consumption, and the upcoming labor market at full employment, however, has proven the soundness of the underlying momentum of growth.

In Europe, thanks to the boost of the domestic demand components, economic expansion continued at a moderate pace but with gradual progress. Favorable financial conditions and the improving profitability of companies promoted a recovery in investments, while employment gains supported private consumption by increasing the real disposable income of households. However growth was held back by the slow implementation of structural reforms and the budget adjustments of some EU countries. Foreign trade remained weak, although at year-end a slight recovery in demand both in emerging economies, especially China and Russia, and in the mature countries was recorded.

In Italy, after an acceleration during the summer quarter, the economic recovery continued at a slower pace, driven by the increase in investments, which however remain at very low levels, and the expansion of consumption. Industrial activity consolidated the pace of growth thanks to the good performance of manufacturing industry and retail business, while the value added worsened slightly in the construction sector. Exports, which were rather stationary during the summer, showed some recovery at year end and a prospect of improvement, in particular towards non-EU countries. GDP growth, also in the current year, unfortunately reaffirmed a much slower pace than in other EU countries.

Growth in emerging countries continued with different trends: it was relatively consistent in China and expanding at a fast pace in India. The recession phase remained severe in Brazil, while in Russia, also thanks to the recovery in oil prices, GDP decline attenuated and strengthened the prospect of a return to growth.

Inflation in advanced economies slightly increased, mainly due to the rebound of energy products, while there are still no convincing signs regarding the real underlying trend. In the BRIC countries, however, the rate of price increases was reduced. Since late November, oil prices have risen following the agreement on a production cut, which was signed by the OPEC countries and some non-OPEC countries such as Russia; in view of the weakness of demand and considering a possible resumption of production in the United States, where the number of new drillings has been growing again since the summer, the effects on prices could prove temporary. In December, the Federal Reserve increased by 25 basis points the target range for the federal funds rate and expectations for higher US rates accentuated, reflecting the prospect of a budget expansion by the new administration. The ECB Governing Council extended the duration of the bond purchase program to ensure adequate expansionary conditions to guarantee the rise in inflation; even in developing countries the pitch of monetary policy remained accommodating.

Looking more closely at our core markets, it should be pointed out that investments in construction, to which the cement and concrete demand is closely related, in the United States maintained an expansionary phase, particularly in the commercial building sector, but at a more regular pace than the acceleration of the years 2014-2015. In Germany, the recovery in building activity proved to be better than expected. In Italy, construction investments showed, overall, a slight positive sign, more robust only in the renovation of residential property. Among the Eastern European nations, the trend of the construction sector was lively in Poland and the Czech Republic, in Russia it showed a weak and still declining profile, while in Ukraine, after two years of heavy reductions, investments returned to grow, albeit modestly.

In 2016 the group sold 25.6 million tons of cement (+0.3% compared to 2015) and 11.9 million cubic meters of ready-mix concrete (same as in 2015).

In the various markets where we are present, the year 2016 was characterized by different operating conditions from each other. In Italy, the modest growth in economic activity was confirmed, stimulated by the resumption of investments and the expansion of domestic demand and despite the recovery during the summer quarter, GDP growth during the whole of the year remained weaker than in the other European countries, hampered by the uncertain outlook of demand. All the main sectors of activity contributed to expansion growth, with the exception of construction, where the slight recovery in the residential sector was accompanied by the persisting weakness in the public works. The reform of the Public Procurement Code had a negative impact on the opening of new construction sites, thus disappointing even the expectations of a stabilization in cement consumption, which ended the year still down.

In Central European countries, the economic recovery continued to be driven by the employment trend, by growth in disposable income and by the increase in public spending. The strength of domestic demand offset the weaker trends in net exports and the construction sector expressed interesting opportunities for overall progress.

The developments in Eastern European countries continued to be divergent. In Russia, the economic situation strengthened thanks to resilient improvement in industrial production and to the acceleration in domestic demand. The downward trend gradually attenuated, thanks also to the recovery in oil prices, but investments in construction, and the consequent cement consumption in the country, maintained a weak profile also in 2016. In Poland, where the economic development consolidated further progress, construction investments and cement consumption in the country maintained an expansionary profile. In the Czech Republic the continuation of the positive economic situation allowed us to confirm the good levels of construction investments and cement consumption which were achieved in the previous year. In Ukraine some signs of stabilization and of start to an economic growth cycle materialized; construction investments, after the steep declines of the recent past, started their positive development path again.

In the United States, the expansion of domestic consumption and the robust net exports stabilized the recovery, although the stagnation of investments slowed down their growth rate. The construction sector confirmed a positive development, but at a slower pace than the previous year; the trend in cement consumption in the country changed consequently.

Consolidated net sales increased by 0.3%, from €2,662.1 to €2,669.3 million; changes in scope were unfavorable to the extent of €10.0 million while foreign exchange rates negatively impacted for €27.4 million; like for like net sales would have increased by 1.7%. Ebitda improved by 16.4% from €473.2 to €550.6 million. The foreign exchange effect was negative for €5.8 million. The figure for the year under review includes net non-recurring costs of €0.1 million, of which with positive sign €3.4 million for gains on the disposal of fixed assets, and with negative sign €1.9 million related to facility disassembling costs, €1.2 million for provision for fiscal claims and €0.4 million for restructuring expenses. In 2015 non-recurring costs of €5.6 million were recorded. Excluding non-recurring items, Ebitda increased from €478.8 to €550.7 million (+15.0%), with Ebitda to sales margin at 20.6% (18.0% in 2015). The progress of the United States of America was crucial, together with an improved result in Central Europe. In Eastern Europe, operating cash flow strengthened overall, despite the unfavorable exchange rate effect, due to progress in Ukraine, the Czech Republic and Poland, which more than offset the decline in Russia. In Italy, although a remarkable improvement over the previous year was recorded, the operating cash flow remained negative.
Amortization and depreciation amounted to €202.6 million, compared to €209.2 million of the previous year. The figure for the year under review includes impairment of fixed assets for €5.5 million (€14.1 million in the previous year) mainly due to write-downs of property, plant and equipment in Italy and the Czech Republic. Ebit amounted to €348.0 million compared to €264.0 million in 2015. Net finance costs increased from €105.1 million to €147.2 million, mainly due to the unfolding of non-cash items that fall into this category, especially the valuation of derivative financial instruments. Gains on sale of investments contributed for €0.2 million, while equity in earnings of associates, among which our joint venture operating in Mexico stands out, improved the contribution on the previous year (€79.9 million compared to €57.4 million in 2015). Due to the impact of the factors outlined above, profit before tax amounted to €280.9 million versus €222.1 million in 2015. The tax charge for the year, nominally amounting to approximately 47%, was mainly affected by the assessments of deferred tax assets on tax losses in certain jurisdictions, which are unrelated to the taxable income of the period. Therefore, after income taxes of €132.2 million (€94.0 million in 2015) the income statement for 2016 closed with a profit of €148.7 million (€128.1 million in 2015). Net profit attributable to the owners of the company increased from €125.3 million in 2015 to €145.9 million during the year under review.

Rough cash flow for the year 2016, inclusive of non-recurring positive and/or negative items, was equal to €351.3 million, compared to €337.3 million in 2015. Net debt of the group as at 31 December 2016 stood at €941.6 million, down €88.2 million from €1,029.7 million at year-end 2015. In 2016 the group distributed dividends of €15.4 million and paid total capital expenditures of €236.4 million, €76.8 million thereof allocated to capacity expansion or special projects, almost entirely relating to the renovation of the Maryneal plant (Texas). Furthermore it should be pointed out that the liability side of net debt includes the fair value of the cash settlement option attached to the outstanding convertible bond for €105.4 million (€47.7 million at year-end 2015).

As at 31 December 2016, total equity, inclusive of non-controlling interests, stood at €2,806.9 million versus €2,579.4 at 2015 year-end. Consequently the debt/equity ratio decreased to 0.34 from 0.40 in the previous year.

In 2016 the parent company Buzzi Unicem SpA reported a net loss of €46.4 million (net loss of €58.5 million in 2015) and a negative cash flow of €17.3 million.

Italy

Our cement and clinker volumes sold were down 6.2%, penalized by a sharp reduction in exports. Selling prices did not change significantly in the year-over-year comparison (-0.8%). In the ready-mix concrete operations the sales trend was up (+8.2%), favored by the positive change in scope resulting from the business combination which occurred in the Milan area, with prices in line with last year (+0.4%). This trend in volumes and prices led to net sales of € 375.2 million, down 1.6% (381.1 million in 2015). The unit production costs, thanks to the favorable trend in fuels, which more than offset higher electricity, and to fixed costs under control, showed a marginal decline. In the ready-mix concrete sector the impact of bad debt expense, which was significant in 2015, returned to more sustainable levels in the current year (€2.3 million versus €6.4 million in 2015). Ebitda remained negative at -€22.2 million (-€37.2 million in 2015). However it should be pointed out that the figure for the year under review includes non-recurring costs of €1.2 million for provisions for fiscal claims (€0.7 million in 2015). The recurring Ebitda then stood at -€21.1 million versus -€36.5 million in 2015. Moreover last year the company achieved other operating revenues of €2.9 million from the sale and transfer within the group of CO_2 emission rights (€0.6 million in 2015).

Central Europe

In **Germany** our deliveries of hydraulic binders, thanks to the more robust pace in the second half year, closed up 3.4%, although with basically weak average prices (-2.4%). Demand for oil-well cement, down during the whole of the year, however, showed an encouraging recovery during the last quarter. Ready-mix concrete output recorded a fairly consistent development (+1.6%), with a marginal decline in prices (-0.5%). Overall net sales thus decreased from €573.6 million to €572.4 million (-0.2%) and Ebitda increased from €72.1 million to €76.8 million (+6.6%). Like for like sales would have increased by 0.6% and Ebitda by 6.1%. The unit production costs were marginally down, thanks to the favorable trends in fuel and energy, which more than offset the increases in fixed costs. Moreover last year the company incurred other operating costs of €1.2 million referring to CO_2 emission rights purchased from other companies of the group (€3.1 million in 2015).

In **Luxembourg** and the **Netherlands** our cement sales, intercompany transfers and exports included, thanks to the good performance in the domestic market and the support of exports, led to solid growth (+8.2%) with marginally weaker average unit revenues (-3.9%). Ready-mix concrete output was similar to the good figures of the previous year (+0.3%), with favorable prices (+2.6%). Net sales came in at €175.6 million, up 3.9% on the previous year (€169.0 million). Ebitda amounted to €25.8 million (€19.7 million in 2015). The unit production costs showed a favorable development, thanks to the trend in energy costs and to the stability of fixed and overhead costs of the plant. However it must be remembered that the figure for 2016 includes net non-recurring income of €2.9 million, €3.4 million thereof for gains on the disposal of fixed assets and €0.4 million for restructuring expenses, while the 2015 result included net non-recurring costs of €0.5 million. Net of non-recurring items, Ebitda improved by €2.7 million.

Eastern Europe

In **Poland**, the volumes sold, which have been accelerating in the second half of the year, marked a strong increase (+11.9%), although with average prices in local currency lower than the previous year (-8.6%). Ready-mix concrete output also showed a positive trend, with an increase of 6.6%, with prices up (+3.5%). Net sales, which were penalized by the depreciation of the zloty, decreased from €96.8 million to €95.0 million (-1.8%); at constant exchange rate they would have been up 2.4%. Ebitda improved from €21.9 million to €23.4 million (+6.6%), with Ebitda to sales margin increasing from 22.7% to 24.6%. Some benefit was achieved in the unit production costs in local currency thanks to the reduction of fuel and energy costs and, as regards fixed costs, to the operating leverage effect. Moreover it should be remembered that during the year the company achieved other operating costs of €1.1 million referring to CO_2 emission rights purchased from other entities of the group.

In the **Czech Republic** our cement volumes sold exceeded by 4.4% the good figures achieved in the previous year, with average prices in local currency marginally down (-0.8%). The ready-mix concrete sector, which also includes Slovak operations, achieved lower production levels (-5.3%) but with higher average prices (+2.7%). Hence consolidated net sales increased from €135.6 million to €136.2 million (+0.4%), and Ebitda from €32.6 million to €34.3 million (+5.2%). Ebitda to sales margin improved from 24.0% to 25.2%. The strengthening of the Czech koruna had a slightly favorable impact on the translation of results into euro; like for like, net sales and Ebitda would have been up respectively 3.9% and 5.1%. The unit production costs in local currency showed a positive trend, thanks to the reduction of fuel and energy costs that offset the increases of the major fixed costs. Moreover during the year the company achieved other operating revenues of €0.1 million referring to CO_2 emission rights sold to other companies of the group (€1.2 million in 2015).

In **Ucraine** cement volumes sold by our plants, under regular operations, progressed compared to last year (+4.0%), with prices in local currency strongly moving up (+30.2%). Also ready-mix concrete output grew, although not very significant (+8.4%), with average prices in local currency that followed inflation. Net sales closed at €79.8 million, compared to €69.8 million achieved in 2015 (+14.3%). Ebitda amounted to €12.8 million versus €4.0 million in 2015, with Ebitda to sales margin improving (+16.1% compared to 5.7% in 2015). The translation of results into euro was affected by the continuous depreciation of the local currency: at constant exchange rate, net sales would have increased by 33.2% and Ebitda by €10.9 million. The growth in unit production costs in local currency, especially for fuel and energy, reflected the inflation rate in the country.

In **Russia** our sales volumes have been improving in the second half of the year and closed the period slightly down on the previous year (-1.0%). Average prices in local currency remained stable (+0.2%). The category of oil well cements, used in the extraction industry, thanks to the recovery in demand during the last quarter, posted an increase at the end of the period. Net sales stood at €154.4 million, down 7.4% from €166.7 million in the previous year. The depreciation of the ruble had a negative impact on sales of €13.8 million; at constant exchange rates, net sales would have increased by 0.9%. Ebitda decreased from €48.4 million in 2015 to €43.2 million (-10.7%); in local currency it would have contracted by 2.7%. Our operations in the country, although penalized in absolute terms by the foreign exchange effect, confirmed however an absolutely remarkable Ebitda to sales margin within the group (28.0%). The unit production costs, in local currency, grew less than inflation, with prices substantially stable for fuels and an unfavorable change for electrical power.

United States of America

Our cement sales, after the brilliant start to the year and the clear decline during the summer months, for the full year confirmed a slight decrease (-1.7%), with more pronounced weakness of demand in Texas, particularly in the Houston area, whose economy is strongly influenced by the trend in oil prices. The deliveries of special oil well products, albeit still declining over the 12 months, posted some signs of recovery at the beginning of winter. Ready-mix concrete output, mainly present in Texas, suffered from both the unfavorable weather conditions and, indirectly, the oil and gas crisis, closing down 9.8% on the previous year. Selling prices trend dynamics in local currency were favorable, thus causing in the cement sector a greater variance (+5.3%) then in the ready-mix concrete one (+2.1%). Overall net sales increased from €1,108.7 million to €1,117.8 million (+0.8%) combined with a more evident development of Ebitda, from €311.7 million to €356.5 million (+14.4%). The variances occurred in the exchange rate of the dollar were not significant. The figure for the year also includes non-recurring costs of €1.9 million for disassembling and dismantling of equipment (€4.5 million non-recurring costs in 2015). Net of foreign exchange and non-recurring items, net sales and Ebitda would have increased by respectively 0.6% and 13.1%. Ebitda to sales margin improved from 28.5% to 32.1%. The unit production costs, expressed in local currency, remained quite stable, with favorable developments for fuels and an unchanged trend for electric power.

Mexico (valued at equity)

Cement sales of the associate Corporación Moctezuma slightly exceeded the very high volumes achieved in the previous year, with strongly strengthened average prices in local currency. Ready-mix concrete output developed a clearly weaker profile, but with prices, always in local currency, noticeably up. Net sales and Ebitda, in local currency, posted an increase of respectively 14.2% and 34.4%. The depreciation of the Mexican peso (-17,3%) penalized the translation of results into euro; with reference to 100% of the associate, net sales came in at €609 million (-2.7%), however Ebitda increased from €256.1 million to €293.4 million (+14.6%). The unit production costs benefited from the favorable trend in energy factors and the reduced incidence of fixed costs due to the high level of capacity utilization. In November

the second line of the Apazapan (Veracruz) cement plant, which increased its overall capacity up to 2.8 million tons/year, was commissioned.
The equity earnings referring to Mexico, included in the line item that encompasses the investments valued by the equity method, amount to €65.6 million (€54.4 million in 2015).

Outlook

In Italy, according to the recent estimates by the industry association, cement consumption in 2017, in the best case, should be in line with the previous year. The production structure is still highly fragmented and would require consolidation between the various players to finally achieve a better balance between supply and demand. Already in the second half of the year 2016 there was a sharp trend reversal as regards costs development, especially for energy, the impact of which will be clearly visible during the current year. We believe that through a higher level of activity in the ready-mix concrete sector, due to the expansion of the scope, and a possible hike in prices after four years of gradual decline, our results should continue to progressively improve, however without being able to reach the break-even point.
In Central Europe, the market conditions are expected to remain in line with those of the previous year, therefore we foresee a favorable volume effect, no significant changes in prices and slightly improving results.
The outlook in Poland is of consistently strong demand, which should support a trend reversal in the development of prices after the recent decreases, and thus result in an operating profitability similar to the previous year.
In the Czech Republic we estimate a substantial stability of the market conditions, with possible improvements in the variable and overhead costs and consequently operating results in line with or slightly higher than 2016.
In Ukraine, although the prospects for economic development are clearly influenced by the progress of reforms, therefore uncertain, we reasonably expect an improvement in volumes in line with 2016 and a further, considerable increase in prices in an attempt to hinder a trend in energy costs which is expected to be very unfavorable. Assuming that the local currency is becoming stable against the euro, operating results are looming similar or slightly lower than last year.
In Russia the situation of economy shows encouraging signs of recovery. The demand for cement, after two years of slowdown, should stabilize. The purchasing power of the ruble is still weak compared with that of three years ago, but its relative strengthening, if confirmed, points to levels of operating results in euro better than the previous year.
The pace of recovery in the United States of America remains robust, reinforcing the expectations of development in construction investments and cement demand. In this favorable context, despite some difficulties on the market trend in Texas, an improvement of the price variable can be foreseen with some optimism as well, although with energy costs inflation at about 10%. We therefore expect an improved result, which will also reflect the contribution of the higher production efficiency at Maryneal (Texas) for the whole of the year.

The above considerations outline for the current year an increasing level of profitability in the United States and slightly better results in Central and Eastern Europe. In Italy, the economic performance will be influenced by the still sluggish demand and the rise in inflation for the industry. In conclusion, we estimate that, in the group financials, recurring Ebitda for the whole of 2017 will possibly post a favorable variance between 5% and 10% compared to the previous year.

The Board of Directors will propose to the Annual General Meeting of Buzzi Unicem SpA, convened in first call for 12 May 2017:

- to cover the loss for the year by drawing on part of the corresponding reserve "Retained earnings",
- to distribute out of reserves available, a dividend of €0.10 per ordinary share and per savings share.

The dividend is the same for both categories of shares since it is distributed out of reserves available, pursuant to art. 28 of the Bylaws. The dividend payment, if approved by the Shareholders' Meeting, will be effected as from May 24, 2017 (with coupon detachment on May 22, 2017 and record date on May 23, 2017).

The Shareholders' Meeting has also been convened:

- to renew the Board of Directors and the Statutory Auditors' Committee
- to take the required resolutions on the report on remuneration ex per article 123 ter of Legislative Decree n. 58/1998.

The Board of Directors has also convened on 12 May 2017 in a single call the special Meeting of Savings Shareholders for the appointment of the common representative.

Treasury shares

The Board of Directors resolved to ask the Shareholders' Meeting to authorize (and thus revoke the authorization adopted on May 6, 2016 to the extent of the non-used portion) the buy-back of a maximum of additional #4,000,000 ordinary and/or savings shares. The authorization is asked also for the selling of the treasury shares held by the company.

The above authorization to the purchase, as well as to the disposal of treasury shares is required to allow the company to intervene in case of fluctuation of the shares price beyond the normal market volatility, within the extent allowed by the law and the market rules, as well as to give the company an instrument for liquidity investment. The authorization is also required to allow the company to purchase treasury shares in order to use them as a payment in extraordinary transactions, also of equity interest swap, exchange, contribution or of conversion of bonds already issued or of possible future issuance, or for distribution, for a consideration or without consideration, to directors and employees of the company or its subsidiaries as well as for allocation to shareholders without consideration.

The authorization is asked for a length of 18 months as from the Shareholders' Meeting approval.

The proposed purchase price ranges from a minimum of €0.60, equal to par value, to a maximum of €17 for savings shares and from a minimum of €0.60, equal to par value, to a maximum of €30 for ordinary shares, or at the highest price allowed by the market general rules approved by Consob, in case these rules are adopted by the company.

The maximum possible purchase expense is equal to €120 million.
The treasury shares shall be purchased on the market, according to Borsa Italiana rules. Moreover the company can avail itself also of the procedure provided by the market rules approved by Consob.
Treasury shares selling transactions can be effected at any time, wholly or partly, in one or several transactions, through sale with cash compensation or as a payment in extraordinary transactions, also of equity interest swap, or of exchange, transfer or conversion of bonds already issued or of possible future issuance, or for distribution to directors and employees of the company or its subsidiaries ex art. 2359 of the civil code as well as for allocation to shareholders also in the form of dividends.
Based on the previous authorization of the ordinary Shareholders' Meeting of May 6, 2016, as of today no purchasing or selling transactions have been effected on treasury shares.
As of today the company owns #500,000 ordinary treasury shares and #29,290 savings treasury shares equal to 0.26% of capital stock.

Corporate Governance
The Board of Directors approved the annual report on the company's Corporate Governance system, which will be made available at the same time as the draft of the statutory financial statements and the consolidated financial statements of the year 2016.
The Board of Directors has also assessed that Directors Oliviero Maria Brega, York Dyckerhoff, Elsa Fornero, Aldo Fumagalli Romario, Linda Orsola Gilli, Gianfelice Rocca and Maurizio Sella meet the criteria of independence as per Code of Conduct approved by Borsa Italiana (such as applied by the company as stated in the Report on corporate governance and ownership structure).

Renewal of powers of attorney for capital increases and convertible bonds issue
The Board of Directors resolved to ask the Extraordinary Shareholders' Meeting to renew for 5 years the directors' power to:
- increase capital up to a maximum amount of €25 million, also making an exception to the pre-emption right;
- issue convertible bonds and/or warrants for a maximum amount of €300 million, also making an exception to the pre-emption right;
- increase capital for a further maximum amount of €12 million, also to be used for the issue of convertible bonds and/or warrants excluding the pre-emption right within the limit of 10% of the share capital.

Senior Notes and Bonds
In the period from January 1 to December 31, at the end of April 2016, the company completed the issue of the Eurobond "Buzzi Unicem S.p.A. €500,000,000 – 2,125% Notes due 28 April 2023" for a nominal amount of €500 million with a 7-year maturity. The Notes, placed with institutional investor only in a minimum denomination of €100,000, pay a fixed annual coupon of 2,125%.

In the 18 months subsequent to 31 December 2016 no repayments of bond principals shall be effected.

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, March 30, 2017

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The Buzzi Unicem 2016 financial statements will be illustrated during a **conference call** to be held on Thursday, March 30 at 16:30 am Italian time.
To join the conference, dial +39 02 805 88 11.

BUZZI UNICEM SPA

CONSOLIDATED INCOME STATEMENT (in thousands of euro)

	2016	2015
Net sales	**2,669,320**	**2,662,071**
Changes in inventories of finished goods and work in progress	6,423	(9,035)
Other operating income	61,292	65,150
Raw materials, supplies and consumables	(1,017,015)	(1,066,726)
Services	(651,417)	(650,420)
Staff costs	(456,180)	(454,518)
Other operating expenses	(61,823)	(73,323)
EBITDA	**550,600**	**473,199**
Depreciation, amortization and impairment charges	(202,611)	(209,160)
Operating profit (EBIT)	**347,989**	**264,039**
Equity in earnings of associates and joint ventures	79,876	57,428
Gains on disposal of investments	179	5,733
Finance revenues	55,682	54,712
Finance costs	(202,846)	(159,788)
Profit before tax	**280,880**	**222,124**
Income tax expense	(132,186)	(94,006)
Profit for the year	**148,694**	**128,118**
Attributable to		
Owners of the company	145,866	125,330
Non-controlling interests	2,828	2,788

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
Profit for the year	**148,694**	**128,118**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on post-employment benefits	(16,979)	10,996
Income tax relating to items that will not be reclassified	3,497	(1,924)
Total items that will not be reclassified to profit or loss	**(13,482)**	**9,072**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	136,099	126,236
Share of currency translation differences of associates and joint ventures valued by the equity method	(24,074)	(24,010)
Total items that may be reclassified subsequently to profit or loss	**112,025**	**102,226**
Other comprehensive income for the year, net of tax	**98,543**	**111,298**
Total comprehensive income for the year	**247,237**	**239,416**
Attributable to		
Owners of the company	239,528	238,855
Non-controlling interests	7,709	561

CONSOLIDATED BALANCE SHEET

	31.12.2016	31.12.2015
ASSETS		
Non-current assets		
Goodwill	561,234	544,071
Other intangible assets	46,906	41,120
Property, plant and equipment	3,208,033	3,090,889
Investment property	21,657	22,786
Investments in associates and joint ventures	366,859	373,335
Available-for-sale financial assets	2,154	2,134
Deferred income tax assets	38,874	50,688
Derivative financial instruments	-	4,103
Other non-current assets	36,429	36,083
	4,282,146	**4,165,209**
Current assets		
Inventories	397,378	377,682
Trade receivables	391,937	364,342
Other receivables	125,984	88,127
Available-for-sale financial assets	3,513	2,890
Derivative financial instruments	-	7,714
Cash and cash equivalents	603,333	503,454
	1,522,145	**1,344,209**
Assets held for sale	4,594	11,400
Total Assets	**5,808,885**	**5,520,818**
EQUITY		
Equity attributable to owners of the company		
Share capital	123,637	123,637
Share premium	458,696	458,696
Other reserves	257,475	149,222
Retained earnings	1,939,338	1,826,238
Treasury shares	(4,768)	(4,768)
	2,774,378	**2,553,025**
Non-controlling interests	32,497	26,393
Total Equity	**2,806,875**	**2,579,418**
LIABILITIES		
Non-current liabilities		
Long-term debt	1,381,407	970,509
Derivative financial instruments	105,422	47,740
Employee benefits	444,406	432,263
Provisions for liabilities and charges	87,187	86,916
Deferred income tax liabilities	507,761	455,208
Other non-current liabilities	11,990	18,063
	2,538,173	**2,010,699**
Current liabilities		
Current portion of long-term debt	56,379	527,733
Short-term debt	691	1,701
Trade payables	237,875	245,237
Income tax payables	16,869	19,502
Provisions for liabilities and charges	21,873	21,267
Other payables	130,150	114,749
	463,837	**930,189**
Liabilities held for sale	-	512
Total Liabilities	**3,002,010**	**2,941,400**
Total Equity and Liabilities	**5,808,885**	**5,520,818**

Figures as at December 31, 2016 have been approved by the Board of Directors but they have not been examined by the Statutory Auditors and the Independent Auditors have not issued their opinion yet.

BUZZI UNICEM SPA

INCOME STATEMENT

(in thousands of euro)

	2016	2015
Net sales	**233,967**	**252,767**
Changes in inventories of finished goods and work in progress	(1,038)	(4,456)
Other operating income	9,179	8,295
Raw materials, supplies and consumables	(108,667)	(121,036)
Services	(71,621)	(78,632)
Staff costs	(58,428)	(60,508)
Other operating expenses	(8,654)	(7,862)
Operating cash flow (EBITDA)	**(5,262)**	**(11,432)**
Depreciation, amortization and impairment charges	(29,169)	(36,320)
Operating profit (EBIT)	**(34,431)**	**(47,752)**
Gains (losses) on disposal of investments	-	8,926
Finance revenues	146,928	111,736
Finance costs	(148,932)	(135,147)
Profit (loss) before tax	**(36,435)**	**(62,237)**
Income tax expense	(9,991)	3,749
Profit (loss) for the year	**(46,426)**	**(58,488)**

STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
Profit (loss) for the year	**(46,426)**	**(58,488)**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on post-employment benefits	(5)	735
Income tax relating to items that will not be reclassified	1	(238)
Total items that will not be reclassified to profit or loss	**(4)**	**497**
Total items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year, net of tax	**(4)**	**497**
Total comprehensive income for the year	**(46,430)**	**(57,991)**

BALANCE SHEET

	31.12.2016	31.12.2015
ASSETS		
Non-current assets		
Goodwill	40,500	40,500
Other intangible assets	1,060	1,475
Property, plant and equipment	220,215	232,943
Investment property	8,089	8,529
Investments in subsidiaries, associates and joint ventures	2,297,703	2,297,689
Deferred income tax assets	10,994	18,676
Derivative financial instruments	-	4,103
Other non-current assets	550	644
	2,579,111	**2,604,559**
Current assets		
Inventories	71,886	74,487
Trade receivables	89,615	79,661
Other receivables	74,910	47,021
Derivative financial instruments	-	7,714
Cash and cash equivalents	168,526	131,496
	404,937	**340,379**
Assets held for sale	2,707	6,228
Total Assets	**2,986,755**	**2,951,166**
EQUITY		
Share capital	123,637	123,637
Share premium	458,696	458,696
Other reserves	415,602	414,463
Retained earnings	495,489	558,472
Treasury shares	(4,768)	(4,768)
Total Equity	**1,488,656**	**1,550,500**
LIABILITIES		
Non-current liabilities		
Long-term debt	1,164,111	713,712
Derivative financial instruments	105,422	47,740
Employee benefits	13,562	15,088
Provisions for liabilities and charges	9,165	9,577
Deferred income tax liabilities	795	-
Other non-current liabilities	47	7,836
	1,293,102	**793,953**
Current liabilities		
Current portion of long-term debt	16,513	444,348
Short term debt	80,524	54,639
Trade payables	59,634	70,390
Income tax payables	835	-
Provisions for liabilities and charges	10,367	11,858
Other payables	37,124	25,478
	204,997	**606,713**
Total Liabilities	**1,498,099**	**1,400,666**
Total Equity and Liabilities	**2,986,755**	**2,951,166**

Figures as at December 31, 2016 have been approved by the Board of Directors but they have not been examined by the Statutory Auditors and the Independent Auditors have not issued their opinion yet.

Alternative performance measures

Buzzi Unicem uses in its financial disclosure some alternative performance measures that, although widespread, are not defined or specified by the accounting standards applicable to the preparation of the annual financial statements or interim consolidated reports. Pursuant to Consob Communication n. 92543/2015 and the guidelines ESMA/2015/1415 set out below are the definitions of such measures.

- **EBITDA:** subtotal presented in the financial statements; please refer to the consolidated income statement for the calculation.

- **EBITDA recurring**: it is calculated starting from the subtotal presented in the financial statements named EBITDA and applying to it the following adjustments (non-recurring income/expense):

  - restructuring costs, in relation to defined and significant plans
  - write downs/ups of current assets except trade receivables greater than €1 million
  - addition to/release of provisions for legal, fiscal or environmental risks greater than €1 million
  - dismantling costs greater than €1 million
  - gains/losses from the sales of fixed assets and non-instrumental real estate greater than €3 million
  - other sizeable non-recurring income or expense (greater than €3 million), that is attributable to significant events unrelated to the usual business.

The reconciliation between EBITDA and EBITDA recurring, for the two comparative periods, is as follows:

(millions of euro)	*2016*	*2015*
EBITDA	**550.6**	**473.2**
Restructuring costs	0.4	4.1
Additions (releases) of provisions for liabilities	1.2	(5.4)
Dismantling costs	1.9	6.9
Gains/losses on disposal of fixed assets	(3.4)	-
EBITDA recurring	**550.7**	**478.8**

- **Operating profit (EBIT);** subtotal presented in the financial statements; please refer to the consolidated income statement for the calculation.

- **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.