ANNUAL REPORT 2020

Buzzi Unicem

Buzzi Unicem is an international multiregional, “heavy-side“ group, focused on cement, ready-mix concrete and aggregates.

The company’s dedicated management has a long-term view of the business and commitment towards a sustainable development, supported by high quality assets.

Buzzi Unicem pursues value creation through lasting, experienced know-how and operating eff iciency of its industrial operations.

Vision

Contents


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MONSELICE
CEMENTO PORTLAND AL CALCARE

Directors and statutory auditors

Alessandro BUZZI	Honorary Chairman

Boards of Directors

Veronica BUZZI[1]	Chairman
Michele BUZZI[2]	Chief Executive Operations
Pietro BUZZI[2]	Chief Executive Finance
Paolo BURLANDO[3]	Director
Luigi BUZZI	Director
Elsa FORNERO	Director
Aldo FUMAGALLI ROMARIO[3]	Director
Linda Orsola GILLI	Director
Antonella MUSY[3]	Director
Mario PATERLINI	Director
Gianfelice ROCCA	Director
Giovanna VITELLI	Director

Collegio sindacale

Fabrizio Riccardo DI GIUSTO	Chairman
Paola Lucia GIORDANO	Statutory Auditor
Giorgio ZOPPI	Statutory Auditor
Daniela BAINOTTI	Alternative Auditor
Giulia DE MARTINO	Alternative Auditor
Domenico FAVA	Alternative Auditor

1. appointed Chairman by the Board of Directors on 8 May 2020;
2 appointed Chief Executives by the Board of Directors on 8 May 2020, with ordinary and extraordinary administrative powers;
3 members of the Control and Risk Committee.


Pitimbu plant, Brazil

Review of operations

Shares, Shareholders and Performance indicators

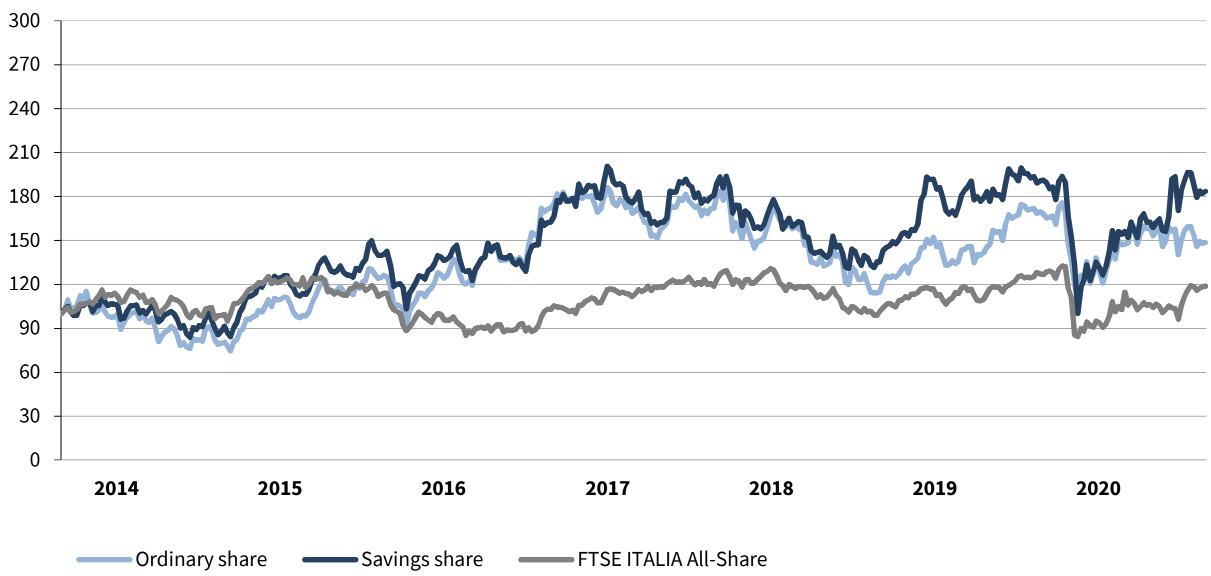
The ordinary and savings shares of Buzzi Unicem have been listed on the Milan Stock Exchange since September 1999. Market capitalization as at 31 December 2020 was €3.755 million. At that date the share capital consisted of 165,349,149 ordinary shares and 40,711,949 savings shares, with both share categories having a par value of €0.60. Each ordinary share is entitled to one vote. Savings shares, which grant no voting rights, may be registered shares or bearer shares, according to the individual shareholder's preference.
The Meeting of the Ordinary Shareholders and the Special Meeting of Savings Shareholders, held on 19 November 2020, approved the mandatory conversion of the no. 40,711,949 savings shares into no. 27,277,005 newly issued ordinary shares as a result of a conversion ratio equal to no. 0.67 ordinary shares for each savings share with the simultaneous elimination of the par value of all shares outstanding. On 18 January 2021 the mandatory conversion of savings shares into ordinary shares became effective and, therefore, starting from that date the trading on the Italian Stock Exchange has concerned only the ordinary shares. Furthermore, starting from 18 January 2021, Buzzi Unicem share capital has been divided into no. 192,626,154 ordinary shares with no par value.

Trading in Buzzi Unicem shares

	Ordinary shares	Savings shares	Ordinary shares	Savings shares
Reference period	**number**	**number**	**€m**	**€m**
Year 2014	239,192,676	31,296,705	2,899.9	224.5
Year 2015	310,480,095	27,239,050	4,326.8	244.3
Year 2016	207,469,441	20,588,786	3,489.0	200.2
Year 2017	184,745,315	22,056,405	4,207.8	284.3
Year 2018	195,237,204	20,433,371	3,818.7	221.6
Year 2019	173,589,804	20,591,261	3,313.2	256.9
Year 2020	**179,692,420**	**35,465,394**	**3,434.5**	**425.5**

Price trend of Buzzi Unicem shares

(base January 2014 = 100)



Main Shareholders

	Ordinary shares	Savings shares	% of total capital	% of ordinary capital
Presa SpA (Buzzi Family)	79,200,000	1,100,000	38.97	47.90
Fimedi SpA (Buzzi Family)	17,161,300	3,121,289	9.84	10.38

Distribution of shareholdings*

(ordinary shares)

	No. Shareholders	in %	No. Shares	in %
1 - 1.000	8,841	83.93	2,224,411	1.35
1.001 - 10.000	1,224	11.62	3,569,606	2.16
10.001 - 100.000	349	3.31	12,650,887	7.65
100.001 -	120	1.14	146,904,245	88.84

* Referred to the ex-dividend date (18 May 2020)

A total of 55,973,955 ordinary shares - corresponding to approximately 34% of voting capital - are held by foreign investors.

Market capitalization

As at 31 December 2020 (milions of euro)

2014	1.997
2015	3.134
2016	4.210
2017	4.258
2018	2.872
2019	4.265
2020	**3.755**

Capital structure

As at 31 December 2020 (in %)

no. of ordinary shares	165.349.149	80,2%
no. of savings shares	40.711.949	19,8%
Total no. of shares	**206.061.098**	**100,0%**

Key per-share data

(euro)	2014	2015	2016	2017	2018	2019	2020
Basic eps (ordinary)	0.56	0.60	0.70	1.90	1.86	1.88	**2.72**
Shareholders' equity per share	11.33	12.40	13.47	13.81	15.77	17.90	**17.49**
Price/earnings ratio	18,8x	21,9x	32,3x	11,9x	8,1x	12,0x	**7,2x**
Price at year-end							
ordinary shares	10.51	16.5	22.62	22.59	15.00	22.42	**19.50**
savings shares	6.35	10.1	11.55	12.84	9.62	13.72	**13.04**
Dividend per share[1]							
ordinary shares	0.05	0.07	0.10	0.12	0.13	0.15	**0.25**
savings shares	0.05	0.07	0.10	0.20	0.15	0.17	**-**
Yield							
ordinary shares	0.50%	0.40%	0.40%	0.50%	0.83%	0.67%	**1.28%**
savings shares	0.80%	0.60%	0.90%	1.60%	1.55%	1.27%	**-**

[1] 2020: proposed to shareholders at the Annual General Meeting

Financial Performance Indicators

(in %)	2020	2019	2018
EBITDA margin[1]	**24.2**	22.7	20.1
Return on sales (ROS)	**16.3**	14.6	12.2
Return on Equity (ROE)[2]	**15.6**	10.5	12.2
Return on Capital Employed (ROCE)[3]	**9.2**	8.0	7.2
Net debt/Equity	**6.7**	15.3	28.3

[1] Ratio between EBITDA and Sales, it expresses the result of a company's typical business operations;
[2] Ratio between Net Profit and Shareholders' equity, which expresses the profitability of the latter;
[3] Ratio between EBIT and the difference between Total Assets and Current Liabilities. It indicates the efficiency and profitability of a company's capital investments.

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 that are applicable to the preparation of the annual financial statements or interim consolidated reports.
Pursuant to Consob Communication no. 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 expenses (greater than €3 million), or rather 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)	2020	2019
Ebitda	**780.8**	**728.1**
Restructuring costs	2.4	4.0
Additions to provisions for risks	1.1	-
Other expenses	0.7	-
EBITDA recurring[1]	**785.0**	**732.1**

[1] The figure as at 31 December 2019 no longer reflects the effects of the first-time application of IFRS 16 (€27.7 million)

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

- **Net debt**: it is 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.

Business review

The Covid-19 pandemic hardly hit the global economy during 2020, causing an unprecedented recession during the first half of the year. The extraordinary economic policy response helped to cushion the impact of the contraction in international trade and, together with the easing of restrictive measures aimed at limiting infections, stimulated a rebound in demand during the summer months, when the global economic situation registered a recovery higher than expected. The resurgence of the pandemic during the fourth quarter, particularly in the European Union and the United States, and the following reintroduction of the infection containment measures resulted in a new slowdown, mainly concentrated in the advanced economies. These trends affected the prospects for economic growth in 2020, which foreshadow a decline in world GDP equal to 3.5% and a contraction in international trade of 9.6%
In the United States of America, after the sharp slowdown in the second quarter, which caused a dramatic drop in the employment rate, the easing of the containment measures, as well as the immediate monetary and fiscal stimuli aimed at supporting households and businesses, allowed a marked recovery in demand and consumption during the summer months. However, in the third quarter, GDP still remained below pre-pandemic levels.
In the Eurozone, during the third quarter of 2020 GDP increased by 12.5%, after a cumulative loss of 15% in the first half of the year. GDP grew in all major economies, although it remained below the levels prior to the spread of the pandemic. In the fourth quarter, however, it showed a decline, despite the positive signs of manufacturing activity, neutralized by the further weakening of services.
In Italy, GDP in the third quarter posted a marked recovery, supported by both exports and domestic demand. However, in the last quarter, following the worsening of the epidemiological situation in the country, economic activity slowed down, hitting the services sector with greater intensity and manufacturing activity only marginally.
As for the main emerging economies, in China in the third quarter the growth of economic activity further strengthened, exceeding the values prior to the health emergency. In Brazil and Russia, the effect of expansive fiscal and monetary policies, in addition to the relaxation of the restrictions aimed at containing the infection, partially mitigated the contraction of the economy that occurred during the first half of the year.

During the fourth quarter, oil prices began to rise again, achieving values close to $50 per barrel, thanks to the overcoming of the uncertainty about the outcome of the American elections, to the resilience of Asian demand and to the encouraging signs from the start of the vaccination campaign on a global scale.

In the advanced economies, financial conditions remained accommodative: the Federal Reserve, in December, announced that expansionary policies will continue until the targets of maximum employment and price stability are achieved, while the ECB reshaped the policy monetary instruments in an expansive sense, in order to maintain favorable financing conditions. The central banks of some emerging countries, including Mexico, Russia and Brazil, also adopted more accommodative monetary policies, further reducing benchmark rates.

By analyzing more deeply the markets where Buzzi Unicem operates, construction investments, whose trend is closely connected with the evolution of cement and ready-mix concrete demand, in the United States of America were substantially stable showing a marked contraction in the commercial sector, while the residential and public works segments had a positive development. In Central Europe, the residential sector supported the construction industry, which remained stable, while in Italy, construction activity showed a sharp contraction due to the forced closure of job sites in the first half, despite the positive dynamics in the second half of the year, favored by the positive trend in the public works sector and by the stability of the residential segment. In Eastern Europe, the construction sector showed a modest contraction in Russia, due to the sharp slowdown in public investment following the outbreak of the pandemic, in Poland and the Czech Republic, due to the weakness of the residential and commercial sectors, while in Ukraine, public investment supported the construction activity.

In the year under review, the group sold 29.3 million tons of cement, up 0.4% compared to 2019 and 11.7 million cubic meters of ready-mix concrete, down compared to the figure recorded in the previous year (-3.1%). Consolidated net sales remained virtually unchanged during the two years, increasing from €3,221.4 to €3,222.4 million.
Changes in scope had a positive effect on turnover of €12.6 million, while exchange rate variances, mainly consisting of the depreciation of the ruble, the Ukrainian hryvnia and the dollar, which were particularly evident in the second half of the year, had an overall unfavorable impact of €69.2 million. On a like-for-like basis, net sales would have increased by 1.8% compared to 2019. Ebitda amounted to €780.8 million, up 7.2% compared to €728.1 million of last year. Moreover, the 2020 figure includes non-recurring net costs of €4.2 million, mainly referring to restructuring expenses (net non-recurring costs equal to €4.0 million in 2019).
After amortization and depreciation of €256.9 million, Ebit stood at €523.9 million, versus €468.2 million in 2019. Net financial costs decreased from €58.6 to €0.3 million: the decline was essentially determined by the variances in the net balance of non-cash items, in particular exchange gains or losses and valuation of derivative financial instruments. Profit before tax was €700.3 million compared to €482.0 million in 2019. After current and deferred income tax of €139.8 million (€96.0 million in 2019), the income statement closed with a net profit of €560.5 million, €560.2 million thereof being the portion attributable to the owners of the company.
Net debt at year-end 2020 amounted to €241.6 million, down €326.2 million compared to €567.8 million as at 31 December 2019, following capital expenditures of €257.5 million and after having distributed dividends of €31.8 million.
The debt/equity ratio was 0.07 (0.15 at year-end 2019).

Operating and financial performance

In 2020, cement sales at consolidated level came in at €29.3 million tons, substantially stable (+0.4%) compared to 2019, thanks to the progress recorded in the United States of America, supported by the soundness of demand, the marginal increase in Russia and the stability of sales in Germany. These trends offset the negative development in Eastern Europe and Italy, where, moreover, we recorded some recovery in cement consumption in the second half of the year. Ready-mix concrete sales amounted to 11.7 million cubic meters, down 3.1% compared to 2019. Sales volumes recorded a positive development only in Germany, favored by the change in scope, while in Eastern Europe, in Italy and in the United States of America they showed a clear decline.

Consolidated net sales increased from €3,221.4 to €3,222.4 million. Changes in scope had a favorable effect of €12.6 million, while the exchange rate effect was unfavorable for €69.2 million. Like for like net sales would have been up 1.8%.

In Italy, after the sharp contraction of the economy in the second quarter, due to the introduction of the restrictive measures aimed at limiting the spread of the Covid-19 pandemic, economic activity during the summer months, with the easing of the containment measures, showed a recovery that was higher than expected: GDP in the third quarter increased by approximately 15.9%, supported by the recovery of exports and the soundness of domestic demand, recovering almost three quarters of the cumulative loss in the first half. However, in the fourth quarter, the worsening of the epidemiological picture led to the introduction of new restrictions on mobility and economic activity, which had a significant impact on the trade and services sector, but only a marginal one in manufacturing, and slowed down the economic recovery underway. In this context, industrial output, after the marked recovery in the summer and the contraction in the last quarter, was down by 11.4%. Exports of goods and services, both within the EU and towards non-EU countries, which were markedly weak during the first half due to the slowdown in international trade, significantly recovered in the third quarter and decelerated again in the autumn. The increase in disposable income recorded during the summer, however remaining below pre-pandemic levels, after the sharp contraction in the first half supported household spending, which also weakened, though, in the final part of the year. The resumption of production activity during the summer allowed a recovery in the employment rate and a reduction in the use of wage integration measures. However, the latest surveys relating to the fourth quarter of the year indicate an upturn in requests to the Redundancy Fund System (CIG) and a slowdown in the creation of new jobs. In the construction sector, the growth recorded in the third quarter, which was the result of the positive evolution

in the public works sector and of the stability of the residential segment, was unable to offset the losses suffered in the previous quarters, due to the forced closure of the construction sites.
During 2020, after a sharp decline in the first half of the year, sales of hydraulic binders and clinker maintained a positive trend in the second half of the year, thanks to the strengthening of domestic demand, partially recovering the losses registered during the production and commercial lockdown. Average selling prices, for the year as a whole, showed a positive development. The ready-mix concrete sector recorded a more evident contraction, despite the good recovery that took place during the second half, with prices also improving.
Overall net sales in Italy stood at €501.1 million, down 0.7%.

As for the Central European countries, in Germany, after the sharp contraction in economic activity in the first six months of the year due to the outbreak of the Covid-19 pandemic, the relaxation of the restrictive measures aimed at containing infections and the fiscal stimulus packages launched by the government in order to support businesses, consumers and employment favored the recovery of GDP in the third quarter (+8.5%), supported by the resilience in the services sector and in manufacturing activity. Net exports, particularly weak in the first half due to the economic difficulties also faced by the main trading partners, at the end of the third quarter were still significantly below the levels prior to the pandemic, despite the signs of recovery shown during the summer. In the fourth quarter, the resurgence of the pandemic led to the imposition of further restrictions on personal mobility that particularly penalized the services sector and only marginally manufacturing activity, favored by the solidity of domestic consumption. In a context characterized by a slowdown in investments, nevertheless the construction sector maintained some stability, supported by the residential segment. In Luxembourg, the containment measures adopted in the first half and in the fourth quarter significantly influenced domestic consumption, as well as investments and exports of non-financial goods and services. However, the public plans put in place to support households and businesses, as well as the soundness of the financial sector, mitigated the negative impact on GDP growth for 2020.
Our deliveries of hydraulic binders, after a first half penalized by the restrictive measures to contain the infection, particularly in Luxembourg, where the lockdown of production and commercial activity limited the shipments in April, recovered in the second part of the year, closing the period substantially in line with 2019, with average selling prices improving. The ready-mix concrete sector recorded sales volumes progressing compared to the levels achieved in 2019, thanks to the different scope in Germany, with selling prices also increasing. Net sales of Central Europe increased from €843.7 to €878.5 million, up 4.1%. Germany recorded an increase in net sales equal to 5.5% (from €679.6 to €717.0 million), while Benelux showed a contraction of 0.4% (from €192.5 to €191.7 million).

Looking at the Eastern European markets, in Russia, the sharp contraction in the first half of the year, due to the rapid spread of the pandemic in the country and to the subsequent introduction of containment measures regarding mobility restrictions and the lockdown of production and commercial activities, was followed by a partial recovery of economic activity, driven by the fiscal stimulus measures introduced by the government to relieve employment, households and businesses, as well as by the significant recovery in the global demand for hydrocarbons, while investments, particularly the public ones, showed a negative trend. The pandemic containment measures, in addition to the low prices of hydrocarbons for most of the year, weighed on the performance of the construction sector. Our sales volumes, after a sharp decline in the first half of the year due to the difficulties associated with the epidemic, in the following six months recorded a marked recovery, particularly in the fourth quarter, thanks also to favorable weather conditions. Unit selling prices, in local currency, showed a positive momentum. Net sales amounted to €195.8 million, clearly declining (-8.7%) compared to €214.5 million of last year. The depreciation of the ruble (-14.2%) had a negative impact on the turnover: at constant exchange rates, revenues would have increased by 4.2%.

In Ukraine, the sharp slowdown in the economy in the first half of the year, following the outbreak of the pandemic and the severe containment measures adopted, interrupted the positive economic cycle, which has been underway since 2016. During the summer quarter, with the gradual easing of restrictions, there was a partial recovery in domestic and foreign demand, which favored the progress of manufacturing and mining, which were particularly weak in the previous months. A new slowdown, however, occurred in the last quarter, due to the worsening of the epidemiological situation in the country.

Cement sales, particularly penalized due to the health emergency and the increase in imports from Turkey, which were very intense in the Southern area of the country, closed the year with a clear decline compared to the levels reached the previous year. The defense of market share led to a marginal decline in selling prices in local currency. Ready-mix concrete output showed an even more evident decrease, with selling prices also worsening. Net sales came in at €116.1 million, down 12.0% compared to 2019. The depreciation of the local currency (-6.7%) negatively impacted on the translation of the results into euro: at constant exchange rates the turnover would have decreased by 6.1%.

In Poland, the marked contraction of the economy recorded in the first half of the year, arising from the introduction of restrictive measures aimed at containing the pandemic spread, was followed by a third quarter which showed a vigorous recovery in industrial production, supported by the increase in public spending and by the recovery of domestic demand and exports. However, the resurgence of the pandemic in the last quarter once again held back the economic recovery. The construction sector showed a moderate decline, with the residential and commercial sectors being particularly weak, while investments in infrastructures maintained a positive trend

Our cement sales, despite an overall positive second half, closed 2020 down from the levels reached the previous year. On the other hand, the average level of selling prices in local currency showed clear progress. Ready-mix concrete output recorded a more marked decline, with prices slightly increasing. In such a market context, net sales amounted to €117.8 million, down 4.8% compared to 2019. The weakening of the zloty (-3.4%) had an unfavorable impact on the translation of the results: at constant exchange rates, net sales would have been down 1.6%.

In the Czech Republic, manufacturing activity and consumption showed a clear acceleration during the summer, thanks to the recovery of exports and domestic demand, which were nevertheless only able to partially offset the contraction that occurred during the first half of the year. Furthermore, the worsening of the epidemiological picture starting from September, which led to the introduction of new restrictive measures, increased uncertainty and further weakened the confidence of households and businesses, interrupting the ongoing economic recovery. The level of construction investments showed a modest slowdown, due to the weakness of the residential and commercial sectors, while infrastructure investments maintained a positive trend.

Our cement sales, after the first six months of the year slightly progressing, slowed down during the second half, closing 2020 at a lower level than the previous year. Selling prices in local currency showed an upward trend. The ready-mix concrete sector, which also includes Slovakia, recorded even weaker volumes. However, the price effect was positive. Overall net sales, on which the depreciation of the Czech koruna (-3.1%) had an unfavorable impact, amounted to €159.5 million, down 5.2% compared to 2019. At constant exchange rate they would have been down 2.7%.

Net sales of Eastern Europe as a whole came in at €587.0 million, down 7.7% compared to €635.9 million of 2019. Like for like, they would have been down 0.8%.

In the United States of America, after a particularly weak second quarter, during which economic activity recorded the strongest contraction ever since the postwar period, in the summer months, with the relaxation of the restrictive measures introduced in the spring in order to limit the spread of infections, the economic situation showed a clear rebound. After registering a loss of over 20 million jobs in the second quarter, the employment rate recovered, fueling the rapid upswing in consumption, and fiscal and monetary stimuli supported households and businesses. The worsening of the epidemiological picture starting from October led to the introduction of new restrictive measures which, thanks to their more local nature, had a limited impact on economic activity. Construction investments are expected to be stable compared to the previous year, supported by the development of the residential sector, by the stabilization of infrastructures, while the contraction in the commercial demand was marked.

Our sales of hydraulic binders, thanks to generally favorable weather conditions, particularly during the winter months, and to the soundness of demand, closed the year well progressing compared to 2019. Selling prices, in local currency, showed a slight improvement in the year as a whole. Ready-mix concrete output, mainly located in Texas, recorded some weakness, with selling prices, in local currency, slightly improving. Overall net sales stood at €1,260.6 million, up 1.5% versus €1,242.5 million of 2019. The depreciation of the dollar (-2.0%), particularly evident in the second part of the year, negatively impacted on the translation of the results into euro: at constant exchange rates net sales would have been up 3.5%.

Ebitda stood at €780.8 million, up 7.2% compared to €728.1 million of the previous year. The exchange rate effect was negative for €20.6 million. The figure of the year under review includes net non-recurring costs of €4.2 million, mainly attributable to legal, professional and restructuring charges. In 2019 non-recurring expenses incurred were similar (€4.0 million).

Excluding non-recurring items Ebitda rose from €732.1 to €785.0 million (+7.2%), with Ebitda to sales margin standing at 24.4% (22.7% in 2019). The strengthening of operating results in the United States of America, Germany and Eastern Europe, particularly in Poland, achieved despite an unfavorable foreign exchange effect, more than offset the slowdown recorded in Italy and Benelux.

Amortization and depreciation amounted to €256.9 million, compared to €259.9 million of the previous year. Ebit came in at €523.9 million, up versus €468.2 million in 2019. Net finance costs decreased from €58.6 to €0.3 million, mainly due to the favorable variance of forex gains and losses and in the fair value of derivative instruments. Gains on sale of investments contributed positively for €3.6 million, while equity in earnings of associates increased from €73.8 to €173.1 million, €103.6 million thereof referring to the assets disposal carried out by Kosmos Cement. As a consequence of the above, profit before tax amounted to €700.3 million, up compared to €482.0 million of the previous year. The tax charge for the year was equal to €139.8 million, versus €96.0 million in 2019: the corresponding rate remained at 20%, in line with the level of the previous period. Therefore, the income statement for 2020 closed with a net profit of €560.5 million (€385.9 million in 2019). Net profit attributable to the owners of the company increased from €385.7 to €560.2 million in the year under review.

Consolidated net debt as at 31 December 2020 stood at €241.6 million, down €326.2 million from €567.8 million at year-end 2019. The improvement in the net financial position was achieved thanks to the favorable trend in cash generated from operations and from the receipt of a €143 million dividend, referring to the disposal of all the assets belonging to the associate Kosmos Cement, already in the first quarter. The aforementioned net financial position includes the extraordinary dividend payable linked to the conversion of the savings shares, equal to approximately €144 million, which was already disbursed at the beginning of February 2021. In 2020 the group distributed dividends of €31.8 million and paid total capital expenditures of €257.5 million, €11.1 million thereof allocated to capacity expansion or special projects, among which the erection of the new cement grinding department in Korkino in Russia (€5.4 million) and the construction of a new clinker storage in San Antonio, Texas (€1.6 million), where also works for the installation of a photovoltaic power system began (€1.1 million).

The assets and liabilities of the net financial position, broken down by degree of liquidity are shown in the following table:

Net financial position

(millions of euro)	**12/31/2020**	**12/31/2019**
Cash and short-term financial assets:		
Cash and cash equivalents	1,218.3	837.4
Other current financial receivables	2.6	3.5
Short-term financial liabilities:		
Current portion of long-term debt	(53.0)	(26.4)
Current portion of lease liabilities	(21.4)	(22.5)
Short-term debt	(12.9)	(13.7)
Extraordinary dividend	(144.1)	-
Other current financial liabilities	(4.2)	(32.2)
Net short-term cash	**985.3**	**746.1**
Long-term financial liabilities:		
Long-term debt	(1,166.3)	(1,235.6)
Lease liabilities	(64.6)	(74.7)
Derivative financial instruments	(4.1)	(1.4)
Other non-current financial liabilities	(2.9)	(5.1)
Net financial position of continuing operations	**(252.6)**	**(570.7)**
Long-term financial assets:		
Other non-current financial receivables	11.0	2.9
Net debt	**(241.6)**	**(567.8)**

As at 31 December 2020, total equity, inclusive of non-controlling interests, stood at €3,603.0 million versus €3,690.8 million at 2019 year-end. Consequently the debt/equity ratio decreased to 0.07 from 0.15 in the previous year.

Italy

The spread of the Covid-19 pandemic during the first half of the year hardly affected the economic situation in Italy. With the reopening of the activities which were blocked during the first wave of infections, the recovery of domestic demand and exports, as well as the positive development of the employment rate, allowed GDP to rebound in the third quarter (+15.9%). However, the worsening of the epidemiological picture in autumn interrupted the ongoing economic recovery, particularly penalizing the services sector. In this context, GDP in 2020 declined by 8.8%, while industrial production, albeit strongly recovering during the summer months, slowed down by 11.4%, impacting on all sectors, while the unemployment rate returned to rise over 9%. The deterioration of public accounts, with the public debt/GDP ratio standing at 156%, reflected both the decline in economic activity and the expansionary measures adopted by the government during the year to support businesses and employment. Following the sharp contraction in the first six months of the year, the disposable income marked a strong recovery, while remaining below the levels prior to the pandemic, while the propensity to save remained high.

Activity in the construction sector showed a clear decrease, due to the sharp decline recorded in the first half, following the forced closure of construction sites, despite the positive dynamics observed in the second half of the year. The growth recorded in the third quarter, which was the result of the positive evolution in the public works segment and of the stability of the residential sector, was unable to offset the losses suffered in the previous quarters. Consequently, domestic cement consumption is estimated to decrease compared to the levels reached at the end of 2019.
Our volumes of hydraulic binders and clinker sold, after a sharp decline in the first half, maintained a positive trend in the second part of the year, thanks to the strengthening of domestic demand, partially recovering the losses incurred during the production and commercial lockdown (-2.8%). Average selling prices, for the whole of the year, showed a positive trend. The ready-mix concrete sector recorded a more marked contraction (-5.4%), despite the good recovery occurred during the second half of the year, with prices improving too.

Such trend in volumes and prices led to net sales of €501.1 million, down 0.7%504.7 million in 2019): like for like net sales would have been down 2.1%. The unit production costs showed a moderate decline thanks to the savings in fuel and energy costs, net of the increase in fixed costs. Ebitda achieved €33.8 million, down 22.1% compared to €43.4 million of last year. On a like-for-like basis Ebitda would have decreased by 17.2%. However, it should be remembered that the figure for the year under review includes net non-recurring charges of €1.6 million, of which €2.4 million referring to restructuring costs, €0.7 million to professional consultancy expenses and €1.5 million, with opposite sign, to the release of a provision for risks (€3.6 million net non-recurring costs in 2019). Thus the recurring Ebitda was equal to €35.5 million, down 24.5% compared to €47.0 million in 2019. In this financial year the company did not realize any other operating revenues from the intercompany sale of CO_2 emission rights (compared to €23,8 million in 2019).

(millions of euro)	2020	2019	20/19
Net sales	501.1	504.7	-0.7%
EBITDA	33.8	43.4	-22.0%
EBITDA recurring	35.5	47.0	-24.5%
% of net sales	7.1	9.3	
Capital expenditures	52.0	108.1	-51.9%
Headcount at year end n.	1,561	1,593	-2.0%

The investment activity aimed at improving our efficiency in technology, environment and occupational safety continued throughout the year. In particular, it is worth mentioning the modernization of the grinding department, as well as other improvements, in Robilante for €3.0 million, the expansion of mineral reserves and the overburden removal and securing of the quarry fronts for overall €2.7 million, the modification of the finished grinding aimed at the use of slag in Trino for €1.8 million, the refurbishment with demolition of the mothballed line in Augusta for €0.8 million, the progression of the works for the feeding line of alternative fuels, as well as the purchase of laboratory instruments in Vernasca for a total of €0.7 million and, in the ready-mix concrete sector, €2.7 million for the acquisition of two batching plants.

Germany

In 2020, GDP contracted by 5% due to the effects of the Covid-19 pandemic, interrupting the expansionary cycle underway since 2010, while inflation stood at minimum levels (+ 0.4%). The clear decline in GDP in the second quarter (-9.7%) was followed by a rebound during the summer months (+8.5%), thanks to the easing of confinement measures and to the recovery of international trade, which led to a partial upturn of business, both in manufacturing and in services. In the fourth quarter, the worsening of the epidemiological picture led to the imposition of new restrictions on various economic sectors. However, thanks to the soundness of domestic demand, GDP avoided a further contraction. In this context, manufacturing activity decreased by 10.4%, mainly due to the disruption of global supply chains, net exports contracted by 9.9%, due to the economic difficulties also faced by the main trade partners, while investments remained weak (-3.5%), as the decline in private spending was higher than the increase in public one. The government support intervention for households and businesses sustained the disposable income and limited the impact on employment. Despite the weakness of investments, the construction sector maintained some stability, with the help of the residential sector.

Our deliveries of hydraulic binders, after a slight decline in the first part of 2020, during the second half of the year showed good development, together with a favorable change in average selling prices, which allowed to recover the cumulative loss of the first six months (+0.4%). The ready-mix concrete sector showed an increase in production (+4.6%) compared to 2019, thanks also to the additional contribution of the plants acquired last year in Düsseldorf, with prices equally strengthening.
Overall net sales thus increased from €679.6 to €717.0 million (+5.5%) and Ebitda from €102.3 to €123.8 million (+21.0%). On a like-for-like basis net sales and Ebitda would have increased by 4.7% and 20.5% respectively. It should be remembered that the figure for 2019 included a non-recurring item of €0.4 million for restructuring costs. Net of non-recurring items Ebitda showed an improvement of €21.2 million on the previous year (+20.6%). The savings in fuel costs and CO_2 emission rights offset a certain increase in electric power and fixed costs: thus unit production costs recorded a little favorable change. In 2020 the business incurred operating costs of €16.5 million for CO_2 emission rights (€20.3 million in 2019).

(millions of euro)	2020	2019	20/19
Net sales	717.0	679.6	5.5%
EBITDA	123.8	102.3	21.1%
EBITDA recurring	123.8	102.7	20.6%
% of net sales	17.3	15.1	
Capital expenditures	42.3	50.2	-15.6%
Headcount at year end n.	1,789	1,802	-0.7%

Total capital expenditures made in 2020 amounted to €42.3 million, €4.6 million thereof for the replacement of the power substation, the continuation of the installation of SCR technology and other projects that can be capitalized at Deuna, €4.1 million for the modernization of the shipping department and various improvements at Lengerich, €2.8 million for the continuation of the changes to the last stage of the pre-heater tower and of the SCR technology installation at Göllheim, €1.6 million for the efficiency improvements of the feeding equipment for the white cement line and other modernizations at Amöneburg, €1.5 million for the purchase of quarry and plant operating vehicles, €1.1 million for the installation of the slag grinding system and the completion of the NOx reduction equipment at Geseke, €0.5 million for the purchase of quarry land. In the ready-mix concrete sector, €1.4 million were incurred for modernization works at some batching plants, among which the one in Hamburg.

Luxembourg and the Netherlands

In Luxembourg, the recession caused by the Covid-19 pandemic led GDP to contract by 3.1% and inflation to reach its lowest levels, driven downwards by energy factors prices. Although the GDP evolution was less negative than the European average, in 2020 the country's economy recorded the sharpest decline since the financial crisis of 2009. The restrictions on economic activities imposed in the first half and in the fourth quarter significantly influenced consumption, investments and exports of non-financial goods and services of the country. However, the soundness of the financial sector and the public plans to support the economy mitigated the negative impact on GDP for 2020.

The Covid-19 pandemic also significantly modified the underlying economic cycle in the Netherlands. The infection containment measures introduced in the spring limited economic activity, particularly in the services sector. Government plans to protect families and businesses allowed to support employment and disposable income. In this context, GDP for the year 2020 is estimated to contract by 4.1%, while inflation is expected to be 1.1%.

Our cement and clinker shipments were unable to overcome the cumulative negative variance of the first six months of the year, which was characterized by the interruption of the production and commercial activities of our plant, and they closed with an unfavorable change compared to the levels of year-end 2019 (-4.8%), coupled with slightly higher average selling prices. The ready-mix concrete sector, despite a partial recovery signal shown in the last quarter, closed the year also down (-2.3%), albeit with prices improving.
Net sales came in at €191.7 million, down 0.4% compared to the previous year (€192.5 million). Ebitda stood at €21.7 million (€22.7 million in 2019). Despite the considerable savings in fuel costs and CO_2 emission rights, unit production costs showed an unfavorable change, mainly due to the increase in fixed costs and electric power. It should be remembered that during the year operating costs were incurred of €2.1 million for CO_2 emission rights (€2.3 million in 2019).

(millions of euro)	**2020**	**2019**	**20/19**
Net sales	**191.7**	192.5	-0.4%
EBITDA	**21.7**	22.7	-4.3%
% of net sales	**11.3**	11.8	
Capital expenditures	**7.1**	5.9	19.9%
Headcount at year end n.	**311**	302	3.0%

The total investments made in 2020 amounted to €7.1 million, of which €3.6 million were directed to the production cycle, in particular to improvement works at the shipping department, completion of the water drainage and treatment system and modernization of the electrofilter.

Poland

The year 2020 should close with a GDP contraction of 2.8%, while inflation is estimated to increase to 3.7%. After the sharp decline in economic activity in the first half of the year due to the spread of the Covid-19 pandemic in the country, the third quarter showed a rapid recovery in industrial production, thanks to the growth in domestic consumption and exports, in addition to increase in public spending. In the fourth quarter, however, the surge in infections and the following new restrictions interrupted the ongoing economic recovery. The construction sector showed a moderate decline, with the residential and commercial sectors being particularly weak, while investments in infrastructures maintained a positive trend.

Our cement sales, despite an overall positive second half, closed 2020 down from the levels reached the previous year (-5.3%). On the other hand, the average level of selling prices, in local currency, showed marked progress. Ready-mix concrete output recorded a more marked decline (-17.9%), with prices slightly improving. Net sales decreased from €123.8 to €117.8 million (-4.8%) and Ebitda improved from €32.1 to €35.3 million (+10.0%). However, it should be remembered that the depreciation of the local currency (-3.4%) impacted the translation of the results into euro: at constant exchange rates net sales would have been down 1.6% and Ebitda up 13.5%.
The savings in fuel costs and CO_2 emission rights only partially offset the increase in fixed costs and electric power: therefore, unit production costs in local currency showed an unfavorable variance. During 2020 operating costs were incurred equal to €6.5 million for CO_2 emission rights (€7.2 million in 2019).

(millions of euro)	**2020**	**2019**	**20/19**
Net sales	**117.8**	123.8	-4.8%
EBITDA	**35.3**	32.1	9.8%
% of net sales	**29.9**	26.0	
Capital expenditures	**6.0**	6.8	-11.5%
Headcount at year end n.	**349**	356	-2.0%

The total investments made in 2020 amounted to €6.0 million, of which €1.7 million referring to the modernization of the raw mill and to the equipment for the treatment and storage of alternative fuels. Another €0.5 million were incurred to purchase quarry and plant vehicles, and renovation works at some batching plants were carried out for €0.6 million.

Czech Republic and Slovakia

The Covid-19 pandemic abruptly slowed down the long expansive phase of the economic cycle. Following the deceleration in the first half, manufacturing activity and consumption recovered rapidly in the summer, favored by the upswing of exports and domestic demand, as well as by government initiatives to support employment. The second wave of the pandemic, in October, hardly hit the country: the severe restrictions introduced to limit infections significantly impacted on domestic demand and investments, while net exports showed stability, supported by a solid foreign demand. Based on these dynamics, a decline in GDP of 5.6% is estimated, with inflation expected to be around 3.3%. The level of construction investments showed a modest slowdown, due to the weakness of the residential and commercial sectors, while infrastructure investments maintained a positive trend.

Cement sales, after the slight progress recorded in the first six months of the year, contracted sharply during the second half, closing below the levels reached at the end of 2019 (-3.3%). Moreover, the trend in average prices, in local currency, was confirmed to be bullish. The ready-mix concrete sector, which also includes Slovakia, recorded even weaker production levels (-7.3%). Nevertheless, the price effect was favorable. Consolidated net sales amounted to €159.5 million (€168.2 million in 2019, -5.2%) and Ebitda increased from €46.3 to €46.8 million (+1.1%). It should be remembered, however, that the depreciation of the Czech koruna (-3.1%) had an impact on the translation of the results into euro: at constant exchange rates, the variance of net sales would have been -2.7%, while the one of Ebitda +4.2%.
The improvement of unit production costs in local currency is attributable to the savings in fuel costs, CO_2 emission rights and the fixed component, while electric power showed an unfavorable trend. During the year the business incurred operating charges of €1.7 million for CO_2 emission rights (€2.3 million in 2019).

(millions of euro)	**2020**	**2019**	**20/19**
Net sales	**159.5**	168.2	-5.2%
EBITDA	**46.8**	46.3	1.1%
% of net sales	**29.4**	27.4	
Capital expenditures	**9.3**	13.5	-31.2%
Headcount at year end n.	**737**	762	-3.3%

The total investments made in 2020 amounted to €9.3 million, of which €1.4 million for efficiency improvements on the equipment for the treatment and storage of alternative fuels, €1.1 million for the purchase of quarry and plant vehicles, €0.5 million for the purchase of quarry land, €0.3 million for the completion of the new cement cooling and transport system. In addition, in the ready-mix concrete sector, €2.4 million were incurred for the purchase of truck pumps and mixers and €0.5 million for maintenance and refurbishment works.

Ukraine

During 2020, the expansionary cycle that has been underway since 2016 and was favored by the active support of the international community, as well as by the government's implementation of a plan of structural reforms aimed at pursuing a more efficient economic system, abruptly came to a halt following the outbreak of the Covid-19 pandemic. After a particularly weak first half, due to the introduction of severe infection containment measures, a partial recovery of domestic and foreign demand was witnessed in the summer months, that favored the progress of manufacturing and mining activities. The resurgence of the pandemic in the fourth quarter once again worsened the country's economic prospects. In this context, GDP is expected to slow down by 7.2% while the inflation rate is foreseen at 3.2%, decreasing because of the contraction in the prices of energy and food products.

Cement sales, despite the good performance recorded in November and December, only partially recovered the cumulative loss of the first half, closing 2020 down (-4.5%) compared to 2019, penalized by the pandemic emergency and by the increase in imports from Turkey, particularly intense in the Southern part of the country. The defense of market share led to a slight decrease in the average price level. The production of ready-mix concrete showed a more marked weakness (-9.5%), associated with selling prices also declining. Net sales stood at €116.1 million, down compared to €131.9 million achieved in 2019 (-12.0%), while Ebitda, however, increased from €21.0 to €21.9 million (+4.3%). The depreciation of the local currency (-6.7%) negatively influenced the translation of the results into euro: at constant exchange rates the turnover would have been down 6.1% and Ebitda up 11.0%.
Despite the unfavorable change in the fixed component, unit production costs in local currency showed a favorable dynamic, thanks to the considerable savings in fuel costs.

(millions of euro)	**2020**	**2019**	**20/19**
Net sales	**116.1**	131.9	-12.0%
EBITDA	**21.9**	21.0	4.0%
% of net sales	**18.9**	16.0	
Capital expenditures	**9.2**	10.5	-12.3%
Headcount at year end n.	**1,281**	1,284	-0.2%

The total investments made in 2020 amounted to €9.2 million, of which €3.2 million referring to overburden removal in the quarry, €1.3 million to the modernization of the electrofilter and other improvements at Volyn, €1.3 million to maintenance works at the power substation, at the water drainage and treatment system, besides various upgrades, lastly at Yug €0.8 million to the purchase of plant vehicles.

Russia

During the first six months of 2020, the spread of the Covid-19 pandemic in the country and the following introduction of containment measures aimed at limiting mobility and blocking production and commercial activities, severely impacted on the economy, causing a decline in exports, investments and domestic consumption, particularly in the service sector. In the second half of the year there was a partial recovery in business, supported by the substantial fiscal stimulus packages introduced by government authorities to sustain employment, households and businesses, as well as by the significant recovery in global demand for hydrocarbons. Moreover investments continued to show some weakness. For the full year 2020, GDP is expected to contract by 3.6%, due to the limited growth in domestic consumption and to the negative trend of public investments which, after benefiting from the new infrastructure modernization and improvement programs at the beginning of the year, slowed down sharply following the outbreak of the pandemic and the redefinition of priorities on the use of resources, in favor of support plans for families and businesses. Inflation is expected to stand at 3.2%, down compared to 2019.

Cement sales, after a clear decline in the first half of the year due to the difficulties associated with the outbreak of the pandemic, in the second half of 2020 showed a positive trend, particularly evident in the fourth quarter, thanks also to favorable weather conditions (+2.0%). Unit selling prices, in local currency, confirmed the favorable momentum already shown in the first half of the year. Despite the recovery in oil prices starting from June, the demand for special oil-well cements remained weak. Net sales amounted to €195.8 million, down compared to €214.5 million of the previous year (-8.7%) and Ebitda decreased from €57.7 to €52.9 million (-8.3%). The weakening of the ruble (-14.2%) unfavorably influenced the translation of the results into euro: at constant exchange rates, net sales would have been up 3.5% and Ebitda up 4.8%. It should be remembered that the figure for the period includes non-recurring charges of €2.6 million referring to an ongoing legal claim: net of this item, the recurring Ebitda was equal to €55.5 million, down 3.7% compared to 2019. Ebitda to sales margin, increasing compared to the previous year, remained on levels higher than the group average (28.3%). Unit production costs in local currency were stable, albeit negatively affected by the unfavorable trend of electric power and, marginally, of fuel costs.

(millions of euro)	**2020**	**2019**	**20/19**
Net sales	**195.8**	214.5	-8.7%
EBITDA	**52.9**	57.7	-8.2%
EBITDA recurring	**55.5**	57.7	-3.7%
% of net sales	**28.3**	26.9	
Capital expenditures	**17.8**	40.3	-55.8%
Headcount at year end n.	**1,355**	1,387	-2.3%

The total investments made in 2020 amounted to €17.8 million, €5.4 million thereof for the installation of the new cement mill at Korkino, where modernization works were also carried out on the cement silos, the bagging department and the water network for €1.4 million. The main capex project carried out in Suchoi-Log concerned the installation of the separator on the cement mill for €2.9 million, the purchase of railway wagons for €2.3 million and the modernization of the electrofilter for €1.2 million.

United States of America

The expansive economic cycle of economy, which has been underway for a decade, was abruptly interrupted by the outbreak of the Covid-19 pandemic. According to the most recent estimates, the negative change in GDP for the year 2020 was equal to 3.4%, while inflation is expected at 1.5%, down due to the pressure on the disposable income of households and low energy prices. In the second quarter of the year, economic activity recorded the strongest decline since the war, characterized by the loss of over 20 million jobs. In the summer months, with the relaxation of the restrictive measures introduced in spring, aimed at slowing down the spread of infections, the economic situation showed a clear rebound. The improvement in the employment rate fueled the rapid recovery in consumption and fiscal and monetary stimuli guaranteed some support for families and businesses. Starting from September, a new worsening of the epidemiological picture led to the reintroduction of restrictive measures, mainly concerning the closure of schools and activities open to the public, which, however, thanks to their more local nature, had a lesser impact on the economy. In this context, the Federal Reserve, after reducing the benchmark rates in spring to support the economy in coping with the difficulties related to the pandemic, announced in December that expansionary policies will continue until the maximum employment and price stability targets are reached. Construction investments are expected to be in line with the previous year, supported by the development of the residential sector, by the stabilization of infrastructures, while the contraction in the commercial sector was marked.

Our hydraulic binders sales, thanks to generally favorable weather conditions, particularly in the winter months, and to the soundness of demand, during the second half of the year continued their positive development, closing the year with good progress compared to 2019 (+5.0%). Selling prices in local currency improved only slightly in the whole of the year. Ready-mix concrete output, mainly located in Texas, during the second half showed some weakness which had already been recorded in the first six months, closing the year down compared to 2019 (-4.2%), with selling prices, in local currency, slightly increasing. Overall net sales amounted to €1,260.6 million, up (+1.5%) compared to €1,242.5 million of 2019, while Ebitda increased from €402.7 to €444.2 million (+10.3%). The depreciation of the dollar (-2.0%), particularly in the second part of the year, had a negative impact on the translation of the results into euro: at constant exchange rates net sales and Ebitda would have increased 3.5% and 12.5% respectively. The improving Ebitda to sales margin still represents the top level of the group (35.2%).
The unit production costs in local currency showed a favorable dynamic, thanks to the savings both in fixed costs and in energy supplies, particularly fuels.

(millions of euro)	**2020**	**2019**	**20/19**
Net sales	**1,260.6**	1,242.5	1.5%
EBITDA	**444.2**	402.7	10.3%
% of net sales	**35.2**	32.4	
Capital expenditures	**113.8**	104.1	9.3%
Headcount at year end n.	**2,300**	2,355	-2.3%

Total investments made in 2020 amounted to €113.8 million. The main projects carried out during the period concerned: the expansion of mineral reserves and the overburden removal of quarry fronts for €23.0 million, the modernization of our distribution network for €12.1 million, of which €2.0 million referring to the complete renovation of the Dallas terminal (Texas), the purchase of quarry and plant vehicles for €10.9 million, the expansion of the railway spur at Festus (Missouri) for €3.4 million, €2.6 million referring to the modernization of the production line in Maryneal (Texas), the construction of the new clinker storage at San Antonio (Texas) for €1.6 million, where the works for the installation of a photovoltaic power system for €1.1 million also started. Furthermore, in the ready-mix concrete sector, new truck mixers were purchased for €12.1 million.

Mexico

(valued by the equity method)

The impact of the Covid-19 pandemic on the Mexican economy was clear in 2020. After the deep contraction that occurred in the second quarter, attributable to the dramatic worsening of the epidemiological picture, which led to the introduction of severe social distancing measures and to the closure of sectors deemed non-essential, economic activity showed signs of gradual recovery starting from the summer quarter. Through the easing of the restriction measures, both domestic demand, which was however penalized by the weakness of the service sector, and manufacturing industry exports, which typically go to the United States, improved. In this context, GDP contraction for the year 2020 is estimated at 8.5%, while inflation is expected to be +3.4%. Investments in the construction industry are expected to decline sharply, due to the weakness of the residential and commercial segments, despite the continuation of a wide range of infrastructural works defined as strategic and essential for the country's economic development.
In this context, the sales of the associate Corporación Moctezuma, during the second half of the year, recorded a clear strengthening, thanks to the marked recovery of the activity in the public works sector, closing 2020 in considerable progress compared to the previous year (+12.4%), with prices, in local currency, which did not show any significant changes. Ready-mix concrete sales, on the other hand, confirmed the weakness already recorded in the first half, closing the year clearly declining compared to 2019 (-15.7%), with prices, in local currency, decreasing.
With reference to 100% of the associate Corporación Moctezuma, net sales stood at €573.8 million, down 3.3% on the previous year, while Ebitda came in at €265.0 up compared to €252.2 million of 2019. The depreciation of the Mexican peso (-13.7%) affected the translation of the results into euro: at constant exchange rates net sales and Ebitda would have been up 10.0% and 19.5% respectively. The favorable trend in unit production costs was obtained thanks to the savings in the main cost items. The equity earnings referring to Mexico, included in the line item that encompasses the investments valued by the equity method, amount to €58.1 million (€52.9 million in 2019).

(millions of euro)	**2020**	**2019**	**20/19**
Net sales	**573.8**	593.2	-3.3%
EBITDA	**265.0**	252.2	5.1%
% of net sales	**46.2**	42.5	
Capital expenditures	**19.7**	32.3	-38.9%
Headcount at year end n.	**1,170**	1,078	8.5%

Figures at 100%

Brazil

(valued by the equity method)

During the first half of the year, the wide spread of the Covid-19 pandemic and the following containment measures aimed at limiting the growth of infections, including social distancing, mobility restrictions, closure of schools and businesses deemed non-essential, had a very negative impact on the country's economy. Starting from the third quarter, however, thanks to the easing of restrictive measures and to very accommodative fiscal and monetary policies, aimed at supporting the categories of population being most hit, there has been a marked recovery in activity, not only in the manufacturing sector but also in services, which allowed to limit, at least in part, the impact of the pandemic on unemployment and therefore on the country's economic system. In this context, GDP for the year 2020 is estimated to contract by 4.5%, while inflation is expected to run at 2.7%. Investments in the construction sector, which is considered as one of the essential activities, remained stable, thanks to the contribution of public construction in infrastructures.

In the second half of 2020, cement shipments of our joint venture confirmed the positive trend already recorded during the first six months, closing the year visibly increasing (+9.3%) compared to the levels achieved in 2019, with selling prices, in local currency, clearly improving. Net sales, with reference to 100% of the associate, stood at €139.1 million, slightly progressing (+3.2%) compared to €134.7 million of the previous year, while Ebitda reached €48.0 million, markedly up compared to €23.4 million of 2019. The strong depreciation of the Brazilian real penalized the translation of the results into euro (-33.6%): at constant exchange rates, net sales would have been up 37.9% and Ebitda would have been equal to approximately 2.7 times the result of the previous year. The decrease in unit production costs was favored by the positive dynamic of fixed costs, together with the savings in energy inputs. The equity earning referring to Brazil, included in the line item that encompasses the investments valued by the equity method, amount to €0.4 million (-0.7 million in 2019).

(millions of euro)	**2020**	**2019**	**20/19**
Net sales	**139.1**	134.7	3.2%
EBITDA	**48.0**	23.4	104.5%
% of net sales	**34.5**	17.4	
Capital expenditures	**2.6**	4.6	-44.9%
Headcount at year end n.	**712**	681	4.6%

Figures at 100%

Algeria

(valued by the equity method)

The weakness of the international price of hydrocarbons, a primary source of income for the country, as well as the effects of the Covid-19 pandemic, characterized the entire year 2020. Cement consumption was approximately 21 million tons, in line with 2019. The stagnation in consumption was mainly influenced by the decrease in public investment spending, with the following suspension of various infrastructure and housing projects.

Also during 2020, several new cement production lines were commissioned. On the supply side, therefore, the installed production capacity increased from 20 million tons in 2012 to about 40 million tons currently. Algeria, which was an importing country (about 6 million tons imported in 2015), thanks to the increase in production capacity in the last 3 years has become an exporter of clinker and cement. GICA and LafargeHolcim, the two main producers, earmarked part of the excess production capacity for export. Clinker and cement export, mainly towards the countries of sub-Saharan Africa (Mali and Niger), is estimated at around 2 million tons. Looking ahead, this disproportionate excess of production capacity (almost 20 million tons), which can be exported only to a minor extent due to the lack of the necessary infrastructure, will create commercial turbulence and the possibility of negative repercussions on the price levels and the business of the individual production units.

Cement and clinler sales of the Hadjar Soud facility, inclusive of exports, stood at 0.9 million tons, clearly down compared to the previous year. Due to the pandemic, the revamping project of the production plant, aimed at an increase in the clinker production capacity and a reduction in production costs, was slowed down.

The volumes sold by the Sour El Ghozlane plant came in at 0.9 million tons, markedly up compared to last year which, however, was strongly affected by the cancellation of some important state projects in the area.

With reference to 100% of both associates and their individual financial statements, the 2020 financial year closed with net sales of €68.5 million, down compared to €85.1 million in the previous year (-19.5%). The reduction is attributable to the strong depreciation of the Algerian dinar (-8.4%) as well as to the lower level of activity in Hadjar Soud, which was only partially offset by the recovery of Sour el Ghozlane.
Ebitda was also down (equal to €31.3 million, i.e. -2.4%). Ebitda to sales margin, although declining, remained at interesting levels. Forecasts for 2021 indicate production, sales and results further slightly decreasing compared to the previous year. However, much will depend on the developments in the epidemiological picture of the country and on oil prices, which have steadily recovered in recent months.

Slovenia

(valued by the equity method)

The spread of the Covid-19 pandemic and the following introduction of infection containment measures in the first half of the year had a negative impact on the country's economy, leading to a contraction in domestic demand, in manufacturing activity, due to the slowdown in international trade, and in investments. The rebound of the economy observed in the third quarter, thanks to the recovery of domestic demand, favored by the expansionary interventions of the government to support employment, businesses and exports, was followed by a new slowdown in activity in the fourth quarter, due to the worsening of the epidemiological picture. The unemployment rate increased slightly. In this context, a GDP contraction of 6.2% is foreseen for 2020.

Domestic cement consumption in the country is estimated at approximately 1.0 million tons. Buzzi Unicem operates in Slovenia through the associate Salonit Anhovo, a subsidiary of the Wietersdorfer group (Austria), which is the main hydraulic binders producer in the country. The company owns a full-cycle cement plant with a production capacity of approximately 1.3 million tons/year, 3 batching plants and 3 natural aggregates quarries. In 2020 the hydraulic binders production remained stable compared to the previous year, standing at approximately 1.2 million tons. With reference to 100% of the associate, the 2020 financial year closed with net sales at €88.4 million (+2.2%), and Ebitda at €25.2 million, slightly down compared to the figure of 2019.

Human Resources

The different and articulated territorial needs where Buzzi Unicem operates have always characterized the international organization of a multi-regional group. Human resources are considered as a constant factor of company growth and the valorization of human capital has always been a pillar on which the competitive development of the company itself is based. The different skills, also as the result of various cultures, are interpreted in Buzzi Unicem as a drive for continuous improvement in order to motivate and maximize the commitment and loyalty within the group.

In 2020 staff management in Italy was characterized by two main events: the activities to hinder the Covid-19 pandemic and the start of the second level University Specialization Master TAGCEM (Advanced Techniques for the Management of Cement Production Plants).
Since the start of the restrictive measures on the movement of people in early March (Prime Ministerial Decree of 9 March 2020) and with the actual lockdown of the Prime Ministerial Decree of 22 March 2020, which did not include the production of hydraulic binders among the strategic and essential activities, close discussions were initiated at the plant level between management, human resources department, ecology, environment and safety department and the unitary workplace union structure (RSU), in compliance with the shared protocol regulating measures to hinder and contain the spread of the Covid-19 virus in the workplace, published on 14 March 2020.

Following the Prime Ministerial Decree of 22 March 2020, which required the shutdown of production plants with the exception of those falling within the circular economy chain, on 24 March 2020 at the national level a method of comparison at a territorial level was agreed with the National Secretariats of the Trade Union Organizations for the use of contingent social shock absorbers (Ordinary Redundancy Fund - national CIGO Covid) provided for by the emergency legislation.
Furthermore, among the staff support measures during the pandemic, the company activated an insurance policy for employees which included post-hospitalization assistance.
In April and May, almost all the plants resorted to the Ordinary Redundancy Fund due to the production shutdown; however they remained manned by the minimum control staff for security reasons and the total number of employees suspended from work was pretty limited, thanks to the use of outstanding holidays and permits.
In addition, the shipping departments of almost all the plants, even during the lockdown, were occasionally reactivated to carry out the permitted supplies (continuation of construction sites included among the strategic and essential activities, in particular public works).
In June, the plants resumed their normal business, while the meetings of the joint committees provided for by the Protocol of 14 March 2020, called starting from 24 April 2020 “Company Restart Committees”, continued, for the adoption in the workplaces of preventive measures against contagion suitable to ensure the safe resumption of production activity.
Still in the context of the activities against the pandemic shared with the trade unions, on 10 June 2020 it was agreed at a national level to launch a health check-up campaign, among those expressly referred to in the Confindustria CGIL - CISL - UIL Protocol of 24 April 2020, for the detection of the spread of the Covid-19 pandemic, in order to acquire the maximum information useful for an effective fight against Coronavirus, both in terms of real health measures, and with reference to effective organizational measures. The campaigns were launched in all the plants, supervised by the health professionals in charge and monitored by the Company Restart Committees.
Especially in the Casale Monferrato headquarters, since the end of March, a significant campaign has been undertaken to use working from home which, in its highpoints, reached peaks of 60%. All the headquarter departments and bodies, supported by the IT department, continued their normal activities, complying with the deadlines set.

In May, the first edition of the specialization course TAGCEM (Advanced Techniques for the Management of Cement Production Plants) was launched in partnership with the Politecnico of Torino.

The training path, shared with the University, will allow the acquisition of the second level University Master Degree in "Advanced techniques for the management of cement production plants". It is aimed at highly trained apprentices with a Bachelor or Master and the five-year degree in engineering and other main scientific disciplines.
The overall duration of the educational/training path is 1,500 hours, of which 400 of teaching by the Politecnico of Torino and 1,100 hours of face-to-face training, coaching and project work by Buzzi Unicem.
The need to organize a second level specialization course arises from the analysis carried out by Buzzi Unicem regarding the business requirements that will materialize in the coming years. The complex production process will require in the future figures being able to occupy all round, also crosscutting sectors of the company and having a greater knowledge of foreign languages, especially English. The specialization course is aimed at training professionals to be included in operations throughout the whole production chain, including innovative processes and advanced production management techniques, with particular reference to full efficiency, energy saving and recovery, all with a view to minimizing environmental impacts. During the training path, students will acquire the fundamental technical and operational skills to occupy roles of increasing responsibility in the management of production, maintenance or quality and technical assistance or ecology/environment/safety services.

As for the numerical indicators, the 2020 workforce (1,561 units) remained substantially unchanged compared to the 2019 workforce (1,593), with a similar turnover ratio (from 5.30% in 2019 to 6.4% in 2020).
The training days remained essentially stable: in 2019 we completed 3,254 days while in 2020 they were equal to 3,320.
The main topics on which training was focused in 2020 were: Safety and Environment, Legal and Compliance (Anti-Corruption, Antitrust, Privacy), Production, Maintenance, Quality, Sales, Foreign languages.

As for all the other countries in which we operate, 2020, also regarding staff management, was strongly influenced by the pandemic crisis. All subsidiaries implemented measures to protect health and safety at work (hygiene rules, social distancing, reduction of travels and opportunities for personal contacts).

In 2020, starting from Germany, the management processes relating to human resources (archiving and document management, training, travel management) were automated, connecting an increasing number of employees to self-service systems, as a natural expansion of the concept of "digital pay slip".
The same processes were also carried out in Russia and Poland with satisfaction.
In the Czech Republic and Slovakia, a new shipment management system was introduced in the concrete sector which required training of the staff employed at the batching centers in the role of plant operator.

In Russia the two operating companies were merged into OOO SLK Cement. From 1 February 2021, a new single collective bargaining agreement will come into force.
Staff development in Central and Eastern Europe has a "tailored" approach based on the match between the needs of the company and those of the individual. In general, training courses of general interest are held such as cement and concrete technology, project management, IT systems, soft-skills.

As regards the turnover ratio, it decreased, thanks also to the corporate measures aimed at retention. In 2020, however, it tended to decline in almost all countries due to the pandemic.
In Germany it decreased from 15.5% (2019) to 9.8% (but the 2019 figure was affected by the reorganization of Seibel & Söhne), in Luxembourg from 12.4% (2019) to 6.6% (2020), in the Netherlands from 6.4% (2019) to 2.3% (2020), in the Czech Republic from 12.5% (2019) to 12% (2020), in Poland it slightly increased from 9.6% (2019) to 10.6% (2020).
In Ukraine and Russia, although it remained high, it decreased from 19.9% (2019) to 12.6% (2020) and from 18.4% (2019) to 15.9% (2020) respectively.

Also in the United States, measures to hinder the pandemic were the most significant challenge for staff management in 2020.
Since March, a task force has been set up consisting of colleagues belonging to the human resources, ecology - environment and safety, administration functions, at the level of the single plant, terminal, concrete division.

During the first half of the year, local task forces met weekly to monitor the situation. Subsequently, the meetings, following the indications of the Center for Disease Control, took place on a monthly basis. The task forces also had the function of recording the number of people involved.

The year 2020 also marks the first company climate survey conducted on site, with the consulting company Mercer and the coordination of the parent company. The climate survey involved 1,715 employees, i.e. a participation in the questionnaire of 59% (equal to 1,014 units). The survey revealed a fairly high involvement, however in line with the rates observed in the manufacturing sector, and particularly positive indicators in terms of health and safety.

Another challenge for the human resources function in 2020 was the hiring of qualified personnel for the cement plants and of drivers for the concrete business. The strong fluctuation in the unemployment rate (3.6% in January 2020, a peak of 15% in the middle of the year and 5% at the end of the year) did not affect the difficulty in finding skilled manpower.
The workforce underwent a slight reduction from 2,355 employees in 2019 to overall 2,300 units in 2020. Overall, the American turnover ratio declined from 24.1% (2019) to 21% (2020). Most of the terminations occurred in the concrete sector, particularly among drivers.
Training with digital e-learning platforms continued. In addition to occupational health and safety, also sales, IT and human resources staff was involved. In particular, training was carried out with the e-learning tool on the group's Code of Conduct. The module was developed by specialists in the legal and human resources areas, in agreement with the external consultancy company.
In 2020, some collective agreements of the plants were also renewed.

Headcount by country at year end

	2020	2019
Italy	1,561	1,593
United States of America	2,300	2,355
Germany	1,789	1,802
Luxembourg	183	177
Netherlands	128	125
Poland	349	356
Czech Republic and Slovakia	737	762
Ukraine	1,281	1,284
Russia	1,355	1,387
Total	**9,683**	**9,841**

The table below provides the main Human Resource management data of the group.

	2020	2019
Turnover[1]	13.3%	16.6%
Days of absence[2]	86,486	80,553
Training days[3]	22,925	28,935

[1] Ratio of outgoing employees to workforce at Dec 31, 2020;
[2] Total days of illness and accident;
[3] Total days of internal and external training.

Research and development

Buzzi Unicem devotes particular attention to applied research and thanks to continuous and intense experimentation it is able to pursue innovation in both its production process and products. For this purpose, the company participates as an industrial partner in national and international research projects, contributing to the development of new materials and technologies and the creation of knowledge networks with excellent facilities in the field of scientific research.

In the **cement** sector the R&D activity in 2020 consisted of some key strategic guidelines:

Innovative hydraulic binders, aimed at promoting activities for developing alternative binders to traditional ones, identifying technologies for re-utilizing wastes and alternative materials in Portland cements, while maintaining a careful eye on what is happening elsewhere in the market. This strategic line also encompasses projects centering on the subject of sulpho-aluminate cement and calcined clays.
During the year 2020, the German subsidiary Dyckerhoff obtained, through the ETA procedure, the brand for the production of an innovative type II/C cement, characterized by reduced clinker as well as blast furnace slag content. The innovation of this cement consists in obtaining the typical performance of an ordinary cement with less use of clinker and blast furnace slag, thus reducing CO_2 emissions.
Sulpho-aluminate cement is a commercial product that is already available on the European and US market under the name of Buzzi Unicem Next. During the course of 2020 the optimization activity of this cement mix design continued, also introducing secondary constituents that allow to achieve high performance in durability tests.
In 2020 the manufacturing feasibility of an innovative type V (S-Q) calcined clay cement was demonstrated on industrial scale and various tests were started aimed at the industrial development of this technology. Cements with calcined clays can constitute an alternative to well established blast furnace cements and to the use of fly ash as an addition. As a matter of fact, the supply of these traditionally used materials (slag and fly ash) will be put under pressure in the future, due to the closure of coal plants and the uncertainties related to the use of blast furnaces for the production of cast iron. Calcined clays are a more and more remarkable material showing interesting hydraulic properties which may be produced directly by the cement plants.

High-performance concrete, aimed at developing new classes of binders offering extremely high mechanical performance (mechanical resistance, modulus of elasticity, durability). The Nanodur and Variodur binders (that are already commercially available on the market) fall into this strategic line and are undergoing constant development and updating. In 2020, the research activity focused on the objective of identifying applications of high performance binders in the structural jobs, and it was possible to demonstrate industrially that for certain applications, such as wind turbines, the use of these cements allows significant CO_2 and final costs savings in the realization of the work.

Improved construction materials, aimed at developing new classes of construction materials characterized by improved durability, superior mechanical strength and features such as lightness, thermal insulation and resistance to chemicals, as well as materials that can revolutionize the supply chain of the construction sector, from design to casting of concrete, with the introduction of technological solutions that could lead to different construction techniques, e.g. with fiberglass reinforcement or reinforcement rods that are more resistant to chlorides.

Sustainability and CO_2 reduction, aimed at studying innovative technological processes that could have an impact on the properties of cement and concrete, and developing solutions for reducing, storing and converting CO_2. Given the complexity of these types of projects they are considered precompetitive research activities and are managed in pooled working groups with other companies within the sector, among which, for instance, the ongoing partnership through ECRA (European Cement Research Academy).
In 2020 the European project Cleanker, financed by the European Commission, was conducted to test a CO_2 capture technology. The project involves 13 partners for a total budget of about €9 million and aims at testing

on an industrial scale at the Vernasca plant the capture of a fraction of the CO_2 emitted by the plant, through a technology called Calcium looping (http://www.cleanker.eu/).
During 2020, the installation of the Cleanker pilot plant was completed and the first tests aimed at capturing CO_2 began.
The ANICA project (http://www.act-ccs.eu/anica) also continued in 2020, coordinated by the University of Darmstadt within the ACT (Accelerating CCS Technologies) platform which aims to experiment a capture technology based on indirect Ca-Looping (IHCaL). Buzzi Unicem participates in the project with its German subsidiary Dyckerhoff, with the purpose of evaluating the possible adoption of the investigated technology in a group cement plant.
Also, work continued on the research consortium called "CI4C - Cement Innovation for Climate", which aims to study the practical application of CO_2 capture based on Oxyfuel technology in clinker production. In addition to Buzzi Unicem, the research consortium is made up of three more European cement producers.

The **ready-mix concrete sector** also pays great attention to research aimed at the development and industrialization of innovative concrete mix design and applications. In 2020 the commitment was focused on a few technological and industrial lines of development:

New mix-design software. An important part of the research activities in 2020 was aimed at implementing the new concrete design, study and control software, whose development started during the spring 2020, to become fully operational during the following year. The “Openlab” software manages any technological and operational parameter having an influence on the performance, properties, costs and sustainability of each recipe. It is therefore proposed as the privileged means to optimize the mix design of products in view of the most advanced objectives, including the reduction of the carbon footprint and the controlled use of recycled materials.

Concrete with a lower carbon footprint. For a long time, our productions have been strongly focused on the use of blended cements with low clinker content. The prospect of a future lower availability of active admixtures such as fly ash and blast furnace slag, however, prompted us to investigate to improve the mix design techniques that allow reducing the clinker content for the same performance, without resorting to active admixtures. In line with this objective, every recipe is today characterized by a carbon footprint system, so as to always offer products suitable for a market that is beginning to show interest in this sustainability parameter. To date we can already state that all our concretes deliveries are characterized by a strong CO_2 reduction profile, restricted only by the mix design limits of the regulations in force or by the misleading requests of a market still to be sensitized. These surrouding restrictions, as a matter of fact, are today the main obstacles to the extensive use of products with very low CO_2, which may be obtained thanks to our newly developed binders and our promising research on adaptive mix design and rheology.

Concrete with recycled components. In this field too, the considerable potential disclosed by our research activity is limited above all by regulatory constraints and by the demands of a market that is still immature in terms of recycling. In fact, the experimentation on high-performance products made up of fully recycled aggregates iprovided excellent results, as well as research on medium-performance concretes prepared with mixed demolition aggregates. In both cases, we are ready for any regulatory changes that would authorize their use in the future. Worthy of note is the launch of an experimental research on aggregates derived from end-of-life tires (ELTs), which today represent only a major environmental problem, but in the future may allow the development of products with new interesting properties.

Concrete with advanced performance. Our experimental research in 2020 was directed more than ever to the development of products characterized by innovative performance, to be ready for the demands of a market that is apparently still dormant but which already provides clear signs of unconventional evolution.
Among the most interesting and most promising products of our study: tenacious very high resistance mortars and grouts intended for the lasting restoration of deteriorated motorway and railway infrastructures; self-compacting fiber-reinforced concrete with high resilience for modular elements being precast on site; capillary action draining concrete for controlled management of rainfall in green areas; fiber-reinforced products for no-iron structures with reduced section; draining concrete (with high bearing capacity for

screeds, with high drainage for underground aquifers) targeted to an urban area use not affecting the water balance; superfluid concrete with high durability for the floating devices capable of transforming wave energy into electricity (the latter research was conducted in collaboration with ENI and Politecnico di Torino).

The scientific collaboration with some of the main universities continued this year and further consolidated, as well as the technical partnership with the engineers of many important structures, that see us involved as consultants not only in the execution phase but also during the preliminary design and definition phases of the specifications.

Ecology, Environment and Safety

The year 2020 was strongly marked by the Covid-19 pandemic. The Ecology, Environment and Safety function, which has among its objectives that of guaranteeing the constant maintenance of compliance with regulations and the continuous improvement of environmental and safety performance, was heavily involved, having to manage the infections within the various offices and plants and above all the working methods in order to minimize the spread of the virus.

With regard to environmental aspects, the company objectives are aimed at reducing emissions into the atmosphere, with the optimization of continuous monitoring systems, the thermal substitution rate from non-conventional fuels, the performance of appropriate energy audits in the plants, the accurate control of the incoming raw materials and fuels.
These analyses led to the definition of some optimization targets in the short and medium term, as well as continual investments in environmental and safety projects, demonstrating that the group's commitments go beyond merely complying with laws and pursue the perspective of a continuous improvement.

All these aspects are discussed in detail in our Sustainability Report, drawn up according to the Global Reporting Initiative (GRI) guidelines. The objective that the GRI sets itself is to help promote a sustainable world economy, in which organizations manage responsibly and communicate transparently their performance and their economic, environmental, social and governance impacts, in the scope of the framework in which they operate.

The materiality matrix, at the basis of the GRI guidelines, through which the company assesses the relevance of each individual environmental, social and economic aspect, was reviewed in 2020 by evaluating the reference context. There are two features that are considered to assess the materiality of an aspect: if it reflects significant impacts from an economic, social or environmental point of view and if it could substantially influence the assessments or decisions expressed by the stakeholders. In particular, this last feature is treated following meetings with the main stakeholders and is also one of the main innovations introduced by the update of the UNI EN ISO 14001:2015 international standard concerning environmental management systems, and of the UNI EN ISO 45001:2018 international standard, relating to occupational health and safety management systems.

Furthermore, this approach is applied throughout the entire life cycle of the product, evaluating and directly involving a company's customers, suppliers and workforce. Involvement of workforce which is the basis of the latest regulations on environmental and safety management systems. Involvement and participation that do not end with the numerous training sessions but which also include periodic safety meetings at all levels during which, in addition to receiving reports, valuable suggestions for improving work activities are also acknowledged.

Despite the difficulties arising from the Coronavirus infection, the informational meetings in our plants, also open to family and friends, with the aim of explaining to them, in a transparent manner, how the company operates, continue. These events have nothing to do with the now obsolete concept of "open plants" but are opportunities of real information on all the sustainability issues. This has also been our aim during the numerous visits by students, private citizens and the media - who want to understand more about the activities that take place in our industrial sites – as well as our dealings with local communities and the various student internships in the company.

With regard to workplace safety, a reduction in the main accident rates was confirmed in 2020, in line with the best comparable data in the industry. These results testify, in a tangible way, the importance of the commitment and collaboration of all Buzzi Unicem employees and external companies operating in our plants.
In particular, the frequency index, which indicates the number of accidents per million hours worked, was equal to 4.8, constantly decreasing compared to the previous years (2019 = 5.8) and in line with the figures of the sector. The severity index, which indicates the days of absence following an accident, also improved, decreasing from 0.33 in 2019 to 0.27 in 2020.

In addition to environmental and safety management in the industrial operations, product sustainability over the years has increasingly become the focus of activities. To assess the environmental impacts, in Italy a webtool has been set up that allows the calculation, with maximum transparency and starting from given data, of the environmental performance of our products, based on the distribution of the EPD (Environmental Product Declaration) certification. Such tool has many advantages, being a response to the ever increasing demand for environmental data coming from the market, with a simple interface and the guarantee of certified and validated information. The same goal is pursued in the other regions through the use of the tool made available by the GCCA (Global Cement and Concrete Association), a worldwide industry organization in which we actively participate.

Non-financial statements

The company has prepared a consolidated non-financial statement pursuant to Legislative Decree no. 254/2016. Such statement is not included in the business review but it represents a distinct and separate report. The consolidated non-financial statement is included in the 2020 Sustainability Report and is available on the company website (buzziunicem.com) inside the "Sustainability" section.

Internal control and risk management system

The internal control and risk management system of Buzzi Unicem is the set of rules, procedures and organizational structures designed to ensure sound and appropriate business conduct through a proper process of identification, measurement, management and monitoring of the main risks in a manner that is consistent with our objectives, so as to ensure the safeguarding of assets, the efficiency and effectiveness of business operations, reliability of financial reporting and compliance with laws and regulations.

The board of directors has ultimate responsibility for the system of internal control and risk management and performs the duties provided by the Code of Conduct, with the support of its internal bodies, such as the Control and Risk Committee, the director responsible for the internal control and risk management system and the Internal Audit department.

Buzzi Unicem is an international group operating in Italy and various foreign countries through subsidiaries and associates. Given the complexity of the group, the Internal Audit Department has been adapted to local requirements. It is organic and balanced, is not subject to restrictions and is entitled to unlimited access to information. The audit methods and techniques being used are aligned with international standards.

To reduce the risk of a breach of regulations, laws or contractual agreements, Buzzi Unicem and its subsidiaries apply compliance tools, including the Code of Conduct, the antitrust code, training courses, controls on procedures and, within certain jurisdictions, the use of databases to record any contracts with competitors. These tools are used in the various local businesses based upon the assessment of the specific risks.

As part of the internal control system, our corporate risk management involves a semi-annual procedure of risk inventory-taking, control and reporting, based on a strategy for overall, known and acceptable risk.
The approach to risk in Buzzi Unicem does not aim to eliminate all potential risks, and instead takes into account corporate objectives and seeks to provide a systematic methodology that enables an informed evaluation of risks on the basis of available information on these risks and related issues. The same risks can then be avoided, reduced, transferred as part of the overall management process of risk control.

The operational responsibility for risk limitation is attributed to the heads of central departments and group divisions that are identified as important for risk management. The respective executives are responsible for all material risks that are foreseeable in their departments, regardless of whether they have been identified in the risk management system.
Risks are evaluated in consideration of the probability of their occurrence and the impact on the company assets and, in accordance with standard criteria, taking into account their respective importance and significance. Risk assessments valuations carried out by the group’s departments and divisions are recorded in a central database. Analyses are conducted on the categories relating to the risks underlying all the operations of our companies in terms of production, financial, labor, legal and tax matters.

For the sake of completeness, it should be noted that the risks highlighted by the Enterprise Risk Management system (ERM) and the financial statement provisions are not necessarily mutually consistent, because of the differing purposes of these two instruments (the former concerns prevention and management, while the second relates to correct accounting practice). Indeed, the ERM necessarily takes into account risks that are not included in the financial statement as well as risks the estimation of which (in terms of their probability of occurrence and impact) is not sufficient to report them in the financial statement. In any case, despite being a management tool that is available to senior decision-makers for the evaluation and control of risks, the ERM also has an important role in the recognition of provisions, by providing a more direct and complete knowledge of business events and more accurate valuations when determining an additional contingent liability.

In 2020 a general stability of residual risks was observed, meaning risks after containment measures and net of any accounting provisions. Risks are recognized with reference to a short and a medium-long term horizon. The main short-term risk categories to which the group is exposed are currency, insurance and those connected with the effects of the measures to contain the Covid-19 pandemic.

Currency risks: in terms of currency, the risk of negative impact deriving from translation of financial statements in foreign currencies and of bank and intercompany loans is estimated to slightly increase. In the risks assessment database we have considered a 10% fluctuation of the local currencies against the euro versus the exchange rate used in the budget. Currency risks are further illustrated in note 3 to these consolidated financial statements.

Insurance risks: in the United States the risks for possible natural disasters not covered by insurance remain unchanged. These risks have a very low probability.

As regards the Coronavirus health emergency, measures were implemented in the group to protect employee health. The operational functions carried out effective actions to contain the negative impacts that already occurred and are ready to deal with the ones which may still occur. In Italy there is a risk of a slowdown in the construction sector, affecting sales volumes, as a result of the possible tightening of the restrictive measures aimed at limiting infections.

Following containment measures that have already been implemented or envisaged by the group’s management and the divisions through insurance policies and accounting provisions, the residual risk represents a very limited fraction of equity.

As for medium-long term risks, these are linked with the general conditions of politics, economy and the evolution of the markets in which the group operates. Geographical diversification allows to reduce the risk of the economic situation referring to the individual market.

It is worth highlighting the risks associated with climate change, which result from the targets of the energy policy in the EU, particularly of the EU Emission Trading System (EU ETS) and of the environmental protection laws and regulations, which could lead to competitive advantages in favor of producers in countries outside the ETS, such as Turkey, Egypt, the Middle East and China.
Less significant risks, but to which attention should anyway be paid, are those of new construction materials, business combinations, exchange rate fluctuations, lack of staff with some specific skills, availability of alternative raw materials, granting of licenses/permits, conflicts between countries, epidemics.

Related-party transactions

Transactions carried out with related parties, including intercompany transactions, are not considered either atypical or unusual. These transactions take place in accordance with market conditions, considering the characteristics of the goods and services being supplied. Information on transactions with related parties are provided in note 50 of these consolidated financial statements.

Outlook

In Italy, construction investments are expected to grow moderately, mainly favored by the residential building renovation sector and by a gradual recovery of activity in the commercial and public segments. In this context, we believe that a recovery in our volumes is likely, also thanks to the comparison with a 2020 which was strongly conditioned (especially during the first half) by the Covid-19 pandemic. We expect a positive development of selling prices but energy costs clearly increasing.

In Central Europe we expect sales volumes to decline slightly. In a general context of increasing costs, especially those relating to energy factors and CO_2 emission rights, selling prices should continue to strengthen. In short, we estimate that operating results will decline moderately.

In Poland, we believe it probable that the demand for cement, after the decline recorded in 2020, will remain stable, with prices still strengthening and, therefore, that the operating results may close marginally progressing.

On the contrary, in the Czech Republic and Slovakia, we expect an unfavorable change in volumes sold, with stable selling prices. Therefore, we believe that the economic trend in this area will be penalized compared to 2020.

In Ukraine, in a macroeconomic context being still particularly uncertain, an ongoing pressure on cement imports though the Black Sea is foreseen. The operating performance should be characterized by sales volumes moderately declining, stable prices and costs increasing. These dynamics suggest a negative change in the operating results.

In Russia, we believe that the resilience of cement demand and the increase in oil prices can reflect on the dynamics of our sales. The expected market conditions should allow selling prices to hold well, while the main cost items should remain stable. Ebitda, in local currency, could therefore show a modest positive change. However, the ongoing weakness of the ruble, which has already arisen in the second half of 2020, will cause a decline from last year's result.

In the United States of America, the prospective economic recovery for the current year should only partially reflect on a growth in construction investments, which are expected to develop moderately. Net of some probable difficulties in the ready-mix concrete sector, we expect a pretty differentiated improvement of prices, according to the local competitive situations. Unfortunately, the picture of industry inflation that is emerging for all the main cost items is more certain. Ebitda, in local currency, should show a negative development compared to the figure recorded last year, returning to the levels of 2019. The weakness of the dollar, if confirmed, would lead to a further decline in results.

In conclusion, at a consolidated level, we believe it is likely for 2021 a decrease in recurring Ebitda, compared to the excellent results achieved in the previous period. The slowdown may be more or less significant depending on how the pandemic will evolve in the coming months as well as its impact on economic activity in the geographic areas where the group operates.
The capital expenditure program approved for 2021 is more meaningful than the one of the year just ended and includes several projects aimed at the continuous improvement of the operational efficiency as well as at the challenging CO_2 emission reductions that the group is targeting.

Hranice Plant, Czech Republic

Financial Information

Consolidated Income Statement

(thousands of euro)	Note	2020	2019
Net sales	7	**3,222,411**	**3,221,443**
Changes in inventories of finished goods and work in progress		(18,868)	12,228
Other operating income	8	50,189	52,136
Raw materials, supplies and consumables	9	(1,154,951)	(1,204,228)
Services	10	(736,190)	(764,710)
Staff costs	11	(508,785)	(518,379)
Other operating expenses	12	(73,005)	(70,386)
EBITDA		**780,801**	**728,104**
Depreciation, amortization and impairment charges	13	(256,911)	(259,866)
Operating profit		**523,890**	**468,238**
Equity in earnings of associates and joint ventures	14	173,080	73,837
Gains (losses) on disposal of investments	15	3,602	(1,495)
Finance revenues	16	106,742	59,895
Finance costs	16	(107,055)	(118,519)
Profit before tax		**700,259**	**481,956**
Income tax expense	17	(139,787)	(96,046)
Profit for the year		**560,472**	**385,910**
Attributable to:			
Owners of the company		560,246	385,671
Non-controlling interests		226	239

(euro)			
Earnings per share	18		
basic			
ordinary		2.719	1.878
savings		2.743	1.902

Consolidated Statement of Comprehensive Income

(thousands of euro)	2020	2019
Profit for the year	**560,472**	**385,910**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on post-employment benefits	(26,745)	(49,258)
Fair value changes of equity investments	470	318
Income tax relating to items that will not be reclassified	10,645	11,606
Total items that will not be reclassified to profit or loss	**(15,630)**	**(37,334)**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	(352,605)	114,838
Share of currency translation differences of associates and joint ventures valued by the equity method	(81,133)	7,355
Total items that may be reclassified subsequently to profit or loss	**(433,738)**	**122,193**
Other comprehensive income for the year, net of tax	**(449,368)**	**84,859**
Total comprehensive income for the year	**111,104**	**470,769**
Attributable to:		
Owners of the company	110,886	470,518
Non-controlling interests	218	251

Consolidated Balance Sheet

(thousands of euro)	Note	31/12/2020	31/12/2019
Assets			
Non-current assets			
Goodwill	19	603,603	619,002
Other intangible assets	19	60,718	70,814
Right-of-use assets	20	87,725	99,247
Property, plant and equipment	21	2,909,405	3,149,997
Investment property	22	18,762	20,796
Investments in associates and joint ventures	23	409,210	517,920
Equity investments at fair value	24	11,402	12,204
Deferred income tax assets	40	81,961	72,823
Other non-current assets	25	31,019	21,932
		4,213,805	**4,584,735**
Current assets			
Inventories	26	469,360	489,299
Trade receivables	27	399,222	414,468
Other receivables	28	72,204	70,514
Cash and cash equivalents	29	1,218,279	837,403
		2,159,065	**1,811,684**
Assets held for sale	30	13,890	6,145
Total Assets		**6,386,760**	**6,402,564**

(thousands of euro)	Note	31/12/2020	31/12/2019
Equity			
Equity attributable to owners of the company			
Share capital	31	123,637	123,637
Share premium	32	458,696	458,696
Other reserves	33	(314,922)	116,798
Retained earnings	34	3,337,796	2,986,360
Treasury shares		(7,699)	(373)
		3,597,508	**3,685,118**
Non-controlling interests	35	5,499	5,703
Total Equity		**3,603,007**	**3,690,821**
Liabilities			
Non-current liabilities			
Long-term debt	36	1,166,309	1,235,628
Lease liabilities	20	64,554	74,665
Derivative financial instruments	37	4,060	1,412
Employee benefits	38	445,140	442,610
Provisions for liabilities and charges	39	87,800	87,104
Deferred income tax liabilities	40	334,016	366,442
Other non-current liabilities	41	9,469	9,267
		2,111,348	**2,217,128**
Current liabilities			
Current portion of long-term debt	36	52,958	26,414
Short-term debt	36	12,901	13,737
Current portion of lease liabilities	20	21,443	22,527
Trade payables	42	229,247	235,365
Income tax payables	43	56,056	34,398
Provisions for liabilities and charges	39	47,986	28,479
Other payables	44	251,814	133,695
		672,405	**494,615**
Total Liabilities		**2,783,753**	**2,711,743**
Total Equity and Liabilities		**6,386,760**	**6,402,564**

Consolidated Statement of Cash Flows

(thousands of euro)	Note	2020	2019
Cash flows from operating activities			
Cash generated from operations	45	743,874	691,452
Interest paid		(29,196)	(31,698)
Income tax paid		(125,868)	(84,275)
Net cash generated from operating activities		**588,810**	**575,479**
Cash flows from investing activities			
Purchase of intangible assets	19	(5,239)	(7,067)
Purchase of property, plant and equipment	21	(222,900)	(250,017)
Acquisition of subsidiaries, net of cash acquired		-	(76,423)
Purchase of other equity investments	23, 24	(167)	(4,161)
Proceeds from sale of property, plant and equipment		8,112	11,976
Proceeds from sale of equity investments		5,982	467
Changes in financial receivables		(3,042)	7,692
Dividends received from equity investments	16, 23	198,161	84,384
Interest received		10,454	13,448
Net cash used in investing activities		**(8,639)**	**(219,701)**
Cash flows from financing activities			
Proceeds from long-term debt	36, 46	-	249,003
Repayment of long-term debt	36, 46	(26,414)	(150,114)
Net change in short-term debt	36, 46	(836)	(622)
Repayment of lease liabilities	20	(24,707)	(26,896)
Changes in other financial payables	46	(13,133)	(8,471)
Changes in ownership interests without loss of control	46	(29,222)	(1,663)
Purchase of treasury shares	31	(7,326)	-
Dividends paid to owners of the company	46, 47	(31,802)	(26,559)
Dividends paid to non-controlling interests	46	(190)	(289)
Net cash (used in) generated from financing activities		**(133,630)**	**34,389**
Increase in cash and cash equivalents		**446,541**	**390,167**
Cash and cash equivalents at beginning of year		837,403	440,499
Currency translation differences		(65,641)	6,794
Change in scope of consolidation		(24)	(57)
Cash and cash equivalents at end of year	**29**	**1,218,279**	**837,403**

Consolidated Statement of Changes in Equity

	Attributable to owners of the company							
(thousands of euro)	Share capital	Share premium	Other reserves	Retained earnings	Treasury shares	Total	Non-con-trolling interests	Total Equity
Balance as at 1 January 2019	**123,637**	**458,696**	**5,260**	**2,669,357**	**(119,465)**	**3,137,485**	**6,120**	**3,143,605**
Profit for the year	**-**	**-**	**-**	**385,671**	**-**	**385,671**	**239**	**385,910**
Other comprehensive income for the year, net of tax	-	-	122,443	(37,596)	-	**84,847**	12	**84,859**
Total comprehensive income for the year	**-**	**-**	**122,443**	**348,075**	**-**	**470,518**	**251**	**470,769**
Dividends paid	-	-	-	(26,559)	-	**(26,559)**	(309)	**(26,868)**
Withholding tax on foreign dividends	-	-	-	(6,810)	-	**(6,810)**	-	**(6,810)**
Acquisition of non-controlling interests	-	-	-	(1,048)	-	**(1,048)**	(337)	**(1,385)**
Other changes	**-**	**-**	(10,905)	3,345	119,092	**111,532**	(22)	**111,510**
Balance as at 31 December 2019	**123,637**	**458,696**	**116,798**	**2,986,360**	**(373)**	**3,685,118**	**5,703**	**3,690,821**
Profit for the year	**-**	**-**	**-**	**560,246**	**-**	**560,246**	**226**	**560,472**
Other comprehensive income for the year, net of tax			(433,407)	(15,953)	-	**(449,360)**	(8)	**(449,368)**
Total comprehensive income for the year	**-**	**-**	**(433,407)**	**544,293**	**-**	**110,886**	**218**	**111,104**
Dividends paid	-	-	-	(31,802)	-	**(31,802)**	(216)	**(32,018)**
Extraordinary Dividend	-	-	-	(144,099)	-	**(144,099)**	-	**(144,099)**
Withholding tax on foreign dividends	-	-	-	(12,800)	-	**(12,800)**	-	**(12,800)**
Acquisition of non-controlling interests	-	-	-	486	-	**486**	(206)	**280**
Purchase of treasury shares	-	-	-	-	(7,326)	**(7,326)**	-	**(7,326)**
Other changes	-	-	1,687	(4,642)	-	**(2,955)**	-	**(2,955)**
Balance as at 31 December 2020	**123,637**	**458,696**	**(314,922)**	**3,337,796**	**(7,699)**	**3,597,508**	**5,499**	**3,603,007**

Notes to consolidated financial statements

1. General information

Buzzi Unicem SpA (‘the company’) and its subsidiaries (together ‘the group’ or ‘Buzzi Unicem’) manufacture, distribute and sell cement, ready-mix concrete and aggregates. The group has manufacturing plants in several countries, which also represent the natural outlet for its goods and services. The operations are located mainly in Italy, the United States of America, Germany, Luxembourg, the Netherlands, Poland, the Czech Republic and Slovakia, Ukraine, Russia, Mexico and Brazil.

Buzzi Unicem SpA is a stock corporation organized under the laws of Italy. The registered office and the corporate headquarters are located at Via Luigi Buzzi 6 in Casale Monferrato (AL). The company is listed on the Borsa Italiana (part of London Stock Exchange Group).

These consolidated financial statements were authorized for issue by the board of directors on 25 March 2021.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Buzzi Unicem SpA have 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 with the provisions implementing article 9 of Legislative Decree no. 38/2005. The definition of IFRS also encompasses all valid International Accounting Standards (IAS) as well as all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), including those formerly issued by the Standing Interpretations Committee (SIC).
The consolidated financial statements have been prepared under the historical cost convention, which has been amended, as requested, for the evaluation of financial assets/liabilities at fair value (including derivative instruments), as well as on the going concern basis.

The measures adopted by governments during 2020 to contain the Covid-19 pandemic led to significant restrictions on most economic activities. However, the construction sector, except in the case of Italy, continued to be classified as essential and never came to a complete stop. Moreover, there were no obstacles to the flow of dividends within the group and, especially during the acute phase of the pandemic, the cost of energy factors fell significantly.
These factors resulted in the maintenance of good levels of liquidity and economic results similar to previous periods and therefore sufficient to cover the company's needs for the current and subsequent years.

The financial statements are presented in euro and all amounts have been rounded off to the nearest thousand euro, unless otherwise stated. The format of the financial statements selected by Buzzi Unicem is the following: for the income statement application of the nature of expense method and presentation of two separate schemes, i.e. a traditional income statement and a statement of comprehensive income; for the balance sheet implementation of the current/non-current classification, which is generally applied by industrial and commercial firms; for the statement of cash flows adoption of the indirect method. Where

necessary, comparability of content entails a restatement of the prior year amounts. The items presented in these consolidated financial statements have been somewhat adjusted and integrated compared with those previously published, to give a better representation of the financial position and economic performance of the group.
The company does not show in the income statement, balance sheet and cash flow statement the amount of balances with related parties, separately by line item (pursuant to Consob resolution no. 15519 of 27 July 2006). This indication would not be significant for the representation of the financial and economic position of the group; furthermore, transactions with related parties are disclosed in note 50 of these consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The IASB withdrew IFRIC 3 Emission Rights in its June 2005 session. In the absence of new interpretations, the accounting method followed provides not to value as assets the emission allowances allocated for free and to recognize only the effects of emission rights purchasing and/or selling transactions. Moreover, a liability is recognized only when emissions exceed the allowances allocated and the deficit will have to be remedied through the purchase of the rights at fair value. The legislative scheme of the so-called ETS (Emissions Trading System) for the period 2021 to 2030 (phase 4) was amended at the beginning of 2018 to reach the objectives of emissions reduction set by the European Union according to the "2030 climate and energy framework". Under the third phase of the Emissions Trading System (2013-2020), the allowances allocated to Buzzi Unicem's manufacturing units in the EU countries other than Italy became partially in short supply versus the generated emissions. On the other hand, the emissions deriving from the Italian cement plants have continued to fall behind the allocated rights.

Standards, amendments and interpretations adopted in 2020
The following standards, amendments and interpretations are not relevant for the group and/or have had no impact on the consolidated financial statements presented herein.

- Conceptual Framework of IFRS (effective from 1 January 2020), the document issued by the IASB containing changes, essentially of a technical and editorial nature, to the international accounting standards aimed at implementing the new IFRS reference framework, in particular:
  - an updated definition of assets and liabilities;
  - a new chapter on measurement, derecognition and disclosures;
  - clarifications on some postulates for the preparation of the financial statements, such as the prudence and the substance over form concept.

- IFRS 3 Business combinations (amendment): definition of a business. The amendment improves the definition of a business versus the definition of a group of assets, clarifying that a business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods and services to customers, generating investment income (in the form of dividends or interests) or generating other income from ordinary activities. The distinction is important because the acquirer will be able to recognize goodwill only in the latter case.

- IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors (amendments): definition of material. The amendments clarify the definition of materiality and how it should be applied, by including in the definition guidance that until now has featured elsewhere in IFRS standards.

- IFRS 9, IAS 39 and IFRS 7 (amendments): Interest rate benchmark reform. The amendments modify some specific requirements in the so-called hedge accounting to provide relief from potential effects of the uncertainty caused by the IBOR reform and require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

- IFRS 16 Leasing (amendment): Covid-19-related rent concessions (effective from 1 June 2020). As a practical expedient, it exempts the lessee from considering and accounting for as lease modifications the rent concessions from lessors as a direct consequence of the Covid-19 pandemic.

Standards, amendments and interpretations that are not yet effective and have not been early adopted

- IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures (amendments): sale or contribution of assets between an investor and its associates or joint ventures. A full gain (or loss) is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. At the date of this report the European Union has deferred indefinitely the endorsement process required for the amendment to become effective and since which date.

- IFRS 17 Insurance contracts (effective from 1 January 2021). It replaces the previous standard IFRS 4 Insurance contracts and solves the comparison issues created by the same standard, by requiring all insurance contracts to be accounted for in a consistent manner, to the benefit of both investors and insurance companies. Insurance obligations will be accounted for using current values instead of historical cost. At the date of this report the European Union has not yet endorsed the standard.

- IAS 1 Presentation of financial statements (amendments): classification of liabilities as current or non-current (effective from 1 January 2023) and related amendments on the deferral of effective date. The amendments clarify how to classify payables and other liabilities with an uncertain due date as current or non-current. They are not expected to have a significant impact on the financial statements. At the date of this report the European Union has not yet endorsed the standard.

- The following package of amendments (effective from 1 January 2022, but for which the endorsement process has not yet been concluded) includes narrow-scope amendments to three standards, as well as the Board’s Annual Improvements, that clarify the wording or correct minor effects, oversights or conflicts between requirements in the different standards:
  - IFRS 3 Business combinations (amendments): reference to the conceptual framework, it updates a reference in the obsolete standard, without changing the accounting treatment for business combinations.
  - IAS 16 Property, plant and equipment (amendments): proceeds before intended use, prohibiting a company from deducting from the cost of property, plant and equipment the amounts received from the sale of items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

  - IAS 37 Provisions, contingent liabilities and contingent assets (amendments): onerous contracts – cost of fulfilling a contract, specifying which costs a company includes when assessing whether a contract will be loss-making.
  - Annual Improvements 2018-2020 Cycle: a series of minor amendments to IFRS 1, IFRS 9, IAS 41 and IFRS 16 Leasing illustrative examples.

- IFRS 4 Insurance contracts (amendment): extension of the temporary exemption from applying IFRS 9 (effective from 1 January 2021).

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments): Interest rate benchmark reform - phase 2 (effective from 1 January 2021). The amendments, as a result of the reform, complement those issued in 2019 and focus on the on-balance sheet effects of replacing the old benchmark interest rate, with an alternative rate.
  The changes at this final stage relate to:
  - contractual cash flows: the book value of financial instruments will not have to be eliminated or adjusted, but instead the effective interest rate will have to be updated to reflect the change in the alternative reference rate;
  - hedge accounting: it will not have to be interrupted in order to make the changes required by the reform, if the other hedging criteria are met;
  - disclosure: information on the new risks arising from the reform and transition mode to alternative reference rates will need to be explained.

2.2 Consolidation

Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the group has control, meaning is exposed to, or has rights to, variable returns from its involvement with the entity and as the ability to affect those returns through its power over the same entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Intercompany receivables and payables, costs and revenues are eliminated. Significant profits and losses resulting 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. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with those adopted by the group. Subsidiaries either dormant or immaterial, both from an investment point of view and in terms of their net equity and results, are not consolidated and are valued at fair value through other comprehensive income. When no business plan is available, the valuation at book value of equity is considered to be the closest approximation of the fair value.

Changes in ownership interests in subsidiaries
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is as transactions with the owners in their capacity as owners.

The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity as long as control continues to exist.

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to the income statement.

Non-controlling interests in fully consolidated partnerships are included with the line item Other non-current liabilities.

Joint arrangements
Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Buzzi Unicem has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses and changes in other comprehensive income. Dividends received reduce the carrying amount of the investment. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any unsecured long-term interests), the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealized gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the entire carrying amount of the investment is tested for impairment as a single asset, that is goodwill is not tested separately.

Accounting policies of the joint ventures are adjusted, where necessary, to ensure consistency with the policies adopted by the group.

Associates

Associates are entities over which the group has significant influence but not control or joint control. Generally a holding of between 20% and 50% of the voting rights indicates significant influence. Investments in associates are usually valued by the equity method, i.e. the initial carrying amount of the investment is increased or decreased at each reporting date to reflect the investor's share of the associate's net profit or loss, including components of the statement of comprehensive income. Dividends received reduce the carrying amount of the investment. The investment in associates includes goodwill identified on acquisition.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the entire carrying amount of the investment is tested for impairment as a single asset, that is goodwill is not tested separately.

Accounting policies of associates are adjusted, where necessary, to ensure consistency with those adopted by the group.

Investments in other companies

Other corporations or partnerships, normally not listed companies below 20% ownership, are carried at fair value through other comprehensive income, when this can be reliably determined. When no business plan is available, the valuation at book value of equity is considered to be the closest approximation of the fair value. The profits and losses deriving from the changes in the fair value are charged directly to the other components of the statement of comprehensive income.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.
The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors. Buzzi Unicem's segments are organized based on the geographical areas of operations, featuring similar types of products and services from which revenues are earned.

2.4 Foreign currency translation

Items included in the financial statements of each consolidated entity are measured using the functional currency of the primary economic environment in which the entity operates.

Transactions in foreign currency are translated into the functional currency using the exchange rate prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement. Monetary assets, monetary liabilities, derivative contracts denominated in foreign currencies are translated 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 date of the transactions are also booked to the income statement.
The gain or loss arising on translation of non-monetary items is treated in line with the recognition of the gain or loss on the change in fair value of such items (i.e. currency translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are recognized, respectively, in other comprehensive income or profit or loss).

The translation of financial statements denominated in foreign currencies is done at the current rate method. Such method entails translating assets and liabilities at the rates of exchange ruling at the balance sheet date; income statement and cash flows figures are translated at the average exchange rates for the year. On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. The difference that arises from converting the balance sheet and the income statement at different exchange rates is also booked to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

The results and financial position of all the group entities that have a functional currency different from the presentation currency have been translated using the following exchange rates:

	Year-end		Average	
(euro 1 = Currency)	**2020**	**2019**	**2020**	**2019**
US Dollar	1.2271	1.1234	1.1422	1.1195
Czech Koruna	26.2420	25.4080	26.4551	25.6705
Ukrainian Hryvnia	34.7689	26.7195	30.8506	28.9220
Russian Ruble	91.4671	69.9563	82.7248	72.4553
Polish Zloty	4.5597	4.2568	4.4430	4.2976
Hungarian Forint	363.8900	330.5300	351.2494	325.2967
Mexican Peso	24.4160	21.2202	24.5194	21.5565
Algerian Dinar	162.1071	133.8916	144.8473	133.6757
Brazilian Real	6.3735	4.5157	5.8943	4.4134

2.5 Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. The group is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from contracts is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. When a contract includes a variable amount of consideration, the amount of consideration to which the group will be entitled in exchange for transferring the goods to the customer, is estimated on the basis of the agreed discounts and premiums. The amount of the discounts is determined at the time of the agreement with the customer: usually a discount is offered to customers against delivery of significant quantities. Volume rebates are booked on an accrual basis and classified as a reduction of trade receivables or as other payables when they are settled in a separate transaction with the customer. Any other variable component (penalties and surcharges) are accounted for directly in the invoice upon delivery.

A trade receivable represents the group’s unconditional right to an amount of consideration in exchange for goods or services transferred to the customer.

A contract liability (advances received for the sale of cement, ready-mix concrete and aggregate) is the obligation to transfer goods or services to a customer for which the group has received consideration from the customer. If a customer pays consideration before the group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the group performs under the contract, they are not shown separately in the balance sheet but are classified under other payables.

2.6 Finance revenues

Interest income is recognized on a time-proportion basis, using the effective interest method. Dividend income from equity investments that are not consolidated is recognized when the right to receive payment is established.

2.7 Finance costs

They include interest and other costs, such as amortization of premiums or discounts, amortization of ancillary costs incurred in the arrangement of borrowings, finance charges on leases. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets and, therefore, are capitalized until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

2.8 Government grants

Grants from the government are recognized at nominal value where there is a reasonable assurance that the grant will be received and the group will be able to comply with all attached conditions. The grants are recognized in profit or loss on a systematic basis over the period necessary to match them with the costs that they are intended to compensate.

2.9 Intangible assets

Intangible assets, acquired externally or internally generated, are recognized only if they are identifiable, controlled by the company and able to produce future economic benefit. Intangible assets with definite useful life are booked at the purchase or production cost and amortized on a straight-line basis over their useful lives. Intangible assets with indefinite useful life are not amortized but tested for impairment at least annually and whenever there is an indication of a potential impairment loss.

Goodwill represents the excess of the consideration transferred over the group’s interest in the fair value of the net identifiable assets acquired and the fair value of the non-controlling interest in the acquiree. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortized and its recoverable amount is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. For the purpose of impairment testing, goodwill is allocated to those cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Separately acquired trademarks and licenses are capitalized on the basis of the costs incurred. Trademarks, licenses and customers lists acquired in a business combination are recognized at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are amortized using the straight-line method over their estimated useful lives.

Customer lists are amortized using the estimated client churn rate, over a period anyway not exceeding twenty years.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of five years. Costs associated with developing or maintaining computer software are recognized as an expense as incurred.

Development costs are capitalized only if and when demonstration of their ability to generate future economic benefits has been established.

Mining rights are amortized in the ratio of quarried volumes to available mineral reserves under concession.

2.10 Leases

Lease contracts relate essentially to land, buildings, plant and machinery, vehicles and other equipment. The contract terms are usually negotiated by assets category and contain a wide range of specifications and different conditions.

Leases are recognized in the balance sheet as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. The expenses arising from leases are split between depreciation and finance charges.

Right-of-use assets
They are accounted for at cost, which includes the following:
- initial amount of the lease liability;
- any lease payments made on or before the lease commencement date less incentives received;
- any initial cost directly attributable to the contract;
- restoration costs.

Right-of-use assets are generally depreciated on a straight-line basis over the shorter of the useful life of the asset and the term of the lease. Some leases contain extension and termination options, in most cases exercisable only by the group and not by the respective lessor. If, at the end of the lease contract, ownership of the leased asset is to be transferred or if the cost of the asset subject to the right of use already includes a purchase option, depreciation is calculated on the basis of the expected useful life of the asset.
Right-of-use assets are also tested for impairment.

Lease liabilities
Lease liabilities are measured at the present value of future lease payments, discounted at the lessee's incremental borrowing rate (IBR) as the implicit interest rate of the lease is not readily determinable. The marginal rate at the reporting date is calculated taking into account the terms of the lease, geography and group-specific rates. Subsequent to the date of initial recognition, the amount of lease liabilities is increased to take into account the interest accrued and reduced for the lease payments made. Moreover, the book value is remeasured if there is a change in the duration of the lease contract or in the rents.

Lease liabilities include the net present value of the following payments:
- fixed payments, less any lease incentives;
- variable payments that are based on an index or a rate, therefore determinable at the commencement date;
- amounts that the lessee expects to pay as a guarantee on the residual value of the underlying asset;
- exercise price of a purchase option, if the group is reasonably certain to exercise it;

- penalties for termination, if the lease terms reflect the group exercising that option.

Lease payments are allocated between principal and finance costs. The latter are charged to the income statement over the lease period, so as to produce a constant periodic interest rate on the remaining balance of the liability for each year.
The repayment of the financial liability is classified in the cash flow statement within cash flows generated by financing activities, while the portion of interest paid is considered within cash flows from operating activities.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Services
The group applies the exemptions that allow the exclusion of short-term leases and leases for which the underlying asset is less than €5,000. These costs are accounted for as services, under the caption operating leases of property and machinery.

Expenses of lease contracts linked to operating parameters (for instance: quantities produced, kilometers travelled) are as well charged to the income statement in the period in which the conditions determining their existence occur.

2.11 Property, plant and equipment

They are booked at purchase or production cost, including overheads, less accumulated depreciation and any accumulated impairment losses. Production cost includes the reasonably attributable portion of the direct and indirect costs incurred to bring the asset into service. Subsequent costs are capitalized or recognized as a separate asset, as appropriate, only when future economic benefits will flow to the group. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to the income statement during the period in which they are incurred; the most relevant strategic spare parts are capitalized when acquired and their depreciation starts when being brought into service.

Property, plant and equipment include raw material reserves (quarries), carried at cost in accordance with IFRS 6 Exploration for and evaluation of mineral resources. They are depleted in the ratio of the quarried material during the period to extractable minerals. Costs incurred to gain access to raw materials deposits (stripping costs) are capitalized and depreciated using the units of production method over the expected useful life of the identified component of the ore body that becomes accessible as a result of the stripping activity.

Depreciation on other property, plant and equipment is calculated under the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives, as follows:

Buildings	10 - 40 years
Plant and machinery	5 - 20 years
Transportation equipment	3 - 14 years
Furniture, fittings and others	3 - 20 years

An asset's carrying amount is written down to its recoverable amount if the book value is greater than its estimated recoverable amount.

2.12 Investment property

Investment property, comprising land and buildings non-strictly pertinent to the business held to earn rental income and/or for capital appreciation, is carried at cost less accumulated depreciation and impairment losses.

2.13 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization, included right-of-use assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When it is not possible to determine the recoverable amount of a single item, the group tests the recoverable value of the cash-generating unit to which the asset belongs.

Where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written-down to their recoverable amount and the impairment loss is charged to income statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows expected to be derived through the continued use of an asset or cash-generating unit including its eventual disposal. Cash flows are based on budgets and reasonable and documented assumptions on the future company's results and macro-economic conditions. The discount rate takes into account the specific risks of industry and countries.

If there is an indication that an impairment loss recognized in prior years on an asset other than goodwill may have decreased, the impairment write-down is reversed. After reversal, the carrying amount of the asset shall not exceed the carrying amount that would have been determined (net of depreciation and amortization), had the impairment loss not been recognized.

2.14 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.15 Financial assets

The group classifies its financial assets in the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component, for which the group has applied the practical expedient, Buzzi Unicem initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient are measured at the transaction price.

The group's business model for managing financial assets determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. For purposes of subsequent measurement, financial assets are classified in the categories at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss.

The group measures financial assets at amortized cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to collect contractual cash flows;
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The financial assets at amortized cost include loans to non-consolidated companies, loans to third parties or to customers and are included under other current and non-current receivables.

Financial assets at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the group can elect to designate irrevocably its equity investments at fair value through other comprehensive income, when they are not held for trading. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized in the statement of profit or loss when the right of payment has been established. The group classified in this category equity investments in non-consolidated subsidiaries.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. The group mainly classifies in this category derivative financial instruments and trust agreements in connection with retirement obligations in the United States.

Impairment of financial assets

The group recognizes an allowance for expected credit losses (ECLs) for financial assets at amortized cost. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive, discounted at an approximation of the original effective interest rate. Expected credit losses are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, an allowance is provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure.

For financial assets at fair value through other comprehensive income, the group applies the low credit risk simplification; at every reporting date, the group evaluates whether the financial asset is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

2.16 Derivative financial instruments

The group, if necessary, makes use of derivative contracts for hedging purposes, to reduce currency, interest rate and market price risks.

The put and call option rights on the 50% interest of the jointly controlled company BCPAR SA represents a derivative financial instrument whose value is equal to the difference between the exercise price of the option and the fair value of the shares to be acquired (note 37).

Derivative financial instruments are initially recognized and subsequently measured in the balance sheet at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as hedging instrument and, if so, the nature of the item being hedged.

2.17 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost includes all expenditures incurred in acquiring the inventories and bringing them to their present location and condition. In the case of finished goods and work in progress, cost comprises direct materials, direct labor, other direct costs and attributable production overhead based on normal operating capacity; it excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.
Inventories include the emission rights acquired against payment and not yet returned, stated at the lower of cost and net realizable value, which matches the market price at the balance sheet date.

2.18 Trade receivables and payables

Trade receivables represent the group's unconditional right to an amount of consideration in exchange for goods sold and services performed in the ordinary course of business. They are recognized at the transaction price, less provision for impairment. To assess the impairment provision, the group applies the simplified approach in calculating expected credit losses. Therefore, it uses a provision matrix that is based on the historical observed default rates, as well as on past due receivables, adjusted by specific predictors on the counterparty risk, type of product and geographical area.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized at transaction cost that, given the short-term maturity, approximates their fair value.

2.19 Cash and cash equivalents

They include cash on hand, deposits held at call with banks, money market securities and other liquid investments with original maturities of three months or less, which are readily convertible to a known amount of cash and are subject to a very low risk of change in value.

2.20 Treasury shares

When the parent or its subsidiaries purchase the company's share capital, the consideration paid is deducted from equity attributable to owners of the company until the shares are cancelled or disposed of. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of treasury shares. Where such shares are subsequently reissued, the consideration received, net of the related income tax effects, is recognized in equity attributable to owners of the company.

2.21 Debt and borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Convertible bonds are accounted for as a compound financial instrument made of two components, which are treated separately only if relevant: a liability and a conversion option. The liability is the present value of the future cash flows, based on the market interest rate at the time of issue for an equivalent non-convertible bond. The amount of the option is defined as the difference between the net proceeds and the amount of the liability component and included in equity. The value of the conversion option is not changed in subsequent periods.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement for at least twelve months after the balance sheet date.

2.22 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement except to the extent that it relates to items of other comprehensive income or directly in equity. In this case the related income tax effect is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generate taxable income. The tax rates applied vary according to the jurisdiction and fiscal situation of each consolidated company. Income tax payables for the period are credited to current liabilities. Significant judgment is required in determining the consolidated provision for income taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities. Some Italian companies are members of a controlled group of corporations for domestic income tax purposes, with Fimedi SpA (majority shareholder of the group) acting as the parent.

Deferred income tax is provided in full using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill and deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets on tax loss carryforwards and timing differences are recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred income tax assets are provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax assets and current tax liabilities are offset only if the enterprise has the legal right and the intention to settle on a net basis. Deferred income tax assets and deferred income tax liabilities are offset when the enterprise has the legal right to settle on a net basis and when they are levied by the same taxation authority on the same taxable entity or different taxable entities that intend to realize the asset and settle the liability at the same time.

2.23 Employee benefits

Employee benefits include:

- **Short-term employee benefits**, expected to be settled within twelve months (wages, salaries and social security contributions, allowance in lieu of holidays and sick leave, incentive plans and non-monetary benefits)

- **Post-employment benefits**, such as pensions or lump sum payments upon retirement, as well as other post-employment benefits, such as life insurance and healthcare:

Pension plans
Within the framework of post-employment benefits, the companies of the group operate several defined benefit and/or defined contribution pension schemes.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually as a function of one or more factors such as age, years of service and compensation. The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. Independent actuaries calculate the defined benefit obligation and the service cost annually, using the projected unit credit method. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates of government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. If the calculation of the balance sheet amount results in an asset, the amount recognized is limited to the present value of economic benefits available in the form of refunds or reductions in future contributions to the plan. The expense related to the discounting of pension liabilities for defined benefit plans are reported separately within finance costs. All other expenses associated with pension plans are allocated to staff costs.

A defined contribution plan is a pension plan under which a company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis, and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all accrued benefits. The contributions are recognized as employees render their services and are included in staff costs.

The Italian employee severance indemnities (TFR) was classified as a defined benefit plan for those benefits accrued up to 31 December 2006, while after that date the scheme is classified as a defined contribution plan.

Other post-employment benefits
Life insurance and health coverage plans are considered defined benefit programs. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as for defined benefit pension plans.

- **Other long-term benefits**, typically consisting of amounts paid upon attaining a specific seniority and deferred compensation plans.

2.24 Provisions for liabilities and charges

They are liabilities of uncertain timing or amount. A provision is recognized when the group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Amounts provided for are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Restructuring provisions are recognized in the period in which the company formally defines the plan and creates a valid expectation in the interested parties that the restructuring will occur.

Provisions are measured on a present value basis where the effect of discounting is material. The increase in the provision due to passage of time is recognized as interest expense.

2.25 Dividend distribution

Dividend distribution is recorded as a liability in the financial statements of the period in which the dividends are approved by the company’s shareholders. Disclosure of dividends proposed but not formally approved for payment is made in the notes.

3. Financial risk management

3.1 Financial risk factors

The group’s activities are exposed to a variety of financial risks such as market risk (including currency, price and interest rate), credit risk and liquidity risk. The group uses, infrequently, derivative financial instruments to hedge certain risk exposures. A central treasury and finance department carries out risk management and identifies, evaluates and possibly hedges financial risks in close co-operation with the group’s operating units. The change in the macroeconomic scenario following the Covid-19 pandemic did not determine any significant changes in financial risk management. In particular, the group did not need to request new lines of credit, renegotiate the terms of the existing financial liabilities or ask for extensions on their repayments. During the year, as the group's liquidity was not adversely affected by the pandemic, the approach to risk management has not changed and the related procedures have not been modified.

Market risk

Buzzi Unicem operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Czech koruna and the Russian ruble. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The foreign subsidiaries or joint ventures enjoy a natural hedging on market risk, since all major commercial transactions are made in their functional currency and are not suffering from the foreign exchange fluctuations. Management has introduced a policy to require the group entities to control their residual exposure to exchange rate risk, by using mainly debt instruments and cash in foreign currency or derivative contracts, such as for example currency forward, transacted according to internal guidelines. The policy considers a hedge for the anticipated cash flows of a significant amount and that are denominated in highly volatile currencies.

The net investment in foreign operations as well as their operating and net result are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the group’s foreign operations is managed partially through borrowings denominated in the relevant foreign currency.

The group's currency risk management strategy did not change due to the Covid-19 pandemic.

The recognition of exchange rate risks concerning the financial instruments to which IFRS 7 is applicable, shows the following net exposure to foreign currencies:

(thousands of euro)	2020	2019
Euro	(39,542)	(53,097)
US Dollar	(222,307)	(434,752)
Swiss Franc	(77)	-
Czech Koruna	15,947	1,949
Russian Ruble	(22,868)	(69,296)
Ukrainian Hryvnia	9	(181)
Polish Zloty	1,246	(3,164)

Hereinafter are the results of the sensitivity analysis that was conducted considering a revaluation/devaluation of the euro versus the currencies to which the group has a significant exposure, with a direct 10% effect on the net exposure in euros reported in the table above. The potential impact on profit before tax is therefore considered, keeping unchanged all other financial statement items that are not affected by the assumed variance.

At 31 dicembre 2020, with reference to the net exposure in euro reported above, if the euro had strengthened/weakened by 10%, against the major foreign currencies to which Buzzi Unicem is exposed, profit before tax for the year would have been €22,797 thousand higher/lower (2019: €50,544 thousand higher/lower). Profit for the year is especially sensitive to the euro/dollar and euro/ruble exchange rates.
Compared to the previous year, the net exposure to the dollar and the ruble decreased mainly due to the concentration of dollar and ruble liquidity in Italy and Germany..

Buzzi Unicem has a very limited exposure to equity securities price risks because of investments in non-consolidated companies at fair value representing less than 0.1% of total assets. The group is exposed to commodity price risk, in particular to trends of oil prices, cost of fuels, of electricity and logistics, and fluctuations in the price of CO_2 emission rights. To cope with this risk the group diversifies its sources of procurement and stipulates fixed price contracts over a sufficiently long time frame, sometimes greater than one year, at a level that management thinks being convenient.

Changes in market interest rates can affect the cost of the various forms of financing or the return on investments in monetary instruments, causing an impact at the level of net finance costs incurred. The interest rate risk arises mainly from long-term debt. Borrowings issued at variable rates expose the group to cash flow interest rate risk, which is partially offset by cash invested at variable rates. Buzzi Unicem’s policy is to maintain about 70% of its long-term borrowings in fixed rate instruments. At the balance sheet date, the share of indebtedness at fixed rate is higher, close to 84%, due to the expansive monetary policy that denotes the credit supply. Borrowings at variable rate at the end of 2020 were denominated in euro and in US dollar. Management implements the best strategy about interest rates according to market conditions and, when deemed appropriate, the group may enter into derivative financial instruments to hedge the fair value interest rate risk.

Below are the results of the sensitivity analysis on the exposure to interest rates that was conducted considering a 1% rate increase and a 1% decrease on the financial assets and liabilities of the various group entities, net of intercompany positions. We consider the potential impact on profit before tax, keeping unchanged all other financial statement items that are not affected by the assumed variance.

The group analyses its interest rate exposure on a dynamic basis, taking into consideration refinancing, renewal of existing positions, alternative financing and possible hedging. Based on the simulations performed, the impact on profit before tax of a 1% interest rate rise or fall would be an increase or a decrease of €9,609 thousand (2019: increase/decrease of €6,322 thousand). For each simulation, the same interest rate change is used for all currencies. The sensitivity scenarios are run only for assets and liabilities that represent the major interest-bearing positions and for the fair value of interest rate derivatives (if actually outstanding at the balance sheet date). At 31 dicembre 2020, if interest rates on euro-denominated financial assets and financial liabilities had been 1% higher/lower with all other variables held constant, profit before tax for the year would have been €5,527 thousand higher/lower (2019: €2,955 thousand higher/lower). These fluctuations are mainly a result of financial debt that is denominated in euro at the parent company level, partly offset by cash and equivalents euro denominated across the group. At 31 dicembre 2020, if interest rates on cash and equivalents denominated in US dollars at that date had been 1% higher/lower with all other variables held constant, profit before tax for the year would have been €3,605 thousand higher/lower (2019: €2,929 thousand higher/lower), mainly reflecting a higher cash and cash equivalents balance in US dollar compared to the previous year.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only primary national and international entities with high credit quality are accepted as counterparts. Policies are in place that limit the amount of credit exposure to any financial institution.

The credit management functions assess the quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilization of credit limits is regularly monitored.
Customer credit risk increased in all markets of presence due to the effect of the Covid-19 pandemic, but thanks to careful management it remained under control at all times.

Due to its widespread customer base, typical of the industry, and to active credit management, Buzzi Unicem has no significant concentration of credit risk in trade receivables. There are no customers generating revenues equal or greater than 10% of consolidated net sales.

An assessment of the possible losses is carried out at each closing date using a provision matrix (note 2.18). The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables presented in note 27. In some countries there are insurance policies or equivalent instruments to cover that risk.

Set out below is the information about the credit risk exposure arising from trade receivables:

	2020			2019		
(thousands of euro)	Trade receivables (gross)	Loss allowance	% loss coverage	Trade receivables (gross)	Loss allowance	% loss coverage
Not overdue	305,609	(521)	0.2%	306,376	(540)	0.2%
Days past overdue						
30 or less	69,992	(509)	0.7%	72,482	(670)	0.9%
Between 30 and 60	13,840	(355)	2.6%	19,656	(458)	2.3%
Between 61 and 90	3,035	(186)	6.1%	5,404	(480)	8.9%
Between 91 and 180	3,062	(1,487)	48.6%	6,795	(3,418)	50.3%
Over 180	26,376	(19,634)	74.4%	33,444	(24,123)	72.1%
	421,914	**(22,692)**		**444,157**	**(29,689)**	

The group limits its exposure to credit risk on trade receivables by establishing maximum payment terms in the various countries.
During 2020, in response to the Covid-19 pandemic, the group conducted specific customer reviews, taking actions in order to limit its exposure to the most risky ones and increased the use of credit insurance coverage.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed and uncommitted credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the central treasury department aims to maintain flexibility in funding by keeping availability under committed credit lines.

Cash flow forecasting is performed in the operating subsidiaries and aggregated by the central treasury department. Group finance monitors rolling forecasts to ensure there is sufficient cash to meet operational needs while maintaining sufficient headroom on the undrawn committed borrowing facilities.

Estimates and projections, considering the changes that may occur in the profitability trend, show that the group is in a position to operate at the present level of financing. Buzzi Unicem prepares the refinancing of borrowings in due time before the upcoming maturities. The company uses different debt instruments and maintains a regular relationship with the usual and prospective financing institutions about the future needs, from which it appears that renewal may take place under acceptable terms. The analysis of maturity dates for the main financial liabilities is included within note 36.

3.2 Capital management

Buzzi Unicem's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or modify the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, make purchases of treasury shares or sell assets to reduce debt.

On 19 November 2020, the Meetings of the ordinary and saving Shareholders approved the mandatory conversion of the 40,711,949 existing savings shares into 27,277,005 newly issued ordinary shares. The exchange was executed on 18 January 2021 (notes 31 and 54).

The capital expenditure program for the group is aligned with the long term objectives and the operating necessities of different geographical units. The executive directors and key managers prioritize the expenditure requirements that are determined by the divisions. Measures aimed at improving efficiency, capacity expansion or new market entries are subject to in-depth profitability analysis to derive their future contribution to operating income.

Consistent with other players in the industry, which is highly capital intensive, the group monitors capital on the basis of the Gearing ratio and the Net debt to EBITDA ratio (Leverage). The first ratio is calculated as net debt divided by total capital. Net debt is determined by the difference between total financial liabilities, cash equivalents and other financial assets. Total capital is calculated as equity as shown in the balance sheet plus net debt. The second ratio uses the same numerator as Gearing and the EBITDA figure as shown in the income statement as the divisor.

During 2020 the group's long term strategy, unchanged versus the previous year, was to maintain a Gearing ratio below 40% and a Leverage ratio, that calculated across an adequate period of time (3-5 years) is about 2 times (or lower).

The ratios as at 31 dicembre 2020 and 2019 were as follow:

(thousands of euro)	**2020**	**2019**
Net debt [A]	241,636	567,775
Equity	3,603,007	3,690,821
Total Capital [B]	3,844,643	4,258,596
Gearing [A/B]	**6%**	**13%**
Net debt [A]	241,636	567,775
EBITDA [C]	780,801	728,104
Leverage [A/C]	**0.31**	**0.78**

The improvement in the two ratios during 2020 was achieved thanks to the favorable trend in cash flows from operating activities, to the receipt of the dividend relating to the sale of all the assets of the associate Louisville Cement Assets Transition Company (formerly Kosmos Cement Company) and also to a certain reduction of industrial capital expendtures compared to the budget initially approved, decided during the period of extreme uncertainty that characterized the outbreak of the pandemic.

3.3 Fair value estimation

Hereunder an analysis of financial instruments carried in the balance sheet at fair value. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the assets and liabilities that are measured at fair value at 31 dicembre 2020:

(thousands of euro)	Level 1	Level 2	Level 3	Total
Assets				
Other non-current assets	10,099	1,072	-	**11,171**
Current financial assets	-	46	-	**46**
Equity investments at fair value	-	-	11,402	**11,402**
Total Assets	**10,099**	**1,118**	**11,402**	**22,619**
Liabilities				
Derivative financial instruments (non-current)	-	-	(4,060)	**(4,060)**
Total Liabilities	**-**	**-**	**(4,060)**	**(4,060)**

The following table presents the assets and liabilities that are measured at fair value at 31 December 2019:

(thousands of euro)	Level 1	Level 2	Level 3	Total
Assets				
Other non-current assets	10,838	1,903	-	**12,741**
Current financial assets	-	74	-	**74**
Equity investments at fair value	-	-	12,204	**12,204**
Total Assets	**10,838**	**1,977**	**12,204**	**25,019**
Liabilities				
Derivative financial instruments (non-current)	-	-	(1,412)	**(1,412)**
Total Liabilities	**-**	**-**	**(1,412)**	**(1,412)**

During 2020 there were no transfers between the different levels of fair value measurement. No changes occurred either in the valuation techniques adopted across the two periods.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the current bid price. These instruments, when they exist, are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These methods maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

The equity investments included in the line item Equity investments at fair value are all booked at fair value through other comprehensive income (OCI) and included in level 3. When a multi-year plan is not available, the valuation at book value of equity is considered as the best approximation of the fair value (note 24).

Level 3 derivatives include the put and call option on the remaining 50% share of BCPAR SA (note 2.16).

The group holds several financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments (trade receivables less provision for impairment, trade payables, other receivables, other payables) the carrying amount is considered to approximate their fair value. The fair value of long-term financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

The Covid-19 emergency did not have a significant impact on the capital market with reference to interest rates in euros, which remain in any case at rather low levels, both with regard to possible funding and above all for liquidity investments. On the other hand, rates have come down sharply since the start of the pandemic with reference to the US dollar.

4. Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. By definition the actual results seldom equal the estimated results.
The estimates and assumptions also reflect, where present, the uncertainties and risks associated with the Covid-19 pandemic, the effects of which are reported in the relevant notes to the financial statements.
Further disclosures about Buzzi Unicem exposure to risks and uncertainties are provided in the following notes:

- Capital management (note 3.2)
- Financial risk factors (note 3.1)
- Sensitivity analysis (notes 19, 23 and 38)
- Legal claims and contingencies (note 49)

Estimates and assumptions
Estimates are continually evaluated according to management's best knowledge of the business and other factors reasonably assumed under the circumstances. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates can have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

- *Impairment of non-financial assets*

The information related to the evaluation of non-financial assets is disclosed in note 2.13. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are explained in detail in note 19.

- *Current and deferred income tax*

Significant management judgment is required to determine the amount of income taxes, also based upon the likely timing and the level of future taxable profits, together with tax planning strategies. Tax losses of the group to be carried forward are relevant; they relate to the company and some of its subsidiaries. They do not expire and, due to the judgment on their future utilization over the next five years, it is unlikely that they will be fully applied to offset taxable income. Further details on taxes are disclosed in note 17.

- *Defined benefit plans (pension plans)*

The cost of the defined benefit pension plan and post-employment medical benefits as well as the present value of the defined benefit pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, salary growth rate, mortality rates and pension growth rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details, including a sensitivity analysis, are provided in note 38.

- *Provisions for liabilities and charges*

The provisions result from an estimation process embracing both the amount of resources required to settle the obligation and its maturity. The litigations and claims to which the group is exposed are assessed by management with assistance of the internal expertise and with the support of external specialized lawyers. Disclosures related to such provisions, as well as contingent liabilities, also derive from discretionary judgment.

- *Fair value measurement of financial instruments*

When the fair value of a financial asset or liability recorded in the balance sheet cannot be measured based on quoted prices in active markets, then it is determined by using various valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets when possible, but when it is not then a certain degree of judgment is required in assessing the fair value. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in the assumptions relating to these variables could affect the reported fair value of the financial instrument (note 3.3).

- *Business combinations*

Accounting for business combinations means to measure the identifiable assets acquired and the liabilities assumed by the acquirer, as described in note 2.2. Fair value measurement includes a complex estimation process based on historical experience, assumptions based on available information and the facts and circumstances existing at the measurement date, also thanks to the support of external experts.

- *Lease term and marginal financing rate*

Leases may include extension and termination options. In assessing whether or not it is reasonably certain that the option to extend or terminate the lease will be exercised, all relevant factors that create an economic incentive to exercise the option to extend or terminate are considered. After the commencement date, the lease term is reviewed if a significant event or change that affects the ability to exercise or not the option to renew or terminate the lease occurs.
The implicit interest rate of a lease is not easily determinable, so the incremental borrowing rate (IBR) is used to ascertain the present value of the rental cost. The latter corresponds to the interest rate that would be paid to borrow, for a similar period of time and with a similar guarantee, the amount required to obtain an asset corresponding to the value of the right of use. The group estimates the IBR using observable inputs such as market interest rates.

5. Scope of consolidation

The consolidated financial statements for the year ended at 31 December 2020 include the company and 81 subsidiaries. The total number of consolidated subsidiaries decreased by 3 compared with that at the end of the previous year. Excluded from consolidation are 11 subsidiaries that are either dormant or immaterial.

During 2020 the group sold it 50% interest in Ecotrade SpA, 50% interest in Calcestruzzi DOC srl and 33% interest in Cobéton SA, previously consolidated using the equity method.

It should be noted that effective from 1 July 2019, Buzzi Unicem had acquired 100% of Testi Cementi Srl, Borgo Cementi Srl and Arquata Cementi Srl and that these entities were consolidated from the same date using the line-by-line method. Therefore, in interpreting the income statement and statement of cash flows, it shall be taken into account that the first half of 2019 did not include yet the financial statements of the three acquired companies.

During the year, some mergers took place within the group, to continue streamlining and simplifying the organizational structure, without any material effect on the consolidated financial statements:

- in Italy, Ghiaie Beton SpA, after increasing the ownership stake from 87% to 100%, was merged into Calcestruzzi Zillo SpA
- in Russia, OOO Dyckerhoff Korkino Cement was merged into OOO SLK Cement.

The liquidation of the subsidiary Borgo Cementi Srl was also completed in September 2020.

6. Segment information

The chief operating decision-maker identifies with the executive directors, who review the group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on those reports.

The executive directors consider the business by geographical area of operations and from a product perspective they assess in a combined way the performance of “cement” and “ready-mix concrete and aggregates”, since the two businesses, vertically integrated, are strictly interdependent. In particular, ready-mix concrete represents essentially a distribution channel for cement and does not require, for the chief operating decision-maker, evidence of separate results. The executive directors assess the performance of the reportable operating segments based, as main reference, on a measure of operating profit. Net finance costs and income tax expense are not included in the result of each operating segment reviewed by the executive directors.

The measurement of economic performance and of capital expenditures by segment is consistent with the one of the financial statements.

The segment named Central Europe consists of Germany, Luxembourg and the Netherlands; Eastern Europe covers Poland, the Czech Republic, Slovakia, Ukraine and Russia.

2020

(thousands of euro)	Italy	Central Europe	Eastern Europe	United States of America	Unallo-cated items and adjust-ments	Total	Mexico 100%	Brazil 100%
Segment revenue	496,267	878,547	587,020	1,260,577	-	**3,222,411**	573,797	139,099
Intersegment revenue	(4,824)	(361)	-	-	5,185	**-**	-	-
Revenue from external customers	491,443	878,186	587,020	1,260,577	5,185	**3,222,411**	573,797	139,099
Ebitda	34,357	145,599	156,916	444,243	(314)	**780,801**	265,011	47,962
Depreciation	(46,467)	(47,175)	(39,097)	(119,329)	(1,173)	**(253,241)**	(25,963)	(14,277)
Impairment charges	(4,097)	(430)	(16)	-	-	**(4,543)**	-	-
Write-ups	873	-	-	-	-	**873**	-	-
Operating profit	(15,334)	97,994	117,803	324,914	(1,487)	**523,890**	239,048	33,685
Equity earnings	169,835	3,057	188	-	-	**173,080**	(236)	-
Purchase of intangible and tangible assets	24,754	47,307	42,264	113,814	-	**228,139**	19,722	2,562
Purchase of equity investments	27,227	2,162	-	-	-	**29,389**	-	-

2019

(thousands of euro)	Italy	Central Europe	Eastern Europe	United States of America	Unallo-cated items and adjust-ments	Total	Mexico 100%	Brazil 100%
Segment revenue	499,346	843,684	635,937	1,242,476	-	**3,221,443**	593,208	134,729
Intersegment revenue	(5,371)	(671)	-	-	6,042	**-**	-	-
Revenue from external customers	493,975	843,013	635,937	1,242,476	6,042	**3,221,443**	593,208	134,729
Ebitda	43,390	125,012	157,120	402,743	(161)	**728,104**	252,238	23,447
Depreciation	(45,994)	(45,908)	(41,771)	(121,133)	(1,254)	**(256,060)**	(28,043)	(17,909)
Impairment charges	(598)	(47)	(3,609)	-	-	**(4,254)**	-	-
Write-ups	448	-	-	-	-	**448**	-	-
Operating profit	(2,754)	79,057	111,740	281,610	(1,415)	**468,238**	224,195	5,538
Equity earnings	62,110	3,155	256	8,316	-	**73,837**	62	-
Purchase of intangible and tangible assets	27,789	54,153	71,045	104,097	-	**257,084**	32,277	4,648
Purchase of equity investments	80,285	1,962	-	-	-	**82,247**	-	-

Revenues from external customers are derived from the sale of cement or concrete and aggregates and are detailed as follows:

2020

(thousands of euro)	**Italy**	**Central Europe**	**Eastern Europe**	**United States of America**	**Total**	**Mexico 100%**	**Brazil 100%**
Cement	292,710	472,310	429,139	967,967	**2,162,126**	508,391	139,099
Concrete and aggregates	203,557	406,237	157,881	292,610	**1,060,285**	65,406	-
					3,222,411	**573,797**	**139,099**

2019

(thousands of euro)	**Italy**	**Central Europe**	**Eastern Europe**	**United States of America**	**Total**	**Mexico 100%**	**Brazil 100%**
Cement	288,408	464,753	458,726	932,005	**2,143,892**	503,595	134,729
Concrete and aggregates	210,938	378,931	177,211	310,471	**1,077,551**	89,613	-
					3,221,443	**593,208**	**134,729**

The group is domiciled in Italy. Revenue from external customers realized in Italy is €461,333 thousand (2019: €464,766 thousand) and total revenue from external customers in foreign countries is €2,761,078 thousand (2019: €2,756,677 thousand).

The total of non-current assets, other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts), located in Italy is €934,371 thousand (2019: €928,744 thousand), while the total of such non-current assets located in foreign countries is €3,197,593 thousand (2019: €3,583,168 thousand).

As for the dependence degree from major clients, no customers exist generating revenues equal or greater than 10% of Buzzi Unicem consolidated net sales.

7. Net sales

Revenues from contracts with customers derive from goods transferred at a specific time and services, whose breakdown by markets is illustrated below:

	2020		
(thousands of euro)	**Cement**	**Concrete and aggregates**	**Total**
Italy	292,710	203,557	**496,267**
Germany	375,256	313,960	**689,216**
Luxembourg and the Netherlands	97,054	92,277	**189,331**
Poland	86,064	31,724	**117,788**
Czech Republic and Slovakia	38,454	118,858	**157,312**
Russia	195,829	-	**195,829**
Ukraine	108,792	7,299	**116,091**
United States of America	967,967	292,610	**1,260,577**
	2,162,126	**1,060,285**	**3,222,411**

	2019		
(thousands of euro)	**Cement**	**Concrete and aggregates**	**Total**
Italy	288,408	210,938	**499,346**
Germany	365,272	288,413	**653,685**
Luxembourg and the Netherlands	99,481	90,518	**189,999**
Poland	83,766	39,999	**123,765**
Czech Republic and Slovakia	37,739	128,082	**165,821**
Russia	214,499	-	**214,499**
Ukraine	122,722	9,130	**131,852**
United States of America	932,005	310,471	**1,242,476**
	2,143,892	**1,077,551**	**3,221,443**

Turnover is unchanged compared to 2019 as a result of an increase in the scope of consolidation by 0.4% and to favorable market trends for 1.8%, offset by unfavorable foreign currency effects for 2.1%.
In 2020, in Italy, due to the limitations imposed by the government to cope with the Covid-19 emergency, our operations have almost entirely stopped from the end of March to the first week of May, resulting in a consequent decrease in sales, which was mitigated by the good recovery in demand during the second half of the year. Abroad, the country being most affected by the restrictions of operations, albeit to a lesser extent than Italy, was Luxembourg. In the other countries where the group operates, mainly the United States of America and Germany, despite the still uncertain and not stabilized epidemiological situation, demand was still resilient and the trend of shipments remained positive.

As regards the cement sector, the economic commitment towards the group arises at the time of delivery of the material and the payment is due within 30-120 days from the delivery date. The same pattern applies to the ready-mix concrete sector. However, in the cement sector, some contracts provide customers with the right to a premium, when a certain purchase volume is achieved.

8. Other operating income

This line item consists of income arising both from the ordinary and the non-recurring course of business that is not attributable to core sales of goods and rendering of services.

(thousands of euro)	2020	2019
Recovery of expenses	5,381	7,296
Indemnity for damages	1,530	5,551
Revenue from leased properties	9,073	8,740
Gains on disposal of property, plant and equipment	4,538	4,499
Capital grants	1,361	1,766
Release of provisions	1,238	1,941
Internal work capitalized	2,022	1,576
Other	25,046	20,767
	50,189	**52,136**

The caption gains on disposal of property, plant and equipment includes amounts related to the sale of certain land, buildings and other assets located mainly in Germany (€2,356 thousand), Italy (€1,095 thousand) and the United States (€446 thousand).

The caption other includes, among others, the reimbursement of the fine imposed in 2015 by the Polish Antitrust Authority for €7,069 thousand (note 49), the sale of Energy Efficiency Certificates (EEC) in Italy for €1,418 thousand and the proceeds from the concession of certain silos for the storage of fly ash in the United States for €1,215 thousand.

9. Raw materials, supplier and consumables

(thousands of euro)	2020	2019
Raw materials, supplies and consumables	699,167	692,919
Finished goods and merchandise	68,534	67,674
Electricity	190,475	202,486
Fuels	147,232	209,383
Emission rights	26,456	8,334
Other goods	23,087	23,432
	1,154,951	**1,204,228**

The significant decrease in the price of oil, which was triggered by the pandemic emergency, caused a general decrease in the cost of energy factors used in the production and distribution activities of the group.

The caption emission rights includes the provisions for the shortage of CO_2 allowances in Germany (€16,524 thousand), Poland (€6,459 thousand), Luxembourg (€2,084 thousand) and the Czech Republic (€1,389 thousand), measured on an accrual basis.

10. Services

(thousands of euro)	2020	2019
Transportation	458,556	469,067
Maintenance and contractual services	139,589	144,261
Insurance	18,023	15,656
Legal and professional consultancy	16,764	13,292
Operating leases of property and machinery	11,163	15,528
Travel	2,956	6,631
Other	89,139	100,275
	736,190	**764,710**

The decrease in services, particularly in travel expenses, was determined by the mobility restrictions put in place by the various countries to deal with the pandemic emergency.

The caption operating leases of property and machinery includes the leasing payments that fall within the exemptions envisaged by IFRS 16, i.e. short-term contracts for €3,692 thousand, low-value assets for €716 thousand and variable amounts, which cannot be determined a priori and are generally based on the quantities produced, for €95 thousand. The line also includes leases of quarry land and rents outside the scope of the new IFRS 16 standard for €6,660 thousand.

11. Staff costs

(thousands of euro)	2020	2019
Salaries and wages	381,048	382,723
Social security contributions and defined contribution plans	109,704	114,340
Employee severance indemnities and defined benefit plans	10,421	12,067
Other long-term benefits	798	1,287
Other	6,814	7,962
	508,785	**518,379**

The decrease of the line item is due to the exchange rate effect for an amount of €8,335 thousand.

The caption other includes restructuring expenses of €2,587 thousand mainly concerning Italy (2019: €4,010 thousand).

The average number of employees is the following:

(number)	2020	2019
White collar and executives	3,674	3,638
Blue collar and supervisors	6,146	6,305
	9,820	**9,943**

The decrease is mainly due to the partial block of turnover associated with retirement, especially in some geographical areas of the group, with the aim of improving the labor productivity.

12. Other operating expenses

Other operating expenses, related to both the ordinary and the non-recurring course of business, are composed as follows:

(thousands of euro)	2020	2019
Write-down of receivables	302	5,603
Provisions for liabilities and charges	15,282	8,236
Association dues	6,176	6,406
Indirect taxes and duties	32,757	34,560
Losses on disposal of property, plant and equipment	1,946	1,038
Other	16,542	14,543
	73,005	**70,386**

The write-down of receivables is netted by releases in the specific allowance for €3,331 thousand (2019: €3,284 thousand) and it is primarily related to bad debt in Italy.

Provisions for liabilities and charges include €7.069 thousand related to the case with the Polish Antitrust Authority (note 49), €3,506 thousand referring to the restoration of quarries (2019: €4,204 thousand), €2,578 thousand for the lawsuit with a provider of railway services in Russia, €1,196 thousand for flooding events in the United States. In addition, we note the release of the provision related to the remediation of the Augusta roadstead (SR) for €1,500 thousand.

13. Depreciation, amortization and impairment charges

(thousands of euro)	2020	2019
Intangible Assets	6,694	6,433
Right-of-use assets	25,180	24,254
Property, plant and equipment	221,367	225,373
Impairment losses of non-current assets	3,670	3,806
	256,911	**259,866**

The impairment losses mainly include €677 thousand related to goodwill of the CGU ready-mix concrete Italy and €2,547 thousand related to equipment and land in Italy.

In 2019 the impairment losses included €3,534 thousand referred to goodwill and ready-mix concrete plants in Slovakia.

14. Equity in earnings of associates and joint ventures

The line item includes the share of profit (loss) of investments accounted for under the equity method and possible write-downs, set out in detail below:

(thousands of euro)	2020	2019
Associates		
Société des Ciments de Hadjar Soud EPE SpA	609	3,004
Société des Ciments de Sour El Ghozlane EPE SpA	1,345	960
Bétons Feidt S.A.	454	579
Louisville Cement Assets Transition Company[1]	103,071	8,316
Laterlite SpA	1,654	1,921
Salonit Anhovo Gradbeni Materiali dd	3,891	2,922
TRAMIRA Transportbetonwerk Minden-Ravensberg GmbH&Co. KG	441	411
Other associates	480	265
	111,945	**18,378**
Joint venture		
Corporación Moctezuma, SAB de CV	58,052	52,913
BCPAR SA	419	(671)
Lichtner-Dyckerhoff Beton GmbH & Co. KG	1,306	1,417
Other joint ventures	1,358	1,800
	61,135	**55,459**
	173,080	**73,837**

[1] formerly Kosmos Cement Company

In March, Louisville Cement Assets Transition Company (formerly Kosmos Cement Company), where the group holds a 25% stake, executed the sale of all its assets. The result of the associate benefited from the realized gain on this transaction for €103,624 thousand.

15. Gains (losses) on disposal of investments

The line item refers to non-recurring revenues, arising mainly from the sale of the ownership interest in the associate Cobéton SA (in 2019 loss recorded on the winding up of the subsidiary OOO Russkiy Cement).

16. Finance revenues and Finance costs

(thousands of euro)	2020	2019
Finance revenues		
Interest income on liquid assets	9,457	12,880
Interest income on plan assets of employee benefits	9,116	10,473
Changes in the fair value of derivative instruments	-	10,340
Foreign exchange gains	87,139	14,810
Dividend income	178	158
Other	852	11,234
	106,742	**59,895**
Finance costs		
Interest expense on bank borrowings	(15,255)	(15,941)
Interest expense on senior notes and bonds	(11,500)	(15,982)
Interest expense on employee benefits	(16,460)	(20,037)
Interest expense on lease liabilities	(2,557)	(2,735)
Changes in the fair value of derivative instruments	(2,648)	(1,412)
Discount unwinding on liabilities	(6,651)	(5,460)
Foreign exchange losses	(49,233)	(34,433)
Other	(2,751)	(22,519)
	(107,055)	**(118,519)**
Net finance costs	**(313)**	**(58,624)**

The sensitive decrease in net finance costs compared to the previous period was essentially determined by the favorable change in non-cash items, in particular foreign exchange gains and losses.

In 2019 the captions other included, respectively, a €10,340 thousand revenue related to the alignment to the fair value of the cash settlement option and a €17,859 thousand cost related to the exercise of this option, associated with the convertible bond.

17. Income tax expense

(thousands of euro)	2020	2019
Current tax	144,599	102,476
Deferred tax	(4,058)	(10,232)
Tax relating to prior years	(754)	3,802
	139,787	**96,046**

The increase in current tax is due to the tax burden on the non-recurring gain realized by the associate Louisville Cement Assets Transition Company (formerly Kosmos Cement Company) for €30,993 thousand, as well as to the higher taxable income recorded in Germany and the United States.

In 2020 deferred tax assets on tax loss carryforwards were used for €8,752 thousand in Germany, while in Italy, deferred tax assets on losses carried forward of €11,981 thousand were recognized.

Tax relating to prior years includes income or charges resulting from the settlement, or probable settlement, with tax authorities of the claims that arose during tax audits and from the review or supplement of income tax returns referring to prior periods.

The reconciliation of income tax computed at the theoretical tax rate applicable in Italy to income tax expense recorded in the consolidated income statement, is the following:

(thousands of euro)	2020	2019
Profit before tax	700,259	481,956
Italian income tax rate (IRES)	24.00%	24.00%
Theoretical income tax expense	**168,062**	**115,669**
Effect of permanent differences	(14,455)	(23,307)
Tax relating to prior years	(754)	3,802
Difference in foreign tax rate	(3,873)	(5,062)
Effect of rate changes on deferred income tax	(2,242)	(835)
Adjustments to deferred income tax	(10,478)	893
Italian regional income tax on production activities (IRAP)	72	11
Other differences	3,455	4,875
Income tax expense	**139,787**	**96,046**

The tax rate in 2020 and 2019 is equivalent to 20% of profit before tax.

18. Earnings per share

On 18 January 2021, the mandatory conversion of savings shares into ordinary shares took effect (note 54). As the savings shares were still outstanding at year-end, basic earnings per share reflect the actual capital structure at 31 December 2020.

Basic

Basic earnings per share is calculated, per each class of shares, by dividing net profit attributable to owners of the company by the weighted average number of shares outstanding during the period, excluding treasury shares. To calculate basic earnings per share attributable to ordinary shares, net profit is adjusted for the amount of the preferential dividend to which savings shares are entitled.

		2020	2019
Net profit attributable to owners of the company	thousands of euro	560,246	385,671
attributable to ordinary shares	thousands of euro	448,787	308,290
attributable to savings shares	thousands of euro	111,459	77,381
Average number of ordinary shares outstanding		165,062,796	164,152,492
Average number of savings shares outstanding		40,635,539	40,682,659
Basic earnings per ordinary share	euro	2.719	1.878
Basic earnings per savings share	euro	2.743	1.902

The following table retroactively modifies the calculation of earnings per share, as if the mandatory conversion of savings shares had taken place before the end of the financial year. More precisely, the conversion of all the existing savings shares into newly issued ordinary shares is considered, with a conversion ratio of 0.67 ordinary shares for each savings share. The net profit attributable to owners of the company remains unchanged.

		2020	2019
Net profit attributable to owners of the company	thousands of euro	560,246	385,671
Average number of ordinary shares outstanding		192,288,607	191,409,874
Basic earnings per ordinary share	euro	2.914	2.015

Diluited

Diluted earnings per share is calculated by adjusting the earnings and weighted average number of shares for the effects of dilutive options and other potential dilutive shares. At the balance sheet date there were no dilutive equity instruments outstanding and therefore basic and diluted earnings are the same.

19. Goodwill and Other intangible assets

		Other intangible assets			
(thousands of euro)	Goodwill	Industrial patents, licenses and similar rights	Assets in progress and advances	Other	Total
At 1 January 2019					
Cost/deemed cost	783,605	77,030	476	5,503	83,009
Accumulated depreciation and write-downs	(208,068)	(41,195)	(17)	(3,188)	(44,400)
Net book amount	**575,537**	**35,835**	**459**	**2,315**	**38,609**
Year ended 31 December 2019					
Opening net book amount	575,537	35,835	459	2,315	38,609
Exchange differences	6,881	4,601	42	-	4,643
Additions	-	5,534	689	-	6,223
Change in scope of consolidation	37,339	-	-	27,322	27,322
Disposals and other	-	-	-	(5)	(5)
Amortization and impairment charges	(755)	(5,271)	-	(1,162)	(6,433)
Reclassifications	-	714	(259)	-	455
Closing net book amount	**619,002**	**41,413**	**931**	**28,470**	**70,814**
At 31 December 2019					
Cost/deemed cost	827,869	89,550	931	32,718	123,199
Accumulated depreciation and write-downs	(208,867)	(48,137)	-	(4,248)	(52,385)
Net book amount	**619,002**	**41,413**	**931**	**28,470**	**70,814**
Year ended 31 December 2020					
Opening net book amount	619,002	41,413	931	28,470	70,814
Exchange differences	(15,100)	(8,562)	(73)	-	(8,635)
Additions	-	4,282	830	-	5,112
Change in scope of consolidation	378	-	-	-	-
Amortization and impairment charges	(677)	(4,987)	-	(1,707)	(6,694)
Reclassifications	-	882	(413)	(348)	121
Closing net book amount	**603,603**	**33,028**	**1,275**	**26,415**	**60,718**
At 31 December 2020					
Cost/deemed cost	812,812	80,535	1,275	31,984	113,794
Accumulated depreciation and write-downs	(209,209)	(47,507)	-	(5,569)	(53,076)
Net book amount	**603,603**	**33,028**	**1,275**	**26,415**	**60,718**

At 31 December 2020, the column industrial patents, licenses and similar rights is made up of industrial licenses (€27,373 thousand), application software for plant and office automation (€2,994 thousand), mining rights (€2,542 thousand), industrial patents (€119 thousand).

The column other essentially includes the customer list resulting from the business combination Testi Cementi Srl, Borgo Cementi Srl and Arquata Cementi Srl, which took place on 1 July 2019, for €25,147 thousand.

The decrease in goodwill is mainly due to the exchange differences on the CGU Russia for €11,917 thousand, on the CGU United States for €2,698 thousand and on the CGU Poland for €485 thousand. In addition, the group recorded impairment losses related to the goodwill recognized in 2019 for the acquisition of three ready-mix concrete businesses (€299 thousand) and in 2020 for the acquisition of two concrete plants in Italy (€378 thousand).

Goodwill and impairment test
Goodwill at 31 December 2020 amounts to €603,603 and is broken-down as follows:

(thousands of euro)	2020	2019
Italy (Cement sector)	76,114	76,114
Italy (Concrete sector)	-	299
United States of America	36,440	39,138
Germany	129,995	129,995
Luxembourg	69,104	69,104
Poland	87,663	88,148
Czech Republic/Slovakia	105,944	105,944
Russia	98,343	110,260
	603,603	**619,002**

For the purpose of impairment testing, the cash generating units ("CGUs") to which goodwill has been allocated are consistent with the management strategic vision and have been identified by country of operations, considering in a combined way the performance of cement and ready-mix concrete, since the two businesses, vertically integrated, are strictly interdependent. An exception is made for Italy where, considering both the corporate structure (two separate legal entities) and the organizational structure, two CGUs have been identified (cement and ready-mix concrete). The other CGUs correspond to the markets of presence, that are Germany, Luxembourg, the Netherlands, the Czech Republic/Slovakia, Poland, Ukraine, Russia and United States of America.

The recoverable amount of the CGUs, to which goodwill and intangible assets with indefinite useful lives have been allocated, is determined on the basis of their value in use, defined as the discounted value of the expected future cash flows at a rate that incorporates the risks associated with the particular cash-generating units as at the valuation date.
.

The key assumptions used for the calculation primarily concern:

- *estimation of cash flows:*

The cash flow estimates for each single CGU is based on 5-year plans approved by the board of directors. The management approach in determining the plans is based on sustainable and reasonable assumptions, which ensure consistency among prospective and historical flows and external information. The cash flow used is net of theoretical income tax, changes in working capital and capital expenditures.
In 2020 the Covid-19 pandemic led to a global economic crisis characterized by a contraction, and, in some cases, by a real halt on production activities, in almost all the sectors and countries in which the group operates. This implies that there are some additional elements

of uncertainty compared to the normal market conditions of the past. Therefore, management's estimates were based on experience but, in line with the assumptions of the various sector executives, in identifying the evolution of the current scenario they considered both the uncertainties associated with market variables and the prospects arising from the national investment policies included in the European Recovery Fund plan. The whole of the assessments carried out led to the decision to use the most probable scenario, leaving the appropriate considerations on possible alternative scenarios to the specific sensitivity analyses.

- *terminal value:*

The terminal value is calculated assuming that, at the end of the projection period, the CGU generates a constant cash flow (perpetual). The annual rate of perpetual growth (g) to deduce the terminal value is based on the long-term growth expected for the industry in the country of operation. The development of the cement and ready-mix concrete business, especially, is strictly linked to average per capita consumption, population growth and GDP of the respective country (or where the asset is used). Such parameters are reflected on the (g) factor, which has been determined for each market as follows:

(in %)	ITA	GER	NLD	CZE	POL	UKR	LUX	RUS	USA
g									
2020	**2.44%**	**2.38%**	**2.08%**	**3.44%**	**3.22%**	**5.40%**	**4.12%**	**3.92%**	**2.66%**
2019	0.58%	1.06%	1.24%	1.84%	2.30%	6.36%	2.84%	3.70%	1.78%

- *discount rate:*

The discount rate represents the return expected by the company's lenders and shareholders to invest their capitals in the business; it is calculated as the weighted average between the equity cost and the cost of debt increased by the country-specific risk (WACC). The discount rates, after tax, applied to the main CGUs are as follows:

(in %)	ITA	GER	NLD	CZE	POL	UKR	LUX	RUS	USA
WACC									
2020	**6.76%**	**4.51%**	**4.62%**	**5.36%**	**5.60%**	**14.93%**	**4.56%**	**8.95%**	**5.75%**
2019	6.57%	4.40%	4.50%	5.22%	5.45%	16.77%	4.44%	8.73%	6.42%

Where present, the value has encompassed also the fair value of the owned raw material reserves, of some investment properties and of banked emission allowances.

The sensitivity analysis was performed on the recoverable amount of the different CGUs, in order to verify the effects of reasonably possible changes, if any, in the key assumptions. Specifically, we reasoned upon changes in the cost of money (and consequently WACC discount rate) and net operating cash flow. In general, we can assert that only in the event of a significant cash flow decrease or an increase of the discount rate by some percentage points the recoverable amount would come out lower than the carrying amount at the balance sheet date.

In the case of the Italian CGUs, following the drop in volumes due to the total lockdown occurred last spring, additional sensitivity analyses were conducted by assigning probability weights to possible scenarios related to the persistence of the Covid-19 health emergency. In particular, the management assumed a scenario in which the first two years of the plan show a decrease in volumes equal to 2020 and a second scenario in which reasonably possible decreases in the annual perpetual growth rate were considered (g). From this exercise it emerges that the recoverable amounts remain in any case greater than the book values at the balance sheet date.

20. Right-of-use assets and Lease liabilities

Set out below are the detail and changes of the amounts recognized in the balance sheet and income statement relating to right-of-use assets, broken down by category:

(thousands of euro)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other	Total
At 1 January 2019					
Cost/deemed cost	28,193	11,035	11,882	43,453	94,563
Accumulated depreciation and write-downs	-	-	-	-	-
Net book amount	**28,193**	**11,035**	**11,882**	**43,453**	**94,563**
Year ended 31 December 2019					
Opening net book amount	28,193	11,035	11,882	43,453	94,563
Exchange differences	225	25	(159)	30	121
Additions and other	4,961	5,217	7,570	9,895	27,643
Change in scope of consolidation	35	2,805	-	-	2,840
Extinctions	(535)	(1,531)	(6)	(72)	(2,144)
Depreciation and impairment charges	(5,275)	(1,570)	(13,006)	(4,403)	(24,254)
Reclassifications	-	-	39,668	(39,190)	478
Closing net book amount	**27,604**	**15,981**	**45,949**	**9,713**	**99,247**
At 31 December 2019					
Cost/deemed cost	32,861	17,556	59,114	14,114	123,645
Accumulated depreciation and write-downs	(5,257)	(1,575)	(13,165)	(4,401)	(24,398)
Net book amount	**27,604**	**15,981**	**45,949**	**9,713**	**99,247**
Year ended 31 December 2020					
Opening net book amount	27,604	15,981	45,949	9,713	99,247
Exchange differences	(695)	(59)	(3,626)	(188)	(4,568)
Additions and other	4,501	1,169	8,532	4,860	19,062
Extinctions	(416)	(232)	-	(220)	(868)
Depreciation and impairment charges	(5,032)	(2,803)	(12,190)	(5,144)	(25,169)
Reclassifications	-	-	21	-	21
Closing net book amount	**25,962**	**14,056**	**38,686**	**9,021**	**87,725**
At 31 December 2020					
Cost/deemed cost	35,759	18,343	62,009	17,133	133,244
Accumulated depreciation and write-downs	(9,797)	(4,287)	(23,323)	(8,112)	(45,519)
Net book amount	**25,962**	**14,056**	**38,686**	**9,021**	**87,725**

Lease liabilities recorded in the balance sheet at 31 December 2020 amount to €85,997 thousand. During the 2020 financial year, the financial effect due to modification of the terms, mainly for extension and termination options, was an increase in lease liabilities and right-of-use assets of € 10,172 thousand:

(thousands of euro)	2020	2019
Within 6 months	11,919	11,817
Between 6 and 12 months	9,524	10,710
Between 1 and 5 years	50,677	54,532
Over 5 years	13,877	20,133
	85,997	**97,192**

Set out below is a breakdown of cash outflows for leases:

(thousands of euro)	2020	2019
Short-term lease, low value and variable components	4,503	8,322
Interest amount	2,557	2,735
Principal amount	24,707	26,896
	31,767	**37,953**

21. Property, plant and equipment

(thousands of euro)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Asset in progress and advances	Other	Total
At 1 January 2019						
Cost/deemed cost	2,782,711	4,832,041	410,690	121,916	117,168	8,264,526
Accumulated depreciation and write-downs	(1,079,028)	(3,684,501)	(314,677)	(29,664)	(97,380)	(5,205,250)
Net book amount	**1,703,683**	**1,147,540**	**96,013**	**92,252**	**19,788**	**3,059,276**
Year ended 31 December 2019						
Opening net book amount	1,703,683	1,147,540	96,013	92,252	19,788	3,059,276
Exchange differences	29,950	28,874	3,376	3,644	641	66,485
Additions	30,253	60,630	27,474	114,919	3,394	236,670
Change in scope of consolidation	11,909	9,945	345	1,084	38	23,321
Disposals and other	(6,080)	1,021	(432)	(906)	(38)	(6,435)
Depreciation and impairment charges	(43,447)	(157,333)	(20,945)	(67)	(6,592)	(228,384)
Reclassifications	8,264	40,768	3,091	(66,716)	13,657	(936)
Closing net book amount	**1,734,532**	**1,131,445**	**108,922**	**144,210**	**30,888**	**3,149,997**
At 31 December 2019						
Cost/deemed cost	2,867,048	4,984,211	429,290	173,946	132,025	8,586,520
Accumulated depreciation and write-downs	(1,132,516)	(3,852,766)	(320,368)	(29,736)	(101,137)	(5,436,523)
Net book amount	**1,734,532**	**1,131,445**	**108,922**	**144,210**	**30,888**	**3,149,997**
Year ended 31 December 2020						
Opening net book amount	1,734,532	1,131,445	108,922	144,210	30,888	3,149,997
Exchange differences	(122,457)	(78,312)	(10,023)	(13,176)	(3,117)	(227,085)
Additions	22,410	68,210	22,709	105,628	3,682	222,639
Change in scope of consolidation	1,563	559	-	-	-	2,122
Disposals and other	(10,991)	(900)	(59)	(1,139)	(175)	(13,264)
Depreciation and impairment charges	(44,999)	(149,163)	(21,588)	-	(8,281)	(224,031)
Reclassifications	34,932	49,116	4,950	(102,267)	12,296	(973)
Closing net book amount	**1,614,990**	**1,020,955**	**104,911**	**133,256**	**35,293**	**2,909,405**
At 31 December 2020						
Cost/deemed cost	2,745,254	4,846,098	412,079	162,972	135,887	8,302,290
Accumulated depreciation and write-downs	(1,130,264)	(3,825,143)	(307,168)	(29,716)	(100,594)	(5,392,885)
Net book amount	**1,614,990**	**1,020,955**	**104,911**	**133,256**	**35,293**	**2,909,405**

Total additions of €222,639 thousand in 2020 are described in the business review, to which reference is made. In the cash flow statement and in the business review, capital expenditures are reported according to the actual outflows (€222,900 thousand).
The change in scope of consolidation during the period is attributable to the acquisition of two ready-mix concrete plants in Italy.

During the year the group capitalized borrowing costs amounting to €354 thousand on qualifying assets (2019: €368 thousand). Borrowing costs were capitalized at the rate of 2.0% (2019: 2.1%).

Assets in progress and advances include €17,465 thousand relating to the bulk purchase of second-hand machinery and equipment for the Korkino plant in Russia (Iskitim project), in 2019.

Negative exchange differences of €227,085 thousand reflect basically the weakening in the dollar/euro, ruble/euro, hryvnia/euro and zloty/euro exchange rate. In 2019 the trend in the exchange rate of the dollar, the ruble and the hryvnia had given rise to overall positive exchange differences of €66,485 thousand.

Real guarantees on assets of consolidated companies are represented by liens on industrial and commercial equipment for the amount of €119 thousand al 31 December 2020 (2019: €126 thousand).

During 2006, Buzzi Unicem USA entered into a series of agreements with Jefferson County, Missouri, related to the Selma plant. Legal title to the plant property was transferred to the County and at the same time the County then leased the same property back to the company, for a period of approximately 15 years, under a sale and lease-back contract. Correspondingly Buzzi Unicem USA has subscribed bonds issued by the County, with the same maturity for an amount of €75,623 thousand at 31 December 2020. Our subsidiary is responsible for all operation and maintenance of the leased assets and has the option to purchase the personal property at the conclusion of the lease term for $1. Should Buzzi Unicem USA not exercise the option, it shall be obliged to pay 125% of the personal property taxes that would normally apply. The plan provides for 60% abatement of personal property taxes for approximately 15 years. Since there was not and there will not be any financial flow between the parties, in compliance with the applicable accounting standards and based on the economic substance of the agreement, the company has not recorded the bond and the financial liability for the capital lease in its consolidated financial statements. The company recorded the original cost of the personal property within property, plant, and equipment and is depreciating the property over the appropriate useful lives. The carrying amount at the balance sheet date is €28,763 thousand.

During 2015, Buzzi Unicem USA entered into a series of agreements similar to the above cited ones with Bel Aire County, Kansas, regarding a new distribution terminal in the city of Wichita. The carrying amount of the assets at the balance sheet date is €4,542 thousand.

22. Investment property

It is accounted for using the cost model and it amounts to €18,762 thousand, showing a decrease of €2,034 thousand versus last year.
The fair value at the balance sheet date, based on internal and external independent appraisals, amounts to €31,600 thousand (2019: €44,148 thousand) and is classifiable as level 2, because based on observable data. The measurement of the market value built on internal appraisals was conducted using comparative estimates based on recent transactions for similar property, where available, and comparing them with information coming from real estate agents operating in the same area and with other publicly available databases.

(thousands of euro)	**2020**	**2019**
At 1 January		
Cost/deemed cost	35,864	28,550
Accumulated depreciation and write-downs	(15,068)	(8,271)
Net book amount	**20,796**	**20,279**
Exchange differences	(86)	19
Disposals and other	(1,491)	(22)
Depreciation and impairment charges	(457)	(39)
Reclassifications	-	559
At 31 December	**18,762**	**20,796**
Cost/deemed cost	23,396	35,864
Accumulated depreciation and write-downs	(4,634)	(15,068)
Net book amount	**18,762**	**20,796**

The caption disposals and other includes land and buildings located in Osnabrück in northern Germany for €1,027 thousand and land in Luxembourg for €81 thousand (whose fair value amounted to €11,213 thousand) reclassified under assets held for sale.

Write-downs relate to land and buildings of the mothballed Santarcangelo di Romagna (RN) plant for €420 thousand.

23. Investments in associates and joint ventures

The amounts recognized in the balance sheet are as follows:

(thousands of euro)	**2020**	**2019**
Associates valued by the equity method	154,809	209,248
Joint ventures valued by the equity method	254,401	308,672
	409,210	**517,920**

The net decrease of €108,710 thousand was affected upwards by the share of the investee's earnings for €173,080 thousand, downwards by dividends received for €198,161 thousand and exchange differences of €81,133 thousand.

When events or changes in circumstances indicate that there may be an impairment, the book value of the investments in associates is being tested accordingly. Management measured the value in use as the group's share in the present value of estimated future cash flows. In some cases, the assessment has encompassed the fair value of property owned by the associates. The comparison between the recoverable amount resulting from the calculation and the carrying amount did not provide any evidence of a permanent loss on these assets. Furthermore, a sensitivity analysis was performed on the recoverable amount of the investments, to verify the effects of reasonably possible changes, if any, in the key assumptions. Specifically, we reasoned upon changes in the cost of money (and consequently WACC discount rate) and net operating cash flow. In general, we can assert that only in the event of a significant cash flow decrease or an increase of discount rate by some percentage points, the recoverable amount would come out lower than the carrying amount at the balance sheet date, despite the presence of some investments more sensitive to changes in the above assumptions.

23.1 Interests in associates

Set out below are the associates as at 31 December 2020 which, in the opinion of the directors, are material to the group. These associates have a share capital consisting solely of ordinary shares, which are held directly or indirectly by the company. The country of incorporation is also their principal place of business.

Nature of investments in associates:

Name of the entity	Nature of the relationship	Place of business/country of incorporation	% of ownership interest	Book value	Measurement method
Société des Ciments de Hadjar Soud EPE SpA	Note 1	Algeria	35.0	37,438	Equity
Société des Ciments de Sour El Ghozlane EPE SpA	Note 1	Algeria	35.0	35,996	Equity
Louisville Cement Assets Transition Company[1]	Note 2	United States of America	25.0	613	Equity
Salonit Anhovo Gradbeni Materiali dd	Note 3	Slovenia	25.0	31,149	Equity

[1] formerly Kosmos Cement Company

Note 1

Buzzi Unicem holds a 35% interest in Société des Ciments de Sour El Ghozlane EPE SpA and Société des Ciments de Hadjar Soud EPE SpA, two full-cycle cement plants operating in Algeria. They are strategic partnerships for the group presence in emerging markets, where the remaining majority stake is owned by the Algerian State through the industrial holding GICA.

Note 2

On 6 March 2020, the transaction involving the sale of all the assets of Louisville Cement Assets Transition Company (formerly Kosmos Cement Company), in which the group holds a 25% interest, was completed. The business being sold consists of the Louisville (KY) cement plant and related assets, which include seven distribution terminals and raw material reserves. This transaction had a positive effect on the value of the investment of €103,624 thousand, offset by the pro-rata dividends distributed of €143,348 thousand.

Note 3

The group holds a 25% stake in Salonit Anhovo Gradbeni Materiali dd, a company owning a full-cycle cement plant in Slovenia, located a few kilometers away from the Italian border. Salonit Anhovo is the main actor in the Slovenian market and it also exports regularly a meaningful portion of its production to the Italian regions across the border.

All four associate companies are private and there is no quoted market price available for their shares. There are no contingent liabilities relating to the group's interest in the same associates.

Summarized financial information for associates

Set out below is the summarized financial information for the associates that are material to the group, all valued by the equity method

	Société des Ciments de Hadjar Soud EPE SpA		Société des Ciments de Sour El Ghozlane EPE SpA		Louisville Cement Assets Transition Company[1]		Salonit Anhovo Gradbeni Materiali dd	
(thousands of euro)	2020	2019	2020	2019	2020	2,019	2020	2019
Summarized balance sheet								
Current assets								
Cash and cash equivalents	37,866	34,572	26,914	34,075	11,136	4,082	20,357	8,441
Other current assets (excluding cash)	27,485	27,810	33,733	33,563	2,297	196,284	30,000	38,779
	65,351	**62,382**	**60,647**	**67,638**	**13,433**	**200,366**	**50,357**	**47,220**
Non-current assets	**59,636**	**72,922**	**47,768**	**40,893**	**-**	**1,249**	**107,286**	**109,675**
Current liabilities								
Financial liabilities (excluding trade and other payables and provisions)	-	-	-	-	-	-	6,062	5,543
Other current liabilities (including trade and other payables and provisions)	9,935	16,385	6,962	2,026	10,979	36,284	14,365	23,946
	9,935	**16,385**	**6,962**	**2,026**	**10,979**	**36,284**	**20,427**	**29,489**
Non-current liabilities								
Financial liabilities (excluding other payables and provisions)	-	-	-	-	-	-	12,443	10,561
Other non-current liabilities (including other payables and provisions)	8,087	4,502	9,280	6,821	-	68	2	-
	8,087	**4,502**	**9,280**	**6,821**	**-**	**68**	**12,445**	**10,561**
Summarized income statement								
Net sales	35,027	48,541	33,450	36,523	17,837	144,942	88,446	86,030
Gains on disposal of property, plant and equipment	-	-	-	-	414,495	-	-	-
Depreciation, amortization and impairment charges	(10,400)	(10,619)	(9,864)	(10,432)	(1,291)	(15,389)	(9,379)	(8,983)
Finance revenues	1,218	1,248	399	337	-	74	413	651
Finance costs	(14)	(6)	(30)	(1)	(84)	(121)	(463)	(346)
Income tax expense	(2,425)	(1,557)	1,451	(879)	-	-	983	1,178
Profit for the year	**3,843**	**8,583**	**1,740**	**2,743**	**412,285**	**33,264**	**15,762**	**11,887**
Other comprehensive income	(22,653)	563	(19,671)	1,511	(2,903)	3,276	-	-
Total comprehensive income	**(18,810)**	**9,146**	**(17,931)**	**4,254**	**409,382**	**36,540**	**15,762**	**11,887**

[1] formerly Kosmos Cement Company

The above information reflects the amounts presented in the financial statements of each associate (not Buzzi Unicem's share of those amounts), adjusted for possible differences in the accounting policies between the group and the same associates.

Reconciliation of summarized financial information

Set out below is a reconciliation betweenf the financial information (presented above) and the carrying amount of the interest in associate companies that are material to the group:

	Société des Ciments de Hadjar Soud EPE SpA		Société des Ciments de Sour El Ghozlane EPE SpA		Louisville Cement Assets Transition Company[1]		Salonit Anhovo Gradbeni Materiali dd	
(thousands of euro)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Opening net assets at 1 January	129,028	123,224	112,943	114,487	165,264	169,098	116,150	112,292
Profit for the year	3,843	8,583	1,740	2,743	412,285	33,264	15,762	11,887
Dividends	(3,253)	(3,343)	(2,839)	(4,939)	(572,192)	(40,374)	(8,029)	(8,029)
Exchange differences	(22,653)	564	(19,671)	652	(2,903)	3,276	-	-
Closing net assets	**106,965**	**129,028**	**92,173**	**112,943**	**2,454**	**165,264**	**123,883**	**116,150**
Ownership share (35%; 35%; 25%; 25%)	37,438	45,160	32,261	39,530	613	41,316	30,971	29,037
Goodwill	-	-	3,735	4,523	-	-	178	228
Carrying value	**37,438**	**45,160**	**35,996**	**44,053**	**613**	**41,316**	**31,149**	**29,265**

[1] formerly Kosmos Cement Company

23.2 Interests in joint ventures

Set out below are the two joint ventures as at 31 December 2020 which, in the opinion of the directors, are material to the group.

Name of the entity	Place of business/country of incorporation	% of ownership interest	Book value	Measurement method
Corporación Moctezuma, SAB de CV	Mexico	33.0	134,321	Equity
BCPAR SA	Brazil	50.0	114,425	Equity

Corporación Moctezuma, SAB de CV has a share capital consisting solely of ordinary shares, which is held indirectly by the company. Corporación Moctezuma is the holding of a group which manufactures and sells cement, ready-mix concrete and natural aggregates. It is a strategic investment for the group, whose operations are located in Mexico.
As at 31 December 2020, the fair value of our interest in Corporación Moctezuma, SAB de CV, which is listed on the Bolsa Mexicana de Valores, was €709,147 thousand (2019: €814,928 thousand).

BCPAR SA has a share capital consisting solely of ordinary shares, which is held directly by the company. BCPAR is the holding company of a group that manufactures and sells cement, by operating two full-cycle plants in Brazil, one in the north-eastern region of the country (state of Paraíba) and the other in the south-eastern area (state of Minas Gerais). In this case too, the investment is strategic for the group.
In October 2020, the Brazilian company Companhia Nacional de Cimento (CNC), a wholly owned subsidiary of BCPAR SA, finalized a purchase agreement for the businesses of the CRH group operating in Brazil (three full-cycle cement plants and two grinding plants). The parties have agreed a price of $218 million, subject to adjustments at the closing date. Buzzi Unicem intervenes in the transaction in order to ensure its success, in particular by financing CNC through cash as well as credit lines already available. The execution of the agreement is subject to approval by the Brazilian antitrust authority (CADE), which is foreseen in 2021.

Summarized financial information for joint ventures

Set out below is the summarized financial information for the joint ventures that are material to the group, both valued by the equity method:

	Corporación Moctezuma, SAB de CV		BCPAR SA	
(thousands of euro)	**2020**	**2019**	**2020**	**2019**
Summarized balance sheet				
Current assets				
Cash and cash equivalents	126,915	99,464	53,025	3,336
Other current assets (excluding cash)	89,762	97,777	38,940	73,647
	216,677	**197,241**	**91,965**	**76,983**
Non-current assets	**290,453**	**340,309**	**272,751**	**405,056**
Current liabilities				
Financial liabilities (excluding trade and other payables and provisions)	2,600	2,567	19,605	13,712
Other current liabilities (including trade and other payables and provisions)	80,992	65,415	11,032	16,863
	83,592	**67,982**	**30,637**	**30,575**
Non-current liabilities				
Financial liabilities (excluding other payables and provisions)	2,493	3,738	80,615	136,222
Other non-current liabilities (including other payables and provisions)	22,990	31,007	29,212	3,119
	25,483	**34,745**	**109,827**	**139,341**
Summarized income statement				
Net sales	573,797	593,208	139,099	134,729
Depreciation, amortization and impairment charges	(25,963)	(28,043)	(14,938)	(18,793)
Finance revenues	23,168	12,020	3,227	5,314
Finance costs	(18,478)	(10,244)	(27,225)	(12,478)
Income tax expense	(71,855)	(68,380)	(5,819)	(1,856)
Profit for the year	**172,105**	**157,580**	**838**	**(1,342)**
Other comprehensive income	(58,934)	28,841	-	-
Total comprehensive income	**113,171**	**186,421**	**838**	**(1,342)**

The above information reflects the amounts presented in the financial statements of each joint venture (not Buzzi Unicem's share of those amounts), adjusted for possible differences in the accounting policies between the group and the same joint ventures.

Reconciliation of summarized financial information

Set out below is a reconciliation between the financial information (presented above) and the carrying amount of the interest in joint ventures that are material to the group:

	Corporación Moctezuma, SAB de CV		BCPAR SA	
(thousands of euro)	**2020**	**2019**	**2020**	**2019**
Opening net assets at 1 January	434,343	447,919	238,022	222,905
Profit for the year	172,105	157,580	838	(1,342)
Actuarial gains (losses) on post-employment benefits	(130)	(230)	-	-
Dividends	(140,461)	(194,081)	-	-
Exchange differences	(58,934)	28,611	(65,674)	(3,623)
Change in scope of consolidation	-	-	-	20,082
Other	(8,703)	(5,456)	(40)	-
Closing net assets	**398,220**	**434,343**	**173,146**	**238,022**
% of ownership (33%; 50%)	134,321	145,845	86,573	119,011
Goodwill	-	-	27,852	39,143
Carrying value	**134,321**	**145,845**	**114,425**	**158,154**

24. Equity investments at fair value

The line item refers to investments in unconsolidated subsidiaries and in other companies, all of them unlisted.

(thousands of euro)	Subsidiaries	Other	Total
At 1 January 2020	350	11,854	12,204
Fair value changes	-	470	470
Write-downs	-	(818)	(818)
Disposals and other	-	(457)	(457)
At 31 December 2020	**350**	**11,052**	**11,402**

25. Other non-current assets

(thousands of euro)	2020	2019
Loans to third parties and leasing	2,561	2,495
Loans to associates	87	123
Loans to customers	8,328	287
Tax receivables	1,063	1,160
Receivables from personnel	712	755
Guarantee deposits	12,336	13,900
Other	5,932	3,212
	31,019	**21,932**

Loans to third parties and leasing consist of lending to third parties, mostly interest-bearing and adequately secured.

Loans to customers are granted to some major accounts in the United States; they bear interest at market rates, are adequately secured and are performing regularly. During 2020, a new loan was granted to a customer for €8,149 thousand, with maturity date 31 December 2035. The loan, which is secured by mortgages, bears interest at 3.25% until 31 December 2025, increasing to 4.25% for the remainder of the period.

Receivables from personnel include loans to employees equal to €356 thousand (2019: €349 thousand).

Guarantee deposits represent monetary assets held in trust to secure the payment of benefits under certain pension plans in the United States for €11,171 thousand, besides insurance deposits.

The receivables included in this item expiring after more than five years amount to €20,348 thousand (2019: €12,096 thousand). The maximum exposure to credit risk is the carrying value of each class of receivable mentioned above.

26. Inventories

(thousands of euro)	2020	2019
Raw materials, supplies and consumables	281,891	294,429
Work in progress	77,414	89,807
Finished goods and merchandise	80,601	95,730
Advances	505	1,025
Emission rights	28,949	8,308
	469,360	**489,299**

Increases and decreases of the various categories depend on the trend in production and sales, on the price of the factors employed, as well as on changes in exchange rates used for the translation of foreign financial statements.

The amount shown is net of an allowance for obsolescence of €31,404 thousand (2019: €32,476 thousand).

27. Trade receivables

(thousands of euro)	2020	2019
Trade receivables	410,542	431,998
Less: Loss allowance	(22,692)	(29,689)
Trade receivables, net	**387,850**	**402,309**
Other trade receivables:		
From associates	11,345	12,105
From parent companies	27	54
	399,222	**414,468**

Trade receivables are non-interest bearing and generally have a maturity between 30 and 120 days. The Covid-19 emergency did not affect the average collection period.

The year-end balances from associates arise from normal and regular business transactions entered into mostly with firms operating in the ready-mix concrete segment.

The carrying amounts of net trade receivables are denominated in the following currencies:

(thousands of euro)	2020	2019
Euro	212,391	212,162
US Dollar	135,914	143,620
Russian Ruble	13,679	14,529
Other currencies	25,866	31,998
	387,850	**402,309**

Movements in the loss allowance for trade receivables during the year are as follows:

(thousands of euro)	2020	2019
At 1 January	29,689	33,208
Exchange differences	(1,074)	369
Increase recognized in profit or loss	3,189	8,668
Receivables written off as uncollectible	(6,594)	(9,289)
Unused amounts reversed and other	(2,518)	(3,267)
At 31 December	**22,692**	**29,689**

The additions to the loss allowance for trade receivables are included among other operating expenses, net of related releases (note 12). Information about the exposure to credit risk can be found in note 3.1.

28. Other receivables

(thousands of euro)	2020	2019
Tax receivables	32,940	38,006
Receivables from social security institutions	266	131
Receivables from unconsolidated subsidiaries and associates	-	200
Loans to customers	82	190
Receivables from suppliers	4,480	5,807
Receivables from personnel	256	348
Receivables from sale of equity investments	-	226
Current financial assets	1,473	1,501
Loans to third parties and leasing	408	440
Accrued interest income	685	910
Other accrued income and prepaid expenses	11,072	12,248
Other	20,542	10,507
	72,204	**70,514**

Tax receivables include income tax payments in advance and the debit balance of periodic value added tax liquidation; this caption also includes amounts owed by the ultimate parent Fimedi SpA to certain Italian companies that are members of the controlled group of corporations for domestic income tax purposes.

Loans to customers represent the current portion of the interest bearing lending granted in the United States (note 25).

Receivables from suppliers mainly include advances on the procurement of gas, electricity and other services.

Prepaid expenses refer to goods or services to be received in the future.

The caption other increases due to the receivable recognized for the reimbursement, received on 7 January 2021, of the fine imposed in 2015 by the Polish Antitrust Authority in the amount of €7,069 thousand (note 49).

29. Cash and cash equivalents

(thousands of euro)	2020	2019
Cash at banks and in hand	862,883	573,002
Short-term deposits	355,396	264,401
	1,218,279	**837,403**

Foreign operating companies hold about 53.2% of the balance of €1,218,279 thousand (70.2% in 2019). At the closing date, short-term deposits and securities earn interest at about 0.50% on average (1.66% in 2019), yield in euro is around 0.01%, in dollar 0.23% and in other currencies 2.39%. The average maturity of such deposits and securities is lower than 60 days.

The cash flows, the working capital and the available liquidity of the subsidiaries are handled locally but under a central finance function, to ensure an efficient and effective management of the resources generated and/or of the financial needs.

Cash and cash equivalents are denominated in the following currencies:

(thousands of euro)	2020	2019
Euro	365,277	297,582
US Dollar	663,745	383,780
Russian Ruble	104,668	94,854
Other currencies	84,589	61,187
	1,218,279	**837,403**

30. Assets held for sale

They mainly refer to some quarry land in Germany, belonging to the idle plant of Seibel & Söhne, which was sold in January 2021 for €8,126 thousand; to some plants and machinery of the mothballed Travesio (€1,235 thousand) and Sorbolo (€1,650 thousand) plants and to land in Luxembourg for €123 thousand that will be sold by mid-2021 in accordance with the letter of intent signed on 15 December 2020.

At the end of 2019, they mainly referred to plants and machinery of the mothballed Travesio plant, (€1,235 thousand), to the equity investments in Ecotrade SpA and Cobéton SA for €2,090 thousand and to quarries and land in Italy for €2,644 thousand.

31. Share capital

At the balance sheet date the share capital of the company is as follows:

(number of shares)	2020	2019
Shares issued and fully paid		
Ordinary Shares	165,349,149	165,349,149
Savings Shares	40,711,949	40,711,949
	206,061,098	**206,061,098**
Share capital (thousands of euro)	123,637	123,637

All categories of shares have a par value of €0.60 each. Each ordinary share gives right to one vote, without any restrictions whatsoever. Savings shares are not entitled to vote and they can be either registered or bearer, at the shareholder's preference.

Savings shares are entitled to a preferential dividend equal to 5% of par value and a total dividend equal to ordinary shares' dividend plus 4% of par value. In case of no dividend distribution, the right to the preferential dividend is carried forward over the two following years.

The number of shares outstanding changed during 2020 and at the balance sheet date is the following:

(number of shares)	Ordinary	Savings	Total
At 1 January 2020			
Shares issued	165,349,149	40,711,949	206,061,098
Less: Treasury shares	-	(29,290)	(29,290)
Outstanding at beginning of year	**165,349,149**	**40,682,659**	**206,031,808**
Year ended 31 December 2020			
Purchase of treasury shares	(401,158)	(109,740)	(510,898)
Outstanding at end of year	**164,947,991**	**40,572,919**	**205,520,910**
At 31 December 2020			
Shares issued	165,349,149	40,711,949	206,061,098
Less: Treasury shares	(401,158)	(139,030)	(540,188)
Outstanding at end of year	**164,947,991**	**40,572,919**	**205,520,910**

On 18 January 2021, all outstanding savings shares were converted into 27,277,005 newly issued ordinary shares, on the basis of a conversion ratio equal to 0.67 ordinary shares for each savings share, with the simultaneous elimination of par value for any outstanding share (note 54).

The post-conversion share capital is unchanged and consists of ordinary shares only, as follows:

(number of shares)	**18/01/2021**
Shares issued and fully paid	
Ordinary Shares	192,626,154
Savings Shares	-
	192,626,154
Share capital (thousands of euro)	123,637

The conversion had a dilutive effect on the voting rights of the ordinary shareholders approximately equal to 14%.

(number of shares)	**Ordinary**	**Savings**	**Total**
Conversion			
Shares issued	27,277,005	(40,711,949)	(13,434,944)
Purchase of treasury shares (withdrawal)	-	(12)	(12)
Less: Treasury shares	(93,158)	139,042	45,884
At 18 January 2021			
Shares issued	192,626,154	-	192,626,154
Less: Treasury shares	(494,316)	-	(494,316)
	192,131,838	**-**	**192,131,838**

32. Share premium

It consists of the overall premium on shares issued over time. The line item amounts to €458,696 thousand as at 31 dicembre 2020 and it is unchanged versus last year.

33. Other reserves

The line item encompasses several captions, which are listed and described here below:

(thousands of euro)	**2020**	**2019**
Exchange differences	(768,221)	(334,483)
Revaluation reserves	88,286	88,286
Merger surplus	247,530	247,530
Other	117,483	115,465
	(314,922)	**116,798**

The exchange differences reflect the foreign exchange rate fluctuations that occurred starting from the first-time consolidation of financial statements denominated in foreign currencies. The negative change in the balance of €433,738 thousand results from the weakening in the exchange rates of all the functional currencies involved in the consolidation process: €212,762 thousand for the US dollar, €108,902 thousand for the Russian ruble, €44,128 thousand for the Brazilian real, €21,329 thousand for the Ukrainian hryvnia, €19,878 thousand for the Mexican peso, €15,597 thousand for the Algerian dinar and €11,142 thousand for the other currencies in Eastern Europe.

34. Retained earnings

The line item contains both retained earnings and profit for the financial year attributable to owners of the company. It also includes the legal reserve from the statutory financial statements of Buzzi Unicem SpA, changes in shareholders' 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 the year some transactions took place with non-controlling interests after the acquisition of control, the overall effect of which led to a decrease in retained earnings of €486 thousand.

The changes in gains and losses generated by the actuarial valuations of liabilities for employee benefits, net of related deferred tax, in 2020 brought to a decrease in retained earnings equal to €15,953 thousand.

35. Non-controlling interests

The balance refers to Cimalux SA for €3,278 thousand, Betonmortel Centrale Groningen (B.C.G.) BV for €1,387 thousand and other minor entities for the remainder.

Summarized financial information on subsidiaries with material non-controlling interests

Set out below is the summarized financial information for Cimalux SA before intercompany eliminations. The company operates in the cement industry in Luxembourg. In the opinion of the directors, it is the only subsidiary with non-controlling interests that are material to the group.

Name of subsidiary	Place of business/country of incorporation	Non-controlling interests		Profit attributable to non-controlling interests		Equity attributable to non-controlling interests	
(thousands of euro)		2020	2019	2020	2019	2020	2019
Cimalux S.A.	Luxembourg	1.57%	1.57%	215	202	3,278	3,176

(thousands of euro)	**2020**	**2019**
Summarized balance sheet		
Non-current assets	88,409	89,951
Current assets	159,087	150,725
Non-current liabilities	18,003	17,529
Current liabilities	20,548	20,743
Net assets	**208,945**	**202,404**
Summarized income statement		
Net sales	99,589	102,073
Operating expenses	(80,995)	(80,511)
Depreciation, amortization and impairment charges	(7,336)	(6,874)
Finance revenues	5,715	1,767
Finance costs	(333)	(278)
Income tax expense	(2,920)	(3,315)
Profit for the year	**13,720**	**12,862**
Other comprehensive income	(536)	17
Total comprehensive income	**13,184**	**12,879**
Total comprehensive income attributable to non controlling interests	**(9)**	**-**
Dividends paid to non-controlling interests	104	104
Summarized statement of cash flows		
Cash flows from operating activities		
Cash generated from operations	12,372	19,829
Interest paid	(7)	(7)
Income tax paid	(2,482)	(3,260)
Net cash generated from operating activities	**9,883**	**16,562**
Net cash generated (used) in investing activities	**431**	**(2,028)**
Net cash generated from (used in) financing activities	**(11,292)**	**(16,630)**
Decrease in cash and cash equivalents	**(978)**	**(2,096)**
Cash and cash equivalents at beginning of year	**5,722**	**7,818**
Cash and cash equivalents at end of year	**4,744**	**5,722**

36. Debt and borrowings

(thousands of euro)	2020	2019
Long-term debt		
Senior notes and bonds	497,917	497,042
Unsecured term loans	668,392	738,586
	1,166,309	**1,235,628**
Current portion of long-term debt		
Unsecured term loans	52,958	26,414
	52,958	**26,414**
Short-term debt		
Bank debts	1,070	1,471
Accrued interest expense	11,831	12,266
	12,901	**13,737**

During 2020 the average interest rate on financial indebtedness was equal to 1.90% (2019: 2.05%).

The exposure of the group's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

(thousands of euro)	2020	2019
Within 6 months	65,687	14,443
Between 6 and 12 months	172	25,708
Between 1 and 5 years	1,125,411	1,029,331
Over 5 years	40,898	206,297
	1,232,168	**1,275,779**

In February 2021, with the goal of optimizing the liquidity management, we notified to the lenders the early repayment of the variable rate tranches of the 2017 Schuldschein loans for €40,000 thousand (borrower Buzzi Unicem SpA) and €12,500 thousand (borrower the subsidiary Dyckerhoff GmbH).

Senior notes and bonds
At the balance sheet date the caption includes only the so-called eurobond "Buzzi Unicem €500,000,000 - 2.125% Notes due 2023" issued in April 2016, for a nominal amount of €500 million with a 7-year maturity. The notes, placed with institutional investors and listed on the Luxembourg Stock Exchange, have a minimum denomination of €100,000 and pay a fixed annual coupon of 2.125%. The issue price was equal to 99.397 of par value and the notes are due in a single installment on 28 April 2023. This bond is carried at amortized cost, corresponding to an interest rate of 2.312% and to an amount of €497,917 thousand.in the balance sheet.

Term loans and other borrowings
The change for the year is essentially stemming from a decrease due to principal repayments of €26,414 thousand, while no new bank borrowings were taken out during the 2020 financial year.

In May 2020, a committed credit line granted to the company, amounting to €100 million and of forthcoming maturity, was renewed until 26 March 2021.

As at 31 dicembre 2020 the group has undrawn committed facilities for €320,969 thousand (2019: €321,466 thousand), thereof €299,492 thousand available to the company, at floating rate with maturity between 2021 and 2023, and the remaining €21,477 thousand to Dyckerhoff GmbH and its subsidiaries, always at floating rate, with maturity in 2021.

In respect to interest rate and currency, the gross indebtedness at 31 dicembre 2020 can be shortly split as follows: 15.8% floating and 84.2% fix; 16% dollar-denominated and 84% euro-denominated.

The following table summarizes the carrying amount of the borrowings compared with their fair value

		2020		2019
(thousands of euro)	Carrying amount	Fair value	Carrying amount	Fair value
Floating rate borrowings				
Unsecured term loans	192,616	200,545	199,952	202,787
Fix rate borrowings				
Senior notes and bonds	497,917	517,405	497,042	522,605
Unsecured term loans	529,804	567,992	566,519	586,986
	1,220,337	**1,285,942**	**1,263,513**	**1,312,378**

The fair values are based on the cash flows discounted at current borrowing rates for the group and are within level 2 of the specific hierarchy.

37. Derivative financial instruments

As at 31 dicembre 2020 the value of the derivative financial instrument relating to the put and call option on the remaining 50% of the capital of BCPAR SA corresponds to a liability of €4,060 thousand. It is defined as the difference between the exercise price of the option and the fair value of the share to be acquired. The change in the fair value of the derivative was taken through the income statement and is directly attributable to the weakening of the Brazilian real.

The notional principal amount and the fair value estimation of the outstanding derivative instruments are summarized as follows:

		2020		2019
(thousands of euro)	Notional	Fair value	Notional	Fair value
BCPAR SA takeover option	210,743	(4,060)	183,500	(1,412)

38. Employee benefits

The line item includes post-employment benefits and other long-term benefits.

Post-employment benefits

They consist of pension plans, life insurance and healthcare plans, employee severance indemnities and other. Group companies provide post-employment benefits for their employees either directly or indirectly, by paying contributions to independently administered funds. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in which Buzzi Unicem operates. The obligations relate both to active employees and to retirees. Liabilities for contributions accrued but not yet paid are included within other payables.

Defined contribution plans

They primarily relate to public plans and/or supplemental private plans in Germany, the Netherlands, Luxembourg, Poland, the Czech Republic and the United States of America. Defined contribution plans for post-employment benefits exist also in Italy (employee severance indemnities or TFR for companies with at least 50 employees, after 31 December 2006). Expenses associated with defined contribution plans are charged to the income statement together with social security contributions under staff costs. No further commitments on the part of the employer exist over and above the payment of contributions to public plans or private insurance policies.

Defined benefit plans

Defined benefit plans may be unfunded, or they may be wholly or partly funded by the contributions paid by the company and, sometimes, by its employees to an entity or fund legally separate from the employer by which the benefits are paid.

Italy

The obligation for employee severance indemnities (TFR) is considered a defined benefit plan and is unfunded. It consists of the residual obligation that was required until 31 December 2006 under Italian legislation to be paid by companies with more than 50 employees, or accrued over the employee's working life for other companies. The obligation is remeasured every year, according to national employment laws. The provision is settled upon retirement or resignation and may be partially paid in advance if certain conditions are met. The level of benefits provided depends on the date of hire, length of service and salary. The commitments that amount to €16,738 thousand (2019: €18,149 thousand), have a weighted average duration of approximately 8 years.

Germany and Luxembourg

These pension arrangements provide for retirement benefits, early-retirement benefits, widows/widowers' benefits, orphans' allowances and generally also include long-term disability benefits. The level of benefits provided depends on the date of hire, salary and length of service. The commitments have a weighted average duration of approximately 16 years.

The pension obligations in Germany totaling €296,995 thousand (2019: €296,180 thousand) are partly funded through a contractual trust agreement. The value of trust assets is €31,639 thousand (2019: €29,986 thousand) and reduces the amount to be recognized as a liability. All other commitments in Germany and Luxembourg are exclusively funded by accounting provisions.

In Germany the existing defined benefit pension plans were closed as of 31 December 2017. For employees, who joined the company after 31 December 2017, a newly defined contribution plan was established. At the same time, starting from 1 January 2018, the possibility of deferred compensation for the benefit of individual supplemental pension was changed to defined contribution plans. Obligations for post-employment medical costs in Germany are unfunded and contain a commitment on the part of the employer to reimburse 50% of private healthcare insurance premiums to former employees and co-insured spouses and/or to widows/widowers. This healthcare plan was closed in 1993 and has a remaining weighted average duration of approximately 6 years.

Netherlands
As of 1 January 2020 the employees of the local holding company were transferred to the main operating company (still within the group and the country). Since then, those employees have been legally obliged to take part in the industry pension fund scheme and no longer in the pension plan of the company. This change resulted in the extinction of the defined benefit obligation and the corresponding plan assets. The liability that remains booked on the balance sheet refers to the supplementary pension plan.
Commitments for retirement, totaling €1,095 thousand are funded by contributions to an insurance policy. The value of plan assets by the insurance policy amounts to €747 thousand2019: and reduces the amount to be recognized as a liability. The commitments have a weighted average duration of approximately 18 years.

United States of America
Pension plans are mainly funded, while healthcare obligations are unfunded in nature. Pension arrangements provide for retirement and early-retirement benefits, surviving dependents' benefits (spouse or, alternatively, children) as well as long-term disability benefits. Benefits to white collar employees or their surviving dependents are linked to salary and length of service. For blue-collar workers, or their surviving dependents, pension benefits are determined on the basis of length of service as well as a fixed, periodically re-negotiated multiple. The major part of pension obligations, meaning €300,119 thousand (2019: 321,457 thousand), is covered by an external pension fund; its fair value of €248,037 thousand (2019: €272,998 thousand) reduces the amount to be recognized as a liability. These pension plans have been closed since 1 January 2011 and the weighted average duration is approximately 14 years. There are also unfunded obligations for a small group of individuals, whose weighted average duration is between 13 and 16 years.

Healthcare plans cover the portion of medical costs that is not covered by state plans or the costs of a private supplementary health insurance policy. The allowances paid to employees and, if relevant, their spouses depend on the length of service and do not include surviving dependents' benefits. These commitments have a weighted average duration of approximately 11 years.

Russia
The outstanding pension plans guarantee retirement services and benefits to former employees such as health care and other forms of indemnities. The level of the various benefits provided depends on the salary and employment conditions at the company. The liabilities amount to €1,918 thousand (2019: €2,343 thousand) and are funded by specific accounting provisions. The pension plan was closed as of 31 December 2018.

Other long-term benefits
The group grants also other long-term benefits to its employees, which include those generally paid when the employee attains a specific seniority. In this case the valuation reflects the probability that payment is required and the length of time for which payment is likely to be made. These schemes are unfunded and the amount of the obligation is calculated on an actuarial basis, in accordance with the projected unit credit method.

Actuarial gains and losses arising from this obligation are recognized in the income statement. In the United States the group sponsors a deferred compensation plan for certain employees. Amounts deferred are funded into a trust and the earnings in the trust accrued to the benefit of the participants. The asset and liability are reported at fair value (the net asset value of each investment fund).

The obligations for employee benefits are analyzed as follows:

(thousands of euro)	2020	2019
By category		
Post-employment benefits:		
Pension plans	341,758	338,256
Healthcare plans	77,228	76,751
Employee severance indemnities	16,738	18,149
Other long-term benefits	9,416	9,454
	445,140	**442,610**
By geographical area		
Italy	18,342	19,717
Germany, Luxembourg, Netherlands	287,508	287,454
United States of America	134,777	130,606
Other countries	4,513	4,833
	445,140	**442,610**

The amounts recognized in the balance sheet for post-employment benefits are determined as follows:

	Pension Plans		**Healthcare plans**		**Employee severance indemnities**	
(thousands of euro)	2020	2019	2020	2019	2020	2019
Present value of funded obligations	593,316	632,775	-	-	-	-
Fair value of plan assets	(280,423)	(322,454)	-	-	-	-
	312,893	**310,321**	**-**	**-**	**-**	**-**
Present value of unfunded obligations	28,865	27,938	77,228	76,751	16,738	18,149
Liability in the balance sheet	**341,758**	**338,259**	**77,228**	**76,751**	**16,738**	**18,149**

The movement in the defined benefit obligation for post-employment benefits is illustrated below:

	Pension Plans		Healthcare plans		Employee severance indemnities	
(thousands of euro)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
At 1 January	660,713	582,194	76,751	67,703	18,149	18,035
Current service cost	8,975	8,021	1,788	1,603	-	-
Past service cost	107	623	-	-	-	-
Losses (gains) from plan changes	(1,871)	-	-	-	-	-
Other costs	17	(25)	-	-	-	-
	7,228	**8,619**	**1,788**	**1,603**	**-**	**-**
Interest expense	14,075	17,487	2,237	2,821	137	287
(Gains) losses from changes in demographic assumptions	704	1,337	-	-	-	3
(Gains) losses from changes in financial assumptions	48,282	69,660	9,442	7,326	703	190
Experience (gains) losses	1,886	8,356	(499)	2,888	(356)	(185)
	50,872	**79,353**	**8,943**	**10,214**	**347**	**8**
Employee contributions	12	38	624	660	-	-
Benefit payments	(36,846)	(33,046)	(6,364)	(7,461)	(1,895)	(1,781)
Settlements	(44,827)	-	-	-	-	-
Exchange differences	(29,046)	5,763	(6,751)	1,211	-	-
Change in scope of consolidation	-	-	-	-	-	1,576
Other changes	-	305	-	-	-	24
At 31 December	**622,181**	**660,713**	**77,228**	**76,751**	**16,738**	**18,149**

In 2020, the US pension plans were amended by liquidating some of the participants and selling the corresponding plan assets to an insurance company for €25,567 thousand. This transaction reduced the defined benefit obligation by €26,055 thousand, resulting in a settlement gain of €488 thousand.
Settlements also include the transaction carried out in the Netherlands, whereby the defined benefit obligation and the corresponding plan assets were extinguished for €18,723 thousand.

The present value of the defined benefit obligations is composed of the following at the end of each reporting period:

	Pension Plans		Healthcare plans	
(thousands of euro)	**2020**	**2019**	**2020**	**2019**
Active members	243,313	230,284	13,280	12,395
Deferred members	40,697	44,960	24,277	23,019
Pensioners	338,171	385,469	39,671	41,337
At 31 December	**622,181**	**660,713**	**77,228**	**76,751**

Changes in the fair value of plan assets are as follows:

	Pension Plans	
(thousands of euro)	**2020**	**2019**
At 1 January	322,454	285,567
Interest income	9,116	10,925
Employer contributions	269	291
Employee contributions	12	38
Benefit payments	(16,848)	(18,133)
Settlements	(45,577)	(1,183)
Actuarial gains (losses)	33,485	40,426
Exchange differences	(22,488)	4,523
At 31 December	**280,423**	**322,454**

Plan assets are comprised as follows:

	Germany		United States of America	
(thousands of euro)	**2020**	**2019**	**2020**	**2019**
Cash and cash equivalents	**1,037**	**700**	**4,663**	**1,951**
Equity instruments	**13,868**	**12,852**	**-**	**-**
Euro equities	8,951	7,312	-	-
Europe ex Euro equities	4,917	5,540	-	-
Debt instruments	**15,724**	**15,478**	**41,155**	**42,283**
Euro corporate investment grade	6,662	6,968	-	-
Euro corporate unrated	75	74	-	-
Euro sovereigns investment grade	6,616	6,768	-	-
Dollar corpoate investment grade	948	883	-	-
Dollar sovereign investment grade	-	-	41,155	42,283
Other corporate investment grade	1,423	785	-	-
Derivative financial instruments	**11**	**(5)**	**-**	**-**
Equity derivatives	11	(5)	-	-
Investment funds	**1,000**	**961**	**202,218**	**228,764**
Dollar corporate bonds	-	-	35,737	35,631
Dollar sovereign bonds	-	-	63,433	89,237
Euro indexed equities	1,000	961	-	-
Dollar indexed equities	-	-	35,753	39,639
Other indexed equities	-	-	63,320	60,036
Dollar sundries	-	-	3,975	4,221
	31,640	**29,986**	**248,036**	**272,998**

The fair values stated above exclusively relate to quoted prices in active markets (level 1). For the assets of the Netherlands, a breakdown is not available since these are investments made by the insurance company, that is the insurance contract underwritten in exchange for the pension benefits. In 2020, the fair value of these investments amounted to €747 thousand (2019: €19,470 thousand) significantly reduced after the almost total extinction of the plan described above. Plan assets in Germany are administered by a trust fund. The asset allocation strategy is aimed at optimizing returns on fund assets while limiting losses. The local treasurer, the group treasurer and a representative of the trustee participate in the "investment committee" that regularly oversees the administration and the investment strategy of the fund regarding the invested assets. Independent of its payment obligations to beneficiaries, Buzzi Unicem has the right to receive a dividend consistent with the annual result of the fund. The contribution to the trust does not directly depend on the market values of the underlying obligations. Buzzi Unicem has the option to fund benefit obligations regarding the trust out of the company's current cash flow. The conditions linked to these commitments have been continually adapted over the past years; benefits paid to beneficiaries will therefore decline further. The assets of this fund are comprised in the table showing the fair value of plan assets.

In the United States, plan assets are administered by a trust fund. The asset allocation strategy is aimed at optimizing returns on fund assets and is subject to an annual limit of losses. Four members of local management form the "benefit committee", which is responsible for maintaining an investment policy, managing the investment of the plan assets and ensuring compliance of the investments with legislation, documentation and with the investment policy. Regular meetings of the "benefit committee" occur with a consultancy firm to whom the day-to-day investment responsibilities for plan assets have been assigned. All pension payments to beneficiaries are made from those plan assets. For funded pension obligations, full coverage through plan assets is to be achieved in the long-term; for the short to medium-term, coverage must not fall short of 80% in order to avoid legally prescribed benefit curtailments. Healthcare plan benefits are exclusively funded by provisions, therefore annual payments to beneficiaries are made out of the company's operating cash flow. .

Expected contributions to post-employment benefits plans (including reimbursement rights on the part of the German entity) for 2021 amount to €8,623 thousand.

The maturity analysis for the same type of benefits is as follows:

(thousands of euro)	**Pension Plans**	**Healthcare plans**	**Employee severance indemnities**
Year 2021	28,132	5,314	828
Year 2022	30,468	5,336	1,052
Year 2023	27,810	5,312	909
Year 2024	27,547	5,395	1,152
Year 2025	27,446	5,219	1,347
Year 2026-2030	135,954	24,013	5,895
	277,357	**50,589**	**11,183**

In addition to forecasts of mortality and employee turnover based on current statistical insight, post-employment benefits and other long-term benefits are computed according to the following main actuarial assumptions, identified on the basis of independent sources that are constant over time:

	2020						2019					
(in %)	*ITA*	*GER*	*LUX*	*NLD*	*USA*	*RUS*	*ITA*	*GER*	*LUX*	*NLD*	*USA*	*RUS*
Pension plans discount rate	0.3	0.7	0.7	0.9	2.7	6.0	0.8	1.0	1.0	1.2	3.3	6.3
Salary growth rate	1.7	2.8	2.8	2.5	4.1	4.0	0.8	2.8	2.8	2.5	4.2	4.0
Pension growth rate	-	1.8	-	-	-	4.0	-	1.8	-	-	-	4.0
Healthcare discount rate	-	-	-	-	2.3	-	-	-	-	-	3.1	-
Medical cost growth rate	-	1.8	-	-	6.0	-	-	1.8	-	-	6.3	-

The assumptions listed above reflect the current economic period and/or realistic expectations in each territory. The discount rate adopted is the rate applicable at the end of the reporting period for high quality fixed-interest securities or for corporate bonds with a term corresponding to the respective obligations for employee benefits. It should be noted that, starting from 2020, the Bloomberg Barclays Classification System (BCLASS) rate was used to discount the pension plans in Germany and Luxembourg; had the same rate been used in the previous years, the obligation related to those defined benefit plans would have been 5% higher.
The sensitivity of the defined benefit obligation to changes in the main assumptions is presented here below:

(thousands of euro)		**Pension Plans**	**Healthcare plans**	**Employee severance indemnities**
Salary growth rate				
	Increase 1%	8,496	-	-
	Decrease 1%	(8,351)	-	-
Discount rate				
	Increase 1%	(83,819)	(7,310)	(332)
	Decrease 1%	108,023	8,631	339
Pension growth rate				
	Increase 1%	23,869	-	-
	Decrease 1%	(31,680)	-	-
Medical cost growth rate				
	Increase 1%	-	4,736	-
	Decrease 1%	-	(4,080)	-
Mortality				
	Increase 1%	21,443	597	-
	Decrease 1%	(21,424)	(590)	-

39. Provisions for liabilities and charges

(thousands of euro)	Environmental risks and restoration	Antitrust	Legal claims Tax risks	Other risks	Total
At 1 January 2020	70,665		14,736	30,182	115,583
Additional provisions	4,130	7,069	1,138	38,583	50,920
Discount unwinding	6,592	-	-	-	6,592
Unused amounts released	(2,315)	-	(732)	(8,657)	(11,704)
Used during the year	(2,743)	-	(10,200)	(9,717)	(22,660)
Exchange differences	(1,800)	(181)	(244)	(1,651)	(3,876)
Reclassifications	-	-	747	(747)	-
Other changes	931	-	-	-	931
At 31 December 2020	**75,460**	**6,888**	**5,358**	**48,080**	**135,786**

Total provisions can be analyzed as follows:

(thousands of euro)	Environmental risks and restoration	Antitrust	Legal claims Tax risks	Other risks	Total
Non-current	73,974	-	2,931	10,895	87,800
Current	1,486	6,888	2,427	37,185	47,986
	75,460	**6,888**	**5,358**	**48,080**	**135,786**

The environmental risks and restoration provision includes the obligations for site reclamation, which are applicable to the locations where the extraction of raw materials takes place and for the fulfillment of related requirements concerning quarries, safety, health and environment. Additional provisions for the period refer for €3,489 thousand to the future quarry restoration costs.

The provision for antitrust refers to the likely imposition of a new penalty in Poland (cement sector), following the Supreme Court's decision to refer the 2015 case back to the Court of Appeal (note 49).

The provision for tax risks amounts to €4,526 thousand and reflects the probable liabilities following assessments and disputes over indirect and property taxes.
The provision for legal claims (equal to €832 thousand) decreases mainly as a result of the final judgment of the Court of Frankfurt, which accepted the appeal filed by some minority shareholders of Dyckerhoff about the valuation for the squeeze-out procedure. Following this ruling, the provision was used for the concluding payment of €8,865 thousand (note 49)

The provision for other risks represents the amounts set aside by the individual consolidated entities in connection with miscellaneous contractual and commercial risks and disputes, among which are included restructuring costs for €6,300 thousand and workers compensation claims not covered by insurance for €12,550 thousand, such as indemnities paid to employees and compensation in case of accidents. The additions include €2,587 thousand for restructuring costs, €2,578 thousand, already fully utilized, for the lawsuit with a railway service provider in Russia and €3,882 thousand for workers compensation claims not covered by insurance, against uses for the same reason of €2,117 thousand.

The column other risks also includes a provision CO_2 emission rights for €27,056 thousand, which encompasses the liabilities deriving from emissions greater than the free allocations, to be fulfilled by purchasing the rights on the market. The changes during the period can be summarized as follows: an allowance of €27,332 thousand corresponding to the estimated deficit and a release of €8,041 thousand to align the initial balance with the actual results of the previous year.

40. Deferred income tax assets and liabilities

Net deferred tax liability consists of deferred tax liabilities, net of deferred tax assets, which have been offset, where possible, by the individual consolidated companies.

The net balance may be analyzed as follows:

(thousands of euro)	2020	2019
Deferred income tax assets:		
To be recovered after more than 12 months	(196,460)	(174,086)
To be recovered within 12 months	(28,271)	(17,141)
	(224,731)	(191,227)
Deferred income tax liabilities:		
To be recovered after more than 12 months	446,503	457,149
To be recovered within 12 months	30,283	27,697
	476,786	484,846
Net deferred income tax liabilities	**252,055**	**293,619**

Temporary differences and carryforwards that give rise to deferred tax assets and liabilities are analyzed as follows:

(thousands of euro)	2020	2019
Deferred income tax assets related to:		
Provisions for liabilities and charges	(15,153)	(12,408)
Trade receivables	(3,779)	(6,318)
Employee benefits	(85,330)	(80,700)
Long-term debt	(12,908)	(11,169)
Property, plant and equipment	(7,396)	(7,754)
Inventories	(5,056)	(7,738)
Tax loss carryforwards (theoretical benefit)	(107,671)	(116,246)
Other	(61,339)	(31,439)
Total deferred income tax assets	**(298,632)**	**(273,772)**
Valuation allowances	73,901	82,545
Net deferred income tax assets	**(224,731)**	**(191,227)**
Deferred income tax liabilities related to:		
Accelerated depreciation	109,710	118,200
Employee benefits	16	15
Other intangible assets	-	7,420
Property, plant and equipment	297,799	316,716
Inventories	2,956	3,128
Gains on disposal of fixed assets	-	4
Financial assets	13,024	8,898
Other	53,281	30,465
Total deferred income tax liabilities	**476,786**	**484,846**
Net deferred income tax liabilities	**252,055**	**293,619**

The deferred tax liability related to property, plant and equipment refers mainly to the positive differential that in 1999, year of the acquisition, Dyckerhoff allocated to the raw material reserves of Lone Star Industries, following the business combination with this company.

The company recognizes deferred tax liabilities on undistributed profits of its associates.

Deferred tax assets on tax loss carryforwards were maintained within the limits of an updated judgment on their future utilization in the next five years. In particular, deferred tax assets of €11,981 thousand on tax loss carryforwards were recognized in Italy.

The movement in deferred tax assets and liabilities during the year, taking into consideration the offsetting of balances within the same tax jurisdiction, is summarized in the following table:

(thousands of euro)	**2020**	**2019**
At 1 January	293,619	301,588
Income statement charge (credit)	(4,058)	(10,232)
Statement of comprehensive income charge (credit)	(10,624)	(11,601)
Exchange differences	(26,882)	6,241
Change in scope of consolidation	-	7,623
At 31 December	**252,055**	**293,619**

41. Other non current liabilities

(thousands of euro)	**2020**	**2019**
Purchase of equity investments	2,681	4,388
Non-controlling interests in partnerships	1,411	1,697
Payables to social security institutions	2,700	-
Payables to personnel	248	270
Financial tax payables	324	438
Payables to antitrust authority	-	239
Other	2,105	2,235
	9,469	**9,267**

The caption purchase of equity investments mainly refers to the business combination Seibel & Söhne.

Payables to social security institutions refer to certain 2020 obligations that have been postponed to 2022, as a result of the Coronavirus Aid, Relief and Economic Security Act (Cares Act), approved in the United States to deal with the pandemic.

Other non-current liabilities are due within five years from the balance sheet date, except for the caption non-controlling interests in partnerships, whose maturity is indefinite. The carrying amount of the line item is deemed to approximate its fair value.

42. Trade payables

(thousands of euro)	2020	2019
Trade payables	228,030	233,613
Other trade payables:		
To associates	1,217	1,752
	229,247	**235,365**

43. Income tax payables

This item reflects current income tax liabilities, net of advances, withholdings and tax credits. As at 31 December 2020, the group benefited from the deferral of tax deadlines in the Czech Republic and Luxembourg, granted to help overcome the Covid-19 emergency, amounting to €2,436 thousand. The increase in the item compared to the previous year is attributable to the taxation on the capital gain realized by the partnership Kosmos Cement and to higher taxable income in Germany.

44. Other payables

(thousands of euro)	2020	2019
Advances	4,925	3,796
Purchase of equity investments	217	18,434
Payables to social security institutions	16,742	14,931
Payables to personnel	35,509	38,036
Payables to customers	11,423	9,921
Deferred interest income	58	95
Other accrued expenses and deferred income	6,720	7,931
Tax payables	16,225	14,806
Extraordinary Dividend	144,099	-
Financial tax payables	3,578	3,576
Payables to antitrust authority	356	9,996
Other	11,962	12,173
	251,814	**133,695**

Payables for the purchase of equity investments decreased due to the payment of the earn-out provided in the purchase agreement of Cementizillo SpA.

The caption payables to social security institutions includes €2,211 thousand referring to certain 2020 obligations that have been postponed to 2021, as a result of the Coronavirus Aid, Relief and Economic Security Act (Cares Act) approved in the United States to deal with the pandemic.

Payables to customers are represented by contractual liabilities, namely short-term advances received following the sale of products and by the volume rebates settled in a separate transaction with the customer.

Deferred income relates to operating revenues pertaining to the following period.

The caption tax payables includes the credit balance of periodic value added tax for €6,059 thousand (2019: €4,090 thousand). It also includes an amount of €782 thousand referring to the tax on real estate transfers in Germany, whose taxable event was reaching full ownership in Dyckerhoff a few years ago.

The extraordinary dividend of €144,099 thousand, combined with the conversion of savings shares into ordinary shares, was resolved by the Shareholders' Meeting of 19 November 2020 and paid in February 2021 (note 47).

Accounts payable to antitrust authority decrease for the settlement of the penalty installments imposed on Buzzi Unicem, within the proceedings that concerned the entire cement industry in Italy, and on Unical, as redetermined by the Council of State with sentence of 26 July 2018 (note 49).

45. Cash generated from operations

(thousands of euro)	**2020**	**2019**
Profit before tax	**700,259**	**481,956**
Adjustments for:		
Depreciation, amortization and impairment charges	256,911	259,866
Equity in earnings of associates and joint ventures	(173,080)	(73,837)
Gains on disposal of fixed assets	(6,194)	(1,966)
Net change in provisions and employee benefits	(12,465)	7,326
Net finance costs	313	58,624
Other non-cash movements	(2,158)	27
Changes in operating assets and liabilities:		
Inventories	8,345	(23,382)
Trade and other receivables	(30,785)	15,735
Trade and other payables	2,728	(32,897)
Cash generated from operations	**743,874**	**691,452**

46. Financing activities

Changes to the items included in the financing activities of the cash flow statement are detailed as follows:

			Cash		Non-cash				
(thousands of euro)	Note	Beg balance	Proceeds	Repay-ment	Accruals	Exchange differen-ces	Fair value	Other	Ending balance
Long-term debt									
Senior notes and bonds	36	497,042	-	-	-	-	875	-	497,917
Unsecured term loans	36	738,586	-	-	-	(17,678)	442	(52,958)	668,392
		1,235,628	**-**	**-**	**-**	**(17,678)**	**1,317**	**(52,958)**	**1,166,309**
Current portion of long-term debt									
Unsecured term loans	36	26,414	-	(26,414)	-	-	-	52,958	52,958
		26,414	**-**	**(26,414)**	**-**	**-**	**-**	**52,958**	**52,958**
Total from Statement of Cash Flows			**-**	**(26,414)**	**-**	**-**	**-**	**-**	**-**
Short-term debt									
Bank debts	36	1,471	1,070	(1,471)	-	-	-	-	1,070
Accrued interest expense	36	12,266	-	(12,266)	11,831	-	-	-	11,831
		13,737	**1,070**	**(13,737)**	**11,831**	**-**	**-**	**-**	**12,901**
Total from Statement of Cash Flows		**-**	**-**	**(836)**	**-**	**-**	**-**	**-**	**-**
Lease liabilities									
Lease liabilities	20	74,665	8,584	-	-	(3,400)	-	(15,295)	64,554
Current portion of lease liabilities	20	22,527	3,904	(24,707)	-	(1,260)	-	20,979	21,443
		97,192	**12,488**	**(24,707)**	**-**	**(4,660)**	**-**	**5,684**	**85,997**
Total from Statement of Cash Flows		**-**	**-**	**(24,707)**	**-**	**-**	**-**	**-**	**-**
Non-current financial liabilities									
Others	41	8,264	-	(2,420)	1,105	(11,818)		10,902	6,033
Total from Statement of Cash Flows		**-**	**-**	**(13,133)**	**-**	**-**	**-**	**-**	**-**
Changes in ownership interests without loss of control		**-**	**-**	**(29,222)**	**-**	**-**	**-**	**-**	**-**
Dividends paid to owners of the company	**47**	**-**	**-**	**(31,802)**	**-**	**-**	**-**	**-**	**-**
Dividends paid to non-controlling interests		**-**	**-**	**(190)**	**-**	**-**	**-**	**-**	**-**

47. Dividends

Dividends paid in 2020 and 2019 were respectively €31,802 thousand (15 eurocent per ordinary share and 17.4 eurocent per savings share) and €26,559 thousand (12.5 eurocent per ordinary share and 14.9 eurocent per savings share).

As for the year ended 31 dicembre 2020 the board of directors is proposing to the Annual General Meeting of 7 May 2021 a dividend of 25 eurocents per share, attributable to the only category outstanding after the mandatory conversion of savings shares in January 2021. Therefore expected dividend distribution amounts to a total of €48,032 thousand. These financial statements do not reflect such payable to the shareholders.

In relation to the mandatory conversion of savings shares into ordinary shares, the shareholders' meeting, held on 19 November 2020, resolved to distribute an extraordinary dividend equal to 75 eurocents for each outstanding and newly issued ordinary share. The total extraordinary dividend amounted to €144,099 thousand and was paid on 3 February 2021. Such payable to shareholders is recognized in these financial statements under other payables (note 44).

48. Commitments

(thousands of euro)	**2020**	**2019**
Guarantees granted	28,619	46,897
Other commitments and guarantees	235,228	50,933
	263,847	**97,830**

Guarantees granted include commitments toward banks in favor of investee companies, including an amount of €26,576 thousand for loans granted to the associate BCPAR SA.

In order to guarantee the successful execution of the transaction for the purchase of the CRH assets operating in Brazil (note 23.2), Buzzi Unicem subscribed a commitment to finance CNC, a subsidiary of BCPAR SA, for an amount of €190,290 thousand, net of adjustments at the closing date.

Capital expenditure contracted for at the balance sheet date to acquire property, plant and equipment amounts to €44,703 thousand (2019: €49,763 thousand). It can be basically traced back to different modernization projects in the United States (€17,297 thousand), in Germany (€8,479 thousand), in Italy (€5,832 thousand), in Luxembourg (€817 thousand), in Russia (€9,146 thousand), in Ukraine (€1,115 thousand) and in the Czech Republic (€1,966 thousand).

The total amount of future minimum payments is related to short-term operating lease contracts, to low-value assets and to other contracts outside the scope of IFRS 16 (mainly represented by leasing of quarry land and railcars). It can be broken down as follows:

(thousands of euro)	**2020**	**2019**
Within 1 year	2,750	3,253
Between 1 and 5 years	7,911	11,553
Over 5 years	34,196	38,481
	44,857	**53,287**

49. Legal claims and contingencies

Buzzi Unicem is exposed to legal risks, stemming from the variety and complexity of the norms and regulations that apply to the industrial operations of the group, particularly in the areas of environment, health, safety, product liability, taxation and competition. Consequently there are claims arising in the normal course of business that are pending against the group. While it is not feasible to predict in a precise way the outcome of any case, it is the opinion of management that the ultimate dispositions will not have a material adverse effect on the group's financial condition. Instead, when it is likely that an outflow of resources is required to settle obligations and the amount can be reliably estimated, the group recognized specific provisions for this purpose.

Fiscal

In 2016 the company was subject to audit by the Revenue Service for the year 2012 and controls on subsequent years (from 2013 to 2016). The Revenue Service followed-up in December 2017, December 2018 and July 2019 by notifying assessment notices relating to the 2012, 2013, 2014, 2015 and 2016 financial years, containing remarks on the corporate income tax (IRES) and the regional tax on production activities (IRAP). The greater taxable amount contested in the notices of assessment mainly refers to the failure to charge a royalty to Buzzi Unicem's foreign subsidiaries for the use of the corporate logo. For IRES and IRAP purposes, the higher taxable amount established for the five years totals approximately €77.6 million. For IRES purposes for all five years the declared tax loss is higher than the disputed amounts, therefore no higher IRES, interest or penalties are due. On the other hand, for IRAP purposes, the higher taxable amount entails a request, only for the years 2012, 2013 and 2014, for higher taxes and related penalties as well as interest for approximately €2.0 million. For the years 2015 and 2016 the declared negative taxable amount is higher than the disputed amounts, therefore for these financial years no higher IRAP, interests and penalties are due. The company has filed an appeal against all the assessment notices (years 2012, 2013, 2014, 2015 and 2016) considering that the defense elements are well-grounded and sound and the risk of losing is remote. Therefore, no provision was set aside in the financial statements and the amounts paid, on a provisional basis pending judgment, were recorded as receivables in the balance sheet for the current year. It should also be noted that the Revenue Service has accepted the mutual agreement procedure requests (MAP) that the company decided to submit for all the periods subject to the dispute (financial years 2012, 2013, 2014, 2015 and 2016).

Between 2015 and 2020 the municipality of Guidonia Montecelio (Rome) notified Buzzi Unicem some notices of assessment related to higher ICI/IMU and TASI, besides penalties and interests, regarding the years from 2008 to 2016 for a total amount of approximately €17.4 million. The municipality bases its request on the assumption that the land belonging to Buzzi Unicem which is used to quarry raw materials can be comparable, for the purpose of local property taxes, to land for development. Considering this request as incorrect, the company challenged all the tax deeds received before the competent Tax Courts. At present, with reference to the different years contested, the Regional Tax Court of Rome and the Regional Tax Court of Lazio have filed several unfavorable judgments to the company and also some favorable ones. However, considering that it has valid reasons, Buzzi Unicem challenged, or intends to challenge, all the sentences with a negative outcome. With reference to some of the years for which Buzzi Unicem was losing at the outcome of the first instance judgment, the municipality ordered the provisional payment of an amount €4.9 million, which the company paid in full, as well as of an amount of approximately €3.1 million which was for the most part not due as a result of the judgment at second instance. Nevertheless Buzzi Unicem will request the reimbursement of the amounts paid on a provisional basis which, following the respective appeal proceedings, were not or will not be due. Anyway, Buzzi Unicem fully recorded the higher taxes in the balance sheet, with the related interest and penalties, for all the years in which the appeals were rejected at first instance, while it did not recognize in the financial statements the higher taxes and related interest and penalties with reference to the four executive assessments (amounting to approximately €3.8 million) notified in 2020, because they were considered unfounded and for which the company requested the suspension of payment from the Provincial Tax Commission of Rome.

Antitrust

As regards the antitrust fine of €59.8 million imposed in August 2017 on Buzzi Unicem and other cement companies for having created an alleged anti-competitive agreement - which has lasted from June 2011 until January 2016 - aimed at coordinating cement sales prices throughout Italy, on 28 September 2020 the Council of State declared the appeal for revocation submitted by the company as inadmissible, as it did not find the existence of any errors of fact that could give rise to the revocation of the contested ruling. On the other hand, the appeal for compensation submitted on 22 May 2020 to the European Court of Human Rights (ECHR), which on 22 December 2020 was declared as admissible, is still pending and will now be examined on its merits by the Court. The full amount of the fine has been paid. In relation to the actions sanctioned by the Italian Antitrust Authority, Buzzi Unicem has received several letters requesting compensation, to which it has always replied rejecting all charges. To date, the company has also received acts of summons to compensate for damages as a result of the alleged overcharge paid by the customers following the agreement sanctioned by the Antitrust Authority, for a total amount of approximately €14.5 million. The company, as mentioned, believes that it has acted in full compliance with antitrust regulations and has therefore appeared before the court to prove its non-involvement to any violation. Furthermore, on 18 January 2021, Italcementi SpA notified the company and the other players involved in the antitrust proceeding, a third-party summons in a proceeding initiated by 28 plaintiffs, aimed at compensating the alleged damages connected with the same antitrust case, for a total of around €11 million. The claims for compensation concern supplies made by various cement producers, including Buzzi Unicem, with respect to which the determination of any respective share of liability was requested in the third-party summons. Also in relation to these claims, the company is carrying out the necessary factual investigations and has appointed its lawyers to prepare its defense.
Against the decision of the Antitrust Authority of Poland concluded by imposing sanctions on 6 producers, including the subsidiary Dyckerhoff Polska, for an amount of approximately €15 million, an appeal was filed before the Regional Court of Warsaw which ruled in December 2013 reducing the fine to approximately €12.3 million. Dyckerhoff Polska appealed against the recalculation of the penalty. The Court of Appeal, following a procedure of consultation with the Polish Constitutional Court, summarized the proceeding in January 2018 and in the hearing of 27 March 2018 decided to further reduce the fine to approximately €7.5 million, which have been fully paid. The company, once the motivations for the judgment had been acquired, decided to challenge the decision before the Supreme Court. On 29 July 2020, the Supreme Court cancelled the decision of the Court of Appeal and referred the case back to the same Court for a reconsideration of the sanction. As a result of this decision, the penalty paid was reimbursed to the company, but, based on the motivations of the Supreme Court, it is likely that a new penalty for a similar amount will be imposed. The company has therefore recorded a provision equal to the reimbursed penalty in the financial statements. In the context of this antitrust proceeding concerning the cement sector, the Polish company Thomas Beton Sp. z o.o. on 13 March 2019 notified a claim for compensation to our subsidiary Dyckerhoff Polska and to six more Polish cement producers, for a total inclusive amount referring to all seven cement producers of €14.4 million, plus interest and costs of the proceeding. The company is defending itself in the proceeding and does not expect a negative impact on the financial statements.

Environmental

As regards the measures adopted for the remediation of the Augusta (SR) roadstead, the land areas and the respective underneath aquifers, Buzzi Unicem is involved in a number of proceedings before the Regional Administrative Court (TAR) of Sicily – Catania division – and the Administrative Justice Council of Sicily (CGARS) against the Ministry for Environment, Land and Sea Protection and various public and private entities. The TAR of Sicily, Catania, with judgment dated 11 September 2012, not appealed by the Ministry, acknowledged that the company was not involved at all in the pollution of the Augusta roadstead and, on the basis of this ruling, at the end of 2017 the Ministry warned the other companies operating on the Augusta roadstead, with the exception of Buzzi Unicem, to clean up the roadstead.
The CGARS, with sentence of 15 November 2018, established the need to correctly re-determine the responsibilities of the companies operating on the Augusta roadstead, making reference to the various positions, including that of Buzzi Unicem. Also following this judgement, no further involvement of the company followed in relation to the remediation of the roadstead, with respect to which the absence of a causal link with the production cycle of the Augusta cement plant seems to be consolidated.
There have been no judicial rulings or significant procedural developments with respect to the final project for the safety enhancement and clean-up of the areas on the land areas and the acquifer, which was challenged by the company before the competent courts, together with certain subsequent acts aimed at implementing it, and with respect to the Program Agreement on the environmental requalification measures for the re-industrialization and infrastructural development of the Priolo SIN areas of 2008/2009.
With reference to these judgments, any potential critical issues seem to be limited to Buzzi Unicem's involvement in the remediation of the land areas and the aquifer, about which the company has carried out on its own, qualifying itself as the guiltless owner of the contamination, the procedural formalities aimed at the characterization, risk analysis and remediation and/or permanent safety enhancement of its land areas and the portions of the acquifer concerned. These obligations, on which the Ministry of the Environment has expressed a positive opinion, with prescriptions, also through decision-making meetings, which the company has not contested, are in progress without any new critical issue emerging during the monitoring activities.
Waiting for the developments related to the above actions, in consideration of the fact that Buzzi Unicem - as non-responsible owner - has so far voluntarily taken care of the remediation process of the areas it owns, and that so far no specific requests from the Public Administration have emerged in recent years, it has been decided to reduce the amount of the provision for risks recorded in the financial statements from €3.0 million to €1.5 million.

In the United States of America, numerous lawsuits and claims exist that have been filed against Lone Star Industries, Inc. (LSI) regarding silica-containing or asbestos-containing materials sold or distributed by the company or its subsidiaries in the past and used primarily in construction and other industries. The plaintiffs allege that the use of such materials caused work-related injuries. LSI maintained product liability and comprehensive general liability insurance coverage, to the extent available, for most of the time that it sold or distributed silica-containing and asbestos-containing materials. Further, between 2009 and 2010, LSI and its major insurance carriers entered into settlement agreements that define the parties' responsibilities and cost shares for these liabilities until amended or terminated in accordance with their terms. LSI is discussing with the major insurance carriers to amend the settlement agreements. The insurance carriers continue to follow the settlement agreements and no carrier has provided notice of termination. Estimating the costs associated with silica-related and asbestos-related claims involves many uncertainties that affect the amount and timing of any losses. The company however maintains a provision for amounts not expected to be covered by insurance.

Other legal proceedings

In relation to the procedure for the transfer of all outstanding ordinary and preferred shares of the subsidiary Dyckerhoff held by minority shareholders (squeeze-out), concluded in August 2013, a total of 94 requests for price revision have been notified to Buzzi Unicem. The price of the shares was determined based on the evaluation of two different external auditors (one of them appointed by the Court of Frankfurt), pursuant to the enacted German law. On 8 June 2015, the Court of Frankfurt however decided that the price to be paid to the minority shareholders must be increased by €5.24 per share, based on a different valuation method compared to the one used by the company. The company, considering valid its assessment methodology, appealed against the decision of the Court of first instance. The Court of Appeal, ruling on the application presented by the company, established the squeeze-out price at €52.08 per share, therefore with a surcharge of €4.92 per share. The ruling is final and cannot be appealed and the company has already paid the additional amount of approximately €8.9 million, including interest calculated from 28 August 2013, to Dyckerhoff's minority shareholders.

Our Dutch subsidiary Dyckerhoff Basal Betonmortel received a claim for compensation of approximately €1 million for alleged contractual infringements relating to land in the port of Amsterdam. The proceeding is currently before the Court of First Instance. The company does not expect any negative impact on the financial statements from this proceeding.

At the end of July our Russian subsidiary SLK Cement received a contractual claim for compensation from a railway service provider for a total amount of 387 million rubles, later reduced to 286 million rubles. The Court of First Instance on 10 July 2020 decided on a payment to the applicant of 240 million rubles (approximately €2.9 million). This decision was confirmed on 30 September 2020 by the Court of Appeal and on 18 January 2021 by the Supreme Court. The company made its appeal to the Supreme Court, and on 26 February 2021 paid the full amount. At the same time, the company requested compensation of 226 million rubles (approximately €2.7 million) from the counterparty for damages arising from negligent breach of contract before the Court of First Instance, which accepted our appeal. The decision will probably be appealed by the counterparty.

At the end of 2018, our subsidiary Lone Star Industries engaged an investment bank to provide advisory services related to the sale of the minority interest in Kosmos Cement Co. (Kosmos). In June 2019, Lone Star industries decided to terminate the above assignment. Several months after the resolution, in a transaction conducted by the majority shareholder, Kosmos sold substantially all of its assets to Eagle Materials. At the closing of the sale process, Lone Star Industries received an invoice from the investment bank in the amount of approximately $5.5 million. Lone Star denied that any amount was owed to the investment bank based on the original assignment letter. The company and the investment bank have started the dispute resolution procedures as envisaged in the assignment letter, activating the arbitration clause. After exchanging documents and briefs in preparation for the arbitration, the parties then agreed to resolve the matter through mediation, which took place in December 2020 and resulted in a final resolution of the dispute. The terms of the settlement reached are subject to a confidentiality agreement.

50. Related party transactions

As at 31 December 2020, Buzzi Unicem SpA is controlled by Fimedi SpA, which directly and indirectly, through its subsidiary Presa SpA, owns 58.3% of the voting rights.

The company assembles the professional skills, the human resources and the equipment that allow it to provide assistance to other subsidiaries and associates.

Buzzi Unicem SpA regularly carries out trading transactions with a number of associates and/or joint ventures, which mainly consist of sales of goods to entities operating in the business of cement and ready-mix concrete. Furthermore the company provides upon request to the same entities technical and engineering services. Goods are sold on the basis of the price lists in force with non-related parties. Services are usually negotiated with related parties on a cost-plus basis. There are also some transactions of financial nature with the same entities; equally, they have normal terms and interest rate conditions.

The relationship with the parent company Fimedi SpA and its subsidiaries or other entities that are significantly influenced by individuals with significant voting power in Fimedi SpA, consists in the rendering of services in the area of administration, taxation, legal affairs, payroll and information systems, for limited amounts.

The company and its Italian subsidiary Unical SpA, Calcestruzzi Zillo SpA, Testi Cementi Srl and Serenergy Srl, are members of a controlled group of corporations for domestic income tax purposes, with Fimedi SpA acting as the parent.

Set out below are the main transactions carried out with related parties and the corresponding year-end balances:

(thousands of euro)	2020	in % of reported balance	2019	in % of reported balance
Sales of goods and services:	49,171	1.5	48,756	1.5
associates and unconsolidated subsidiaries	37,669		32,093	
joint ventures	11,425		16,583	
parent companies	22		22	
other related parties	55		58	
Purchases of goods and services:	56,649	2.9	71,001	3.5
associates and unconsolidated subsidiaries	55,079		53,886	
joint ventures	923		16,409	
parent companies	5		7	
other related parties	642		699	
Internal works capitalized:	5	0.2	11	0.7
other related parties	5		11	
Finance revenues:	14	-	12	-
associates and unconsolidated subsidiaries	14		12	
Trade receivables:	11,431	2.9	12,684	3.1
associates and unconsolidated subsidiaries	6,720		7,111	
joint ventures	4,622		5,461	
parent companies	27		54	
other related parties	62		58	
Loans receivable:	97	0.9	324	6.8
associates and unconsolidated subsidiaries	97		324	
Other receivables:	18,512	17.9	15,338	16.6
associates and unconsolidated subsidiaries	1,311		26	
joint ventures	-		917	
parent companies	17,201		14,395	
Trade payables:	2,778	1.2	4,423	1.9
associates and unconsolidated subsidiaries	2,728		3,639	
joint ventures	21		769	
parent companies	12		7	
other related parties	17		8	
Loans payable:	4,979	3.4	4,970	14.8
parent companies	4,979		4,970	
Other payables:	424	0.2	4,313	3.0
associates and unconsolidated subsidiaries	21		22	
parent companies	403		4,291	
Guarantees granted:	218,347		38,870	
joint ventures	218,347		38,870	

Key management includes the directors of the company (executive or not), the statutory auditors and 6 other senior executives of first level.
The compensation paid or payable to key management for employee services, not included in the previous table, is shown below:

(thousands of euro)	2020	2019
Salaries and other short-term employee benefits	4,595	4,487
Post-employments benefits	897	722
	5,492	**5,209**

51. Business combinations

On 22 December 2020, the subsidiary Unical signed a contract with A.C.R. di Reggiani A. SpA for the purchase of two business units consisting of land, buildings and batiching plant located in Baricella (BO) and Crevalcore (BO) respectively.

The difference between the consideration paid (€2,500 thousand) and the fair value of the net assets acquired resulted in the recognition of a goodwill of €378 thousand, entirely written off during the year.

52. Transparency requirements

The law 124/2017 art. 1, paragraphs 125-129, as modified by the law 58/2019, art. 35, introduced some new disclosure requirements regarding the transparency of public funds received not of a general nature and without consideration, remuneration or compensation nature. In particular, for companies, the legislation requires the publication in the notes to the financial statements of all the economic benefits, of an amount equal to or greater than €10,000, received from public resources.

Subsequently, the law 12/2019, art. 3 quater, paragraph 2, with the aim of simplifying the disclosure requirements foreseen for the companies benefiting from the subsidies, provided that the recording of state and de minimis aids in the National State Aid Register, referred to in article 52 of the law 234/2012, replaces the duty to indicate them in the notes to the financial statements, asking the beneficiaries to simply declare the existence of such aids in the aforementioned Register.

For this purpose, it should be noted that Buzzi Unicem meets the requirements of the Ministerial Decree of 21 December 2017 containing "Provisions regarding the reduction of tariffs to cover the general system charges for energy-intensive companies", as well as those provided for by the Authority Resolution 921/2017/R/eel as subsequently amended.

For the purposes of transparency and control of State aid, CSEA as providing entity will register the concessions granted in application of the Ministerial Decree into the National State Aid Register, to which reference should therefore be made for the information required by the regulation:
https://www.rna.gov.it/RegistroNazionaleTrasparenza/faces/pages/TrasparenzaAiuto.jspx.

In addition to what is indicated in the National State Aid Register, "Transparency" section, the following additional grants have been received:

Paying entity (euro)	Amount of the economic benefit granted	Description of the kind of benefit granted
Eni Fuel SpA	67,523	Reimbursement of excise duties on diesel for industrial use
INAIL Istituto Nazionale per l'Assicurazione contro gli Infortuni sul lavoro - Pubbliche amministrazioni IPA	102,851	INAIL - reduction of the insurance premium for prevention/training
INPS - Istituto Nazionale Previdenza Sociale	13,196	Exemptions under art. 6 Law 126/20 for new hires

53. Other information

Material non-recurring events and transactions

As stated in the review of operations, the year ended 31 December 2020 was affected by material non-recurring events and transactions – as defined in Consob Communication no. DEM/6064293 of 28 July 2006 – with a net positive impact on EBITDA equal to €4,201 thousand.

Atypical and/or unusual transactions

Please note that Buzzi Unicem did not carry out atypical and/or unusual transactions during the year ended 31 December 2020, as defined in Consob Communication no. DEM/6064293 of 28 July 2006.

Components of net debt

Set out below is the reconciliation of those net debt components not directly inferable from the line items in the balance sheet scheme.

(thousands of euro)	Note	2020	2019
Other current financial receivables		**2,648**	**3,467**
Receivables from unconsolidated subsidiaries and associates	28	-	200
Loans to customers	28	82	190
Receivables from sale of equity investments	28	-	226
Loans to third parties and leasing	28	408	440
Accrued interest income	28	685	910
Current financial assets	28	1,473	1,501
Other current financial payables		**(148,308)**	**(32,101)**
Purchase of equity investments	44	(217)	(18,434)
Extraordinary Dividend	44	(144,099)	-
Financial tax payables	44	(3,578)	(3,576)
Payables to antitrust authority	44	(356)	(9,996)
Deferred interest income	44	(58)	(95)
Other non-current financial receivables		**10,976**	**2,905**
Loans to third parties and leasing	25	2,561	2,495
Loans to associates	25	87	123
Loans to customers	25	8,328	287
Other non-current financial payables		**(3,005)**	**(5,065)**
Purchase of equity investments	41	(2,681)	(4,388)
Financial tax payables	41	(324)	(438)
Payables to antitrust authority	41	-	(239)

54. Events after the balance sheet date

On 18 January 2021, it was executed the mandatory conversion of the no. 40,711,949 existing savings shares into no. 27,277,005 newly issued ordinary shares and the elimination of the par value of the shares.
As a result of the above, the company's issued and fully paid share capital of €123,636,658.80 is divided into no. 192,626,154 ordinary shares with no par value.
Following the positive outcome of the mandatory conversion transaction, on 3 February 2021 the extraordinary dividend provided for by the respective resolution was paid, for a total amount of €144,099 thousand.

As far as the trading outlook is concerned, reference is made to the appropriate chapter in the review of operations.

Casale Monferrato, 25 March 2021

On behalf of the Board of Directors

Chairman
Veronica Buzzi

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership
Companies consolidated on a line-by-line basis					
Buzzi Unicem SpA	Casale Monferrato (AL)	EUR	123,636,659		
Unical S.p.A.	Casale Monferrato (AL)	EUR	130,235,000	Buzzi Unicem SpA	100.00
Calcestruzzi Zillo S.p.A.	Casale Monferrato (AL)	EUR	4,004,676	Buzzi Unicem SpA	100.00
Testi Cementi S.r.l.	Casale Monferrato (AL)	EUR	1,000,000	Buzzi Unicem SpA	100.00
Arquata Cementi S.r.l.	Casale Monferrato (AL)	EUR	100,000	Buzzi Unicem SpA	100.00
Serenergy S.r.l.	Casale Monferrato (AL)	EUR	25,500	Buzzi Unicem SpA	100.00
Dyckerhoff GmbH	Wiesbaden DE	EUR	105,639,816	Buzzi Unicem SpA	100.00
Buzzi Unicem International S.à r.l.	Luxembourg LU	EUR	37,529,900	Buzzi Unicem SpA	100.00
Buzzi Unicem Algérie S.à r.l.	El Mohammadia - Alger DZ	DZD	3,000,000	Buzzi Unicem SpA	70.00
Dyckerhoff Beton GmbH & Co. KG	Wiesbaden DE	EUR	18,000,000	Dyckerhoff GmbH	100.00
GfBB prüftechnik GmbH & Co. KG	Flörsheim DE	EUR	50,000	Dyckerhoff GmbH	100.00
Portland Zementwerke Seibel und Söhne GmbH & Co. KG	Erwitte DE	EUR	250,000	Dyckerhoff GmbH	100.00
Dyckerhoff Basal Nederland B.V.	Nieuwegein NL	EUR	18,002	Dyckerhoff GmbH	100.00
Cimalux S.A.	Esch-sur-Alzette LU	EUR	29,900,000	Dyckerhoff GmbH	98.43
Dyckerhoff Polska Sp. z o.o.	Nowiny PL	PLN	70,000,000	Dyckerhoff GmbH	100.00
Cement Hranice a.s.	Hranice CZ	CZK	510,219,300	Dyckerhoff GmbH	100.00
ZAPA beton a.s.	Praha CZ	CZK	300,200,000	Dyckerhoff GmbH	100.00
TOB Dyckerhoff Ukraina	Kyiv UA	UAH	230,943,447	Dyckerhoff GmbH	100.00
PRAT Dyckerhoff Cement Ukraine	Kyiv UA	UAH	7,917,372	Dyckerhoff GmbH TOB Dyckerhoff Ukraina	99,98 0,02
OOO SLK Cement	Suchoi Log RU	RUB	30,625,900	Dyckerhoff GmbH	100.00
Alamo Cement Company	San Antonio US	USD	200,000	Buzzi Unicem International S.à r.l.	100.00
RC Lonestar Inc.	Wilmington US	USD	10	Buzzi Unicem International S.à r.l. Dyckerhoff GmbH	51,50 48,50
Dyckerhoff Gravières et Sablières Seltz S.A.S.	Seltz FR	EUR	180,000	Dyckerhoff Beton GmbH & Co. KG	100.00
Dyckerhoff Kieswerk Trebur GmbH & Co. KG	Trebur-Geinsheim DE	EUR	125,000	Dyckerhoff Beton GmbH & Co. KG	100.00
Dyckerhoff Kieswerk Leubingen GmbH	Erfurt DE	EUR	101,000	Dyckerhoff Beton GmbH & Co. KG	100.00
SIBO-Gruppe GmbH & Co. KG	Lengerich DE	EUR	1,148,341	Dyckerhoff Beton GmbH & Co. KG	100.00
MKB Mörteldienst Köln-Bonn GmbH & Co. KG	Neuss DE	EUR	125,500	Dyckerhoff Beton GmbH & Co. KG	100.00
BTG Beton-Transport-Gesellschaft mbH	Lengerich DE	EUR	500,000	Dyckerhoff Beton GmbH & Co. KG	100.00
sibobeton Ems GmbH & Co. KG	Lengerich DE	EUR	2,300,813	Dyckerhoff Beton GmbH & Co. KG	100.00
sibobeton Enger GmbH & Co. KG	Lengerich DE	EUR	337,453	Dyckerhoff Beton GmbH & Co. KG	100.00
sibobeton Wilhelmshaven GmbH & Co. KG	Lengerich DE	EUR	920,325	Dyckerhoff Beton GmbH & Co. KG	100.00
sibobeton Osnabrück GmbH & Co. KG	Lengerich DE	EUR	5,368,565	Dyckerhoff Beton GmbH & Co. KG	98.50
Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	Erfurt DE	EUR	100,000	Dyckerhoff Beton GmbH & Co. KG	95.00

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership
Companies consolidated on a line-by-line basis (continued)					
Dyckerhoff Beton Rheinland-Pfalz GmbH & Co. KG	Neuwied DE	EUR	795,356	Dyckerhoff Beton GmbH & Co. KG	70.97
TBG Lieferbeton GmbH & Co. KG Odenwald	Reichelsheim DE	EUR	306,900	Dyckerhoff Beton GmbH & Co. KG	66.67
Ostfriesische Transport-Beton GmbH & Co. KG	Lengerich DE	EUR	1,300,000	Dyckerhoff Beton GmbH & Co. KG sibobeton Ems GmbH & Co. KG sibobeton Wilhelmshaven GmbH & Co. KG	65,13 24,20 10,67
Dyckerhoff Basal Toeslagstoffen B.V.	Nieuwegein NL	EUR	27,000	Dyckerhoff Basal Nederland B.V.	100.00
Dyckerhoff Basal Betonmortel B.V.	Nieuwegein NL	EUR	18,004	Dyckerhoff Basal Nederland B.V.	100.00
Béton du Ried S.A.S.	Krautergersheim FR	EUR	500,000	Cimalux S.A.	100.00
Cimalux Société Immobilière S.à r.l.	Esch-sur-Alzette LU	EUR	24,789	Cimalux S.A.	100.00
ZAPA beton SK s.r.o.	Bratislava SK	EUR	11,859,396	ZAPA beton a.s. Cement Hranice a.s.	99,97 0,03
TOB Dyckerhoff Transport Ukraina	Kyiv UA	UAH	51,721,476	TOB Dyckerhoff Ukraina	100.00
OOO CemTrans	Suchoi Log RU	RUB	20,000,000	OOO SLK Cement	100.00
OOO Dyckerhoff Suchoi Log obshestvo po sbitu tamponashnich zementow	Suchoi Log RU	RUB	4,100,000	OOO SLK Cement	100.00
OOO Omsk Cement	Omsk RU	RUB	779,617,530	OOO SLK Cement	100.00
Alamo Concrete Products Company	San Antonio US	USD	1	Alamo Cement Company	100.00
Alamo Transit Company	San Antonio US	USD	1	Alamo Cement Company	100.00
Buzzi Unicem USA Inc.	Wilmington US	USD	10	RC Lonestar Inc.	100.00
Midwest Material Industries Inc.	Wilmington US	USD	1	RC Lonestar Inc.	100.00
Lone Star Industries, Inc.	Wilmington US	USD	28	RC Lonestar Inc.	100.00
River Cement Company	Wilmington US	USD	100	RC Lonestar Inc.	100.00
River Cement Sales Company	Wilmington US	USD	100	RC Lonestar Inc.	100.00
Signal Mountain Cement Company	Wilmington US	USD	100	RC Lonestar Inc.	100.00
Heartland Cement Company	Wilmington US	USD	100	RC Lonestar Inc.	100.00
Heartland Cement Sales Company	Wilmington US	USD	10	RC Lonestar Inc.	100.00
Hercules Cement Holding Company	Wilmington US	USD	10	RC Lonestar Inc.	100.00
Hercules Cement Company LP	Harrisburg US	USD	n/a	RC Lonestar Inc. Hercules Cement Holding Company	99,00 1,00
Dyckerhoff Transportbeton Schmalkalden GmbH & Co. KG	Erfurt DE	EUR	512,000	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	67.55
BSN Beton Service Nederland B.V.	Franeker NL	EUR	113,445	Dyckerhoff Basal Betonmortel B.V.	100.00

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership
Companies consolidated on a line-by-line basis (continued)					
MegaMix Basal B.V.	Nieuwegein NL	EUR	27,228	Dyckerhoff Basal Betonmortel B.V.	100.00
Friesland Beton Heerenveen B.V.	Heerenveen NL	EUR	34,487	Dyckerhoff Basal Betonmortel B.V.	80.26
Betonmortel Centrale Groningen (B.C.G.) B.V.	Groningen NL	EUR	42,474	Dyckerhoff Basal Betonmortel B.V.	66.03
ZAPA beton HUNGÁRIA kft.	Zsujta HU	HUF	88,000,000	ZAPA beton SK s.r.o.	100.00
Buzzi Unicem Ready Mix, L.L.C.	Nashville US	USD	n/a	Midwest Material Industries Inc.	100.00
RED-E-MIX, L.L.C.	Springfield US	USD	n/a	Midwest Material Industries Inc.	100.00
RED-E-MIX Transportation, L.L.C.	Springfield US	USD	n/a	Midwest Material Industries Inc.	100.00
Utah Portland Quarries, Inc.	Salt Lake City US	USD	378,900	Lone Star Industries, Inc.	100.00
Rosebud Real Properties, Inc.	Wilmington US	USD	100	Lone Star Industries, Inc.	100.00
Compañia Cubana de Cemento Portland, S.A.	Havana CU	CUP	100	Lone Star Industries, Inc.	100.00
Transports Mariel, S.A.	Havana CU	CUP	100	Lone Star Industries, Inc.	100.00
Proyectos Industries de Jaruco, S.A.	Havana CU	CUP	186,700	Compañia Cubana de Cemento Portland, S.A.	100.00
Investments in joint ventures valued by the equity method					
Cementi Moccia S.p.A.	Napoli	EUR	7,398,300	Buzzi Unicem SpA	50.00
BCPAR S.A.	Recife BR	BRL	873,072,223	Buzzi Unicem SpA	50.00
E.L.M.A. S.r.l.	Sinalunga (SI)	EUR	15,000	Unical S.p.A.	50.00
Fresit B.V.	Amsterdam NL	EUR	6,795,000	Buzzi Unicem International S.à r.l.	50.00
Presa International B.V.	Amsterdam NL	EUR	7,900,000	Buzzi Unicem International S.à r.l.	50.00
Bildungs-Zentrum-Deuna gGmbH	Deuna DE	EUR	25,565	Dyckerhoff GmbH	50.00
Lichtner-Dyckerhoff Beton GmbH & Co. KG	Berlin DE	EUR	200,000	Dyckerhoff Beton GmbH & Co. KG	50.00
ZAPA UNISTAV s.r.o.	Brno CZ	CZK	20,000,000	ZAPA beton a.s.	50.00
EKO ZAPA beton s.r.o.	Praha CZ	CZK	1,008,000	ZAPA beton a.s.	50.00
ARGE Betonversorgung ICE Feste Fahrbahn Erfurt-Halle GbR	Erfurt DE	EUR	n/a	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	37.00
Ravenswaarden B.V.	Lochem NL	EUR	18,000	Dyckerhoff Basal Toeslagstoffen B.V.	50.00
Roprivest N.V.	Grimbergen BE	EUR	105,522	Dyckerhoff Basal Toeslagstoffen B.V.	50.00
Eljo Holding B.V.	Groningen NL	EUR	45,378	Dyckerhoff Basal Betonmortel B.V.	50.00
Megamix-Randstad B.V.	Gouda NL	EUR	90,756	Dyckerhoff Basal Betonmortel B.V.	50.00

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership
Investments in joint ventures valued by the equity method (continued)					
Brennand Projetos S.A.	Recife BR	BRL	12,403,955	BCPAR S.A.	100.00
Mineração Bacupari S.A.	Recife BR	BRL	6,238,950	BCPAR S.A.	100.00
Companhia Nacional de Cimento - CNC	Recife BR	BRL	601,520,831	BCPAR S.A.	100.00
Agroindustrial Delta de Minas S.A.	Recife BR	BRL	26,319,159	BCPAR S.A.	100.00
Brennand Cimentos Paraíba S.A.	Recife BR	BRL	265,173,765	BCPAR S.A.	100.00
CCS Cimento de Sergipe S.A.	Aracaju, BR	BRL	2,281,000	Brennand Projetos S.A.	100.00
Mineração Delta de Sergipe S.A.	Aracaju, BR	BRL	373,184	Brennand Projetos S.A.	100.00
Mineração Delta do Rio S.A.	Recife BR	BRL	1,669,385	Brennand Projetos S.A.	100.00
Mineração Delta do Paraná S.A.	Recife BR	BRL	5,294,139	Brennand Projetos S.A.	100.00
Agroindustrial Árvore Alta S.A.	Recife BR	BRL	579,000	Brennand Projetos S.A.	100.00
CCP Holding S.A.	Recife BR	BRL	307,543,000	Brennand Cimentos Paraíba S.A.	85.00
Companhia de Cimento da Paraíba - CCP	Recife BR	BRL	319,642,205	CCP Holding S.A.	100.00
Mineração Nacional S.A.	Recife BR	BRL	31,756,571	CCP Holding S.A.	100.00
Corporación Moctezuma, S.A.B. de C.V.	Mexico MX	MXN	171,376,652	Fresit B.V. Presa International B.V.	51,51 15,16
Cementos Portland Moctezuma, S.A. de C.V.	Emiliano Zapata MX	MXN	10,824,601	Corporación Moctezuma, S.A.B. de C.V.	100.00
Lacosa Concretos, S.A. de C.V.	Emiliano Zapata MX	MXN	11,040,000	Corporación Moctezuma, S.A.B. de C.V.	100.00
Cementos Moctezuma, S.A. de C.V.	Mexico MX	MXN	2,349,779,651	Corporación Moctezuma, S.A.B. de C.V. Inmobiliaria Lacosa, S.A. de C.V.	99,81 0,19
Inmobiliaria Lacosa, S.A. de C.V.	Mexico MX	MXN	50,068,500	Corporación Moctezuma, S.A.B. de C.V. Cementos Portland Moctezuma, S.A. de C.V.	98,00 2,00
Maquinaria y Canteras del Centro, S.A. de C.V.	Mexico MX	MXN	19,597,565	Cementos Moctezuma, S.A. de C.V.	51.00
CYM Infraestructura, S.A.P.I. de C.V.	Mexico MX	MXN	20,100,000	Cementos Moctezuma, S.A. de C.V.	50.00

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership
Investments in associates valued by the equity method					
Premix S.p.A.	Melilli (SR)	EUR	3,483,000	Buzzi Unicem SpA	40.00
Société des Ciments de Sour El Ghozlane EPE S.p.A.	Sour El Ghozlane DZ	DZD	1,900,000,000	Buzzi Unicem SpA	35.00
Société des Ciments de Hadjar Soud EPE S.p.A.	Azzaba DZ	DZD	1,550,000,000	Buzzi Unicem SpA	35.00
Laterlite S.p.A.	Solignano (PR)	EUR	22,500,000	Buzzi Unicem SpA	33.33
Salonit Anhovo Gradbeni Materiali d.d.	Anhovo SI	EUR	36,818,921	Buzzi Unicem SpA	25.00
w&p Cementi S.p.A.	San Vito al Tagliamento (PN)	EUR	2,000,000	Buzzi Unicem SpA	25.00
Calcestruzzi Faure S.r.l.	Salbertrand (TO)	EUR	53,560	Unical S.p.A.	24.00
Edilcave S.r.l.	Villar Focchiardo (TO)	EUR	72,800	Unical S.p.A.	20.00
Nord Est Logistica S.r.l.	Gorizia	EUR	640,000	Calcestruzzi Zillo S.p.A.	32.38
Warsteiner Kalksteinmehl GmbH & Co. KG	Warstein DE	EUR	51,129	Dyckerhoff GmbH	50.00
Warsteiner Kalksteinmehl Verwaltungsgesellschaft mbH	Warstein DE	EUR	25,600	Dyckerhoff GmbH	50.00
CI4C GmbH & Co. KG	Heidenheim an der Brenz DE	EUR	40,000	Dyckerhoff GmbH	25.00
Projektgesellschaft Warstein-Kallenhardt Kalkstein mbH	Warstein DE	EUR	25,200	Dyckerhoff GmbH	25.00
Köster/Dyckerhoff Vermögensverwaltungs GmbH	Warstein DE	EUR	25,000	Dyckerhoff GmbH	24.90
Köster/Dyckerhoff Grundstücksverwaltungs GmbH & Co. KG	Warstein DE	EUR	10,000	Dyckerhoff GmbH	24.90
Nordenhamer Transportbeton GmbH & Co. KG	Nordenham DE	EUR	322,114	Dyckerhoff Beton GmbH & Co. KG	51.59
BLD Betonlogistik Deutschland GmbH	Rommerskirchen DE	EUR	25,200	Dyckerhoff Beton GmbH & Co. KG	50.00
Lichtner-Dyckerhoff Beton Verwaltungs GmbH	Berlin DE	EUR	25,000	Dyckerhoff Beton GmbH & Co. KG	50.00
TRAMIRA Transportbetonwerk Minden-Ravensberg GmbH & Co. KG	Minden-Dankersen DE	EUR	1,000,000	Dyckerhoff Beton GmbH & Co. KG	50.00
Transass S.A.	Schifflange LU	EUR	50,000	Cimalux S.A.	41.00
S.A. des Bétons Frais	Schifflange LU	EUR	2,500,000	Cimalux S.A.	41.00
Bétons Feidt S.A.	Luxembourg LU	EUR	2,500,000	Cimalux S.A.	30.00
Houston Cement Company LP	Houston US	USD	n/a	Alamo Cement Company	20.00
BLRP Betonlogistik Rheinland-Pfalz GmbH	Rommerskirchen DE	EUR	25,000	Dyckerhoff Beton Rheinland-Pfalz GmbH & Co. KG	50.00
BLN Beton Logistiek Nederland B.V.	Heteren NL	EUR	26,000	Dyckerhoff Basal Betonmortel B.V.	50.00
Van Zanten Holding B.V.	Zuidbroek NL	EUR	18,151	Dyckerhoff Basal Betonmortel B.V.	25.00
Louisville Cement Assets Transition Company	Louisville US	USD	n/a	Lone Star Industries, Inc.	25.00
Cooperatie Megamix B.A.	Almere NL	EUR	80,000	MegaMix Basal B.V.	37.50

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

Name	Registered office		Share capital	Ownership interest held by	% of ownership
Other investments in subsidiaries at fair value					
GfBB prüftechnik Verwaltungs GmbH	Flörsheim DE	EUR	25,600	Dyckerhoff GmbH	100.00
Dyckerhoff Beton Verwaltungs GmbH	Wiesbaden DE	EUR	46,100	Dyckerhoff GmbH	100.00
Lieferbeton Odenwald Verwaltungs GmbH	Flörsheim DE	EUR	25,000	Dyckerhoff GmbH	100.00
Dyckerhoff Kieswerk Trebur Verwaltungs GmbH	Trebur-Geinsheim DE	EUR	25,000	Dyckerhoff Beton GmbH & Co. KG	100.00
SIBO-Gruppe Verwaltungsgesellschaft mbH	Lengerich DE	EUR	26,000	Dyckerhoff Beton GmbH & Co. KG	100.00
Dyckerhoff Beton Rheinland-Pfalz Verwaltungs GmbH	Neuwied DE	EUR	26,000	Dyckerhoff Beton GmbH & Co. KG	70.97
Nordenhamer Transportbeton GmbH	Nordenham DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	56.60
Seibel Beteiligungsgesellschaft mbH	Erwitte DE	EUR	25,000	Portland Zementwerke Seibel und Söhne GmbH & Co. KG	100.00
Dyckerhoff Transportbeton Thüringen Verwaltungs GmbH	Erfurt DE	EUR	25,565	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	100.00
Dyckerhoff Transportbeton Schmalkalden Verwaltungs GmbH	Erfurt DE	EUR	25,600	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	67.58
MKB Mörteldienst Köln-Bonn Verwaltungsgesellschaft mbH	Neuss DE	EUR	25,000	MKB Mörteldienst Köln-Bonn GmbH & Co. KG	100.00

For the German partnerships in the legal form of a GmbH & Co. KG consolidated on a line-by-line basis, the exemption according to Article 264b German Commercial Code is applicable.

Information pursuant to article 149-*duodecies* of the CONSOB Regulation for listed companies

The following table, prepared in accordance with article 149-duodecies of the CONSOB Regulation no. 11971/99, reports the amount of the fees charged in 2020 for auditing and services other than auditing provided by the independent auditors and by entities that are part of its network.

(thousands of euro)	**Service provider**	**Service recipient**	**Fees charged in 2020**
Audit	EY S.p.A.	Parent – Buzzi Unicem S.p.A.	161
	EY S.p.A.	Subsidiaries	90
	Network EY	Subsidiaries	1,141
Attestation	Network EY	Parent – Buzzi Unicem S.p.A. (1)	28
	Network EY	Subsidiaries (2)	14
Other	EY S.p.A.	Parent – Buzzi Unicem S.p.A. (3)	12
Total			**1,446**

1) Agreed upon procedures on the annual financial information of the Algerian associates Société des Ciments de Sour El Ghozlane and Société des Ciments de Hadjar Soud;
2) Certifications required under Dutch law;
3) Assistance for disputes relating to Dyckerhoff squeeze-out.

Certification of the consolidated financial statements pursuant to article 81-*ter* of Consob regulation no. 11971 of 14 May 1999 as amended

- The undersigned Pietro Buzzi, as Chief Executive Finance, and Elisa Bressan, as Manager responsible for preparing Buzzi Unicem's financial reports, hereby certify, pursuant to the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, that the administrative and accounting procedures for the preparation of the consolidated financial statements during the year 2020:

  - are adequate with respect to the company structure, and
  - have been effectively applied.

- The undersigned also certify that:

  a) The consolidated financial statements

  - have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel dated 19 July 2002;

  - correspond to the results documented in the books and the accounting records;

  - provide a true and correct representation of the financial conditions, results of operations and cash flows of the issuer and of the entities included in the scope of consolidation.

  b) The review of operations includes a reliable analysis of operating performance and results, as well as of the situation of the issuer and of the entities included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Casale Monferrato, 25 March 2021

Chief Executive Finance	Manager responsible for preparing financial reports
Pietro Buzzi	**Elisa Bressan**

Buzzi Unicem S.p.A.

Consolidated financial statements as at December 31, 2020

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Buzzi Unicem S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Buzzi Unicem Group (the Group), which comprise the consolidated balance sheet as at December 31, 2020, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Buzzi Unicem S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit Response
Valuation of Goodwill As at December 31, 2020 goodwill amounted to € 604 million and it has been allocated to the Group's Cash Generating Units (CGU). The processes and methods used by the Company to evaluate and determine the recoverable amount of each CGU, in terms of value in use, are based on assumptions that are in some cases complex and that, due to their nature, imply the use of judgement by Management, in particular with reference to the forecast of future cash flows and to the estimate of the long-term growth and discount rates applied to the future cash flow forecasts. Considering the level of judgement and complexity of the assumptions applied in estimating the recoverable amount of goodwill, we considered that this area represents a key audit matter. Disclosures related to the valuation of goodwill are provided in note 19 – "Goodwill and Other intangible assets" and note 2.9 – "Intangible assets".	Our audit procedures in response to this key audit matter included, among others: • the assessment of the processes implemented by the Company with reference to the criteria and methodology of the impairment test; • the validation of the CGUs perimeter and test of the allocation of the carrying value of the Group's assets to each CGU; • the assessment of the future cash flow forecasts, including comparisons with sector data and forecasts; • the assessment of the consistency of the future cash flow forecasts of each CGU with the Group business plan; • the assessment of the accuracy of future cash flow forecasts when compared to actual results; • the assessment of the long-term growth rates and discount rates. In performing our analysis, we involved our experts in valuation techniques, who have performed independent calculations and sensitivity analyses of the key assumptions in order to determine any changes that could materially affect the valuation of the recoverable amount. Lastly, we assessed the adequacy of the disclosures provided in the notes to the consolidated financial statements with regard to the valuation of goodwill.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Buzzi Unicem S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Group to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Buzzi Unicem S.p.A., in the general meeting held on May 9, 2014, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2014 to December 31, 2022.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Buzzi Unicem S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of of Buzzi Unicem Group as at December 31, 2020, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Buzzi Unicem Group as at December 31, 2020 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Buzzi Unicem Group as at December 31, 2020 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Buzzi Unicem S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by another auditor.

Turin, April 2nd, 2021

EY S.p.A.
Stefania Boschetti, Auditor

This report has been translated into the English language solely for the convenience of international readers.

Buzzi Unicem SpA

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Share Capital €123,636,658.80

Company Register of Alessandria-Asti no. 00930290044

Cover photo:
Redevelopment of the former technical department of the town hall of Eindhoven (Netherlands); balconies in Dyckerhoff Weiss white concrete.