Half-Yearly financial report as at June 30, 2018

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INTERIM MANAGEMENT REPORT

The prospects for international growth remain overall favorable, even if the intensification of tensions related to the protectionist orientation of the US administration have led to a visible deceleration in the pace of expansion of international trade. Risks associated with the structure of future economic relationships between the United Kingdom and the European Union have increased, due to limited progress on the Brexit negotiations.

In the United States, the economic figures for the first half of the year promise robust growth, which was supported by an increase in both employment rate and disposable income. The already favorable expectations for GDP development for the current year, fueled by fiscal stimulus measures, were confirmed.

In the Eurozone, the pace of growth at the start to the year slowed down compared to the rather lively one of the previous quarter, and remained modest even during the spring months. Business was driven by domestic demand, especially by private consumption; net exports instead contributed negatively. The deceleration in the first quarter was particularly marked in France and Germany. For the whole of 2018, GDP growth forecasts were slightly revised downwards; development in Italy, also revised downwards, is confirmed as clearly lower than the European average.

Among the emerging countries, the growth path in China and India remains solid, the prospects of Russia continue to improve gradually, while they are still fragile in Brazil.

Crude oil prices, after the slight decrease recorded in June, started to rise again, thus reaching in the first week of July the highest levels since the end of 2014. A sustained demand and a reduction in stocks contributed to this, despite the increase in US production and the decision by OPEC to revise the agreement on production cuts to compensate for supply contractions in Venezuela and Iran.

Consumer price inflation remains moderate in the main advanced economies; it increased to 2.8% in May in the United States, and to 2.0% in June in Europe. Prices in the major emerging countries continue to show no sign of significant acceleration.

As expected, in the June meetings the Federal Reserve raised the reference rate, and the ECB Governing Council, considering that the progress towards reaching a lasting inflation adjustment is remarkable, expects to conclude net purchases of assets at the end of the year, while still maintaining a large degree of monetary accommodation.

In this environment, total cement and ready-mix concrete volumes sold by the group, after a first quarter penalized by unfavorable weather conditions and fewer working days, resumed a more regular trend and closed the first half of the year improving in the cement sector and substantially in line with the output recorded in the same period of 2017 in the ready-mix concrete one. The most significant favorable changes were achieved in Italy, thanks to the increase in the scope of consolidation, and in the Czech Republic. Deliveries to customers confirmed or slightly improved the levels achieved in the same period of the previous year in the United States of America, Poland, Germany and Russia, while a decrease in shipments was recorded in Luxembourg and, even more marked, in Ukraine. Net sales for the first half were down 1.2% to €1,337.4 million compared to €1,353.8 million in 2017, while Ebitda decreased by 5.7%, from €241.1 million to €227.4 million. Except for a stable figure in the Czech Republic, the price effect in local currency showed a favorable change in all countries where the group operates. The volume effect, also favored by the additional scope of production in Italy and Germany, was favorable or neutral everywhere, except for a modest decrease in Luxembourg and a more marked decline in Ukraine. The currency trend, which was characterized by the depreciation of the dollar and the ruble, had a net unfavorable impact of €72.2 million on net sales and €18.8 million on Ebitda. Like for like net sales would have increased by 1.1% and Ebitda by 2.6%. After amortization and depreciation of €104.0 million (€108.6 million in the previous year), Ebit amounted to €123.5 million (-€9.1 million compared to 2017). The income statement for the six months closed with a net profit of €123.0 million, compared to €117.6 million in the same period of 2017.

Operating and financial performance

Cement sales of the group in the first six months of 2018 increased by 3.8% versus the same period of 2017, to 12.9 million tons. Changes were favorable or neutral in all the markets where the group is present, except for a slight decrease in Luxembourg, and a much more marked one in Ukraine. Ready-mix concrete output was still in line with the previous year and equal to 5.9 million cubic meters (-0.7%). In this sector the most favorable changes were recorded in Benelux and Eastern Europe; quite stable levels were achieved in the United States of America, while the output was down in Germany and, more considerably, in Italy.

The Italian market generated net revenues of €227.9 million (+13.8%), mainly thanks to the additional contribution of the former Cementizillo plants as well as the strengthening in prices. In the United States, volumes in line with those achieved in the first half of 2017 and an upward trend in prices led to a slight improvement in net sales in dollars, but due to the unfavorable exchange rate effect net sales in euros were noticeably down (€504.7 million, i.e. -9.9%). Net sales of Central Europe, also favored by the contribution of the Seibel & Söhne plant in Erwitte, which entered the area of consolidation at the beginning of May, totaled €369.3 million (+2.7%). The good performance of shipments in the Czech Republic and the continuation of the recovery in Poland more than offset the decline in volumes in Ukraine and the negative exchange rate effect in Russia (-€12.0 million), thus increasing the revenues of Eastern Europe as a whole at €243.1 million (+1.3%). Consolidated Ebitda amounted to €227.4 million, versus €241.1 million in 2017 (-5.7%). The figure for the first half however was boosted by net non-recurring income of €11.0 million (net non-recurring expenses of €4.5 million in the same period of 2017); net of those amounts Ebitda for the first half of 2018 would have decreased by €29.2 million (-11.9%) to €216.4 million. Exchange rates variances had a negative net impact essentially due to the depreciation of the dollar and the ruble. Like for like Ebitda for the first half of 2018 would have decreased by 4.6%. The recurring Ebitda to sales margin in the first six months was down by 200 basis points, with unfavorable changes in the United States, Ukraine, Russia and Germany, while in other markets the trend was stable or improving. Production, selling and administrative costs showed an unfavorable trend in the main variable items (energy factors) as well as in labor and services in general.

After amortization and depreciation for €104.0 million (€108.6 in the first half of 2017), Ebit amounted to €123.5 million (€132.5 million in June 2017). Profit before tax amounted to €159.3 million (€170.1 million in 2017), considering a contribution of €40.0 million from equity earnings (€48.8 million in 2017), gains on sale of investments of €0.1 million (€0.9 million in 2017) and net finance costs of €4.4 million (€12.2 million in 2017), the reduction of which was also influenced by the valuation of derivative financial instruments. Income taxes benefited from the rate reduction that became effective in the United States and the income statement closed with a net profit of €123.4 million, compared to €119.3 million in the first half of 2017; net profit attributable to the owners of the company increased from €117.6 million in 2017 to €123.0 million in the period under review.

Cash flow for the period amounted to €227.4 million, compared to €227.9 million in the same period of 2017. Net debt as at 30 June 2018 amounted to €894.0 million, up €31.5 million compared to €862.5 million at 31 December 2017. During the first half of the year the group distributed dividends for €28.3 million, and made total capital expenditures of €162.3 million. Investments in property, plant and equipment referring to expansion or special projects amounted to €18.5 million, almost entirely related to the second phase of the modernization and upgrade project of the Maryneal plant (TX) and to the rebuilding of the dedusting system at Cape Girardeau (MO). Equity investments mainly concerned the acquisition of the entire share capital of Portland Zementwerke Seibel & Söhne GmbH & Co. KG, which operates with a full-cycle cement plant in Erwitte, North Rhein (€43.7 million). The liability side of net debt includes the fair value of the cash settlement option attached to the outstanding convertible bond for €75.3 million (€93.0 million at year-end 2017). The assets and liabilities forming the net financial position, broken down by their degree of liquidity, are reported in the following table:

(millions of euro)	1H 2018	31.12.2017
Cash and short-term financial assets:		
- Cash and cash equivalents	762.2	810.6
- Other current financial receivables	9.9	19.2
Short-term financial liabilities:		
- Current portion of long-term debt	(368.5)	(369.9)
- Short-term debt	(24.3)	(17.6)
- Other current financial liabilities	(37.6)	(37.1)
Net short-term cash	**341.7**	**405.2**
Long-term financial liabilities:		
- Long-term debt	(1,117.4)	(1,120.0)
- Derivative financial instruments	(75.3)	(92.9)
- Other non-current financial liabilities	(47.6)	(58.0)
Net financial position of continuing operations	**(898.5)**	**(865.6)**
Long-term financial assets:		
- Other non-current financial receivables	4.5	3.2
Net debt	**(894.0)**	**(862.5)**

Total equity as at 30 June 2018, including non-controlling interests, amounted to €3,004.3 million vs. €2,852.1 million as at 31 December 2017. The debt/equity ratio was consequently 0.30 (equally 0.30 at the end of 2017).

Italy

The economic situation continued to expand during the first months of 2018 and in the second quarter GDP increased to around 0.2%, but with downward development, which is related with the less favorable trend of manufacturing. The industrial production, which is growing weakly, is struggling to strengthen while, since spring, investments seem to show signs of reboot, after the break in the first quarter. Real disposable income provided a minor stimulus to household spending, affected by the modest wage dynamics. Exports were affected by the slowdown in international trade, showing declines in almost all sectors, both to non-EU markets, in particular the United States, and to domestic ones, especially France and Germany. At the start to the year investments sharply declined, reflecting the contraction in the plant and machinery component. GDP growth for the whole of the current year, which was slightly revised downwards, is estimated at +1.3%. The recovery of the real estate market remains weak, even if there are decreases in the inventory of commissioned sales and the expectations of the operators are positive on both a short and medium-term forecast. The Italian National Association of Building Constructors estimates a growth in construction investments for the current year of 2.4%, with a modest increase in residential properties (+1.7%), in the non-residential private sector (+3.2%) and in public works (+2.5%). The trade association (AITEC), with reference to cement consumption for the whole of the year, forecasts a marginal improvement compared to the levels achieved in 2017.
Our sales of hydraulic binders and clinker, thanks to the additional contribution of the shipments referring to the former Cementizillo plants, closed the first six months clearly up from the same period last year (+23.2%). On a like-for-like basis, however, the trend would have been unfavorable, influenced by prolonged rainy periods and by a reduction in the sales of clinker. Selling prices, in a generally more stable market, confirmed the signs of upward adjustment. The

ready-mix concrete sector, which was subject to recent restructuring and production rationalization leading, among other things, to a smaller number of batching plants being managed directly, showed a lower level of production compared to the same period of the previous year, but with prices increasing. In line with this trend in volumes and prices, net sales in Italy amounted to €227.9 million, up 13.8% (€200.2 million in 2017). Ebitda of the first six months closed with a negative balance of €8.9 million (compared to -€13.4 million in 2017). Despite the best attention payed to the assignment and collection of trade receivables, recent requests to participate in bankruptcy proceedings, in particular to obtain a continuation agreement, were presented by leading national construction companies and forced us to make a provision for losses of the related exposure, equal to approximately €2.6 million. It should also be noted that the 2018 result includes net non-recurring costs of €6.1 million, consisting of charges related to tax disputes of €5.9 million, restructuring expenses of €2.4 million, other expenses of €1.7 million and revenues for indemnification of €3.9 million (€2.4 million of non-recurring costs in 2017). Net of non-recurring items and changes in scope Ebitda showed a positive variance of €3.3 million. The unit production costs remained stable, thanks to the favorable change in electric power, which offset the increase in fuels and the main fixed costs.

(millions of euro)	*1H 2018*	*1H 2017*
Net sales	227.9	200.2
EBITDA	-8.9	-13.4
EBITDA recurring	-2.9	-11.0
% of net sales	*-1.3*	*-5.5*
Capital expenditures	7.8	42.9
Headcount end of period n.	1,539	1,377

Germany

GDP growth in the first quarter visibly decelerated, and the expansion in the following spring months carried on at slow rate. The country's economy continued to be driven by domestic demand, sustained by the growth in available income and the recovery in investments, while net exports, which were exceptionally favorable in the final quarter of 2017, provided a negative contribution at the start to the year. The greater uncertainties regarding international trade and the resulting risk of a slowdown for companies operating overseas contributed to the cooling of the business confidence climate in the country, whose economy is extremely open to trade. The strong growth in domestic demand and the prospects for a greater contribution from public spending in the second half of the year, however, suggest a GDP growth for the full year in line with 2017 (+2.5%). Construction investments are expected to increase positively, particularly in the residential sector.

After a start to the year affected by fewer working days and unfavorable weather conditions, the pace of shipments resumed a more regular performance, also favored by a demand for oil well special products remarkably strengthening. During the first half of the year our cement sales increased by 1.1% compared to the same period of the previous year, with average prices recovering. Since May, the activities of the newly-acquired Seibel & Söhne, which operates with a full-cycle cement plant in Erwitte, North Rhein, have been consolidated line by line. Thanks to this acquisition, Dyckerhoff, which in about one year will shut down the production at Erwitte by moving it in its plants, strengthened its market position in the country. The ready-mix concrete sector showed a decrease in production compared to the same period in 2017, but with prices recovering. Overall net sales amounted to €287.2 million (€282.5 million in 2017), up 1.6%, while Ebitda came in at €27.8 million compared to €32.7 million (-15.0%). It should be remembered however that the figure includes an accrual of €5.0 million for non-recurring expenses pertaining to the period. Net of non-recurring items and changes in scope, Ebitda showed a positive change of €6.0 million (+18.4%). The unit production costs were unfavorable, mainly due to inflation related to fuels and electric power.

(millions of euro)	*1H 2018*	*1H 2017*
Net sales	287.2	282.5
EBITDA	27.8	32.7
EBITDA recurring	32.8	32.7
% of net sales	*11.4*	*11.6*
Capital expenditures	72.3	17.0
Headcount end of period n.	1,946	1,837

Luxembourg and the Netherlands
In Luxembourg, even if the financial sector in the first months of the year recorded some slowdown in activities, GDP growth for the whole of 2018 is still expected to improve on the previous year and above 4%. The favorable outlook refers to the solid expansion of domestic consumption, which is kept lively by the growth in employment rate, available income, investments and a very high business confidence level.

In the Netherlands, following the solid economic growth achieved in 2017, the favorable economic situation continued throughout this year, with a slightly more moderate pace only at the start to the year, due to a less positive contribution from exports. Domestic demand is largely supported by improvements in disposable income, employment rate and increasing public investments. The expected GDP growth for the current year is still in line with 2017 (+3.2%).

Our cement deliveries, inclusive of export, although they restored a more regular pace during the spring months, closed the first half-year down (-5.3%), with average unit revenues marginally strengthening compared to the previous year. The ready-mix concrete output instead recorded a very robust recovery (+16.9%), associated with some improvement in prices. Net sales stood at €96.5 million, up 6.4% on the previous year (€90.7 million). Ebitda increased by €2.0 million, from €6.2 million in 2017 to €8.3 million in the period under review. As regards the production costs, there were no critical issues to point out.

(millions of euro)	*1H 2018*	*1H 2017*
Net sales	96.5	90.7
EBITDA	8.3	6.2
% of net sales	8.6	6.9
Capital expenditures	3.7	3.7
Headcount end of period n.	305	313

Czech Republic and Slovakia
The robust growth in domestic demand continues to support the expansion of the country's economy, which was only slightly penalized at the start to the year by a lower demand for goods by the main trading partners. The strengthening of the wage trend, the stabilization of the unemployment rate at minimum levels (2.4%) and among the lowest ones in the European Union, together with the high confidence climate, continue to support the development of private consumption, while investments, both public and private ones, confirm a renewed vigor fueled by an increasing use of EU development funds. Inflation is expected to stabilize at 2.3% and GDP growth for the current year is estimated at 3.5%, in line with the previous year. In a context of strong growth in real estate values, particularly in the capital Prague, construction investments and the related cement consumption are expected to increase.
Cement sales in the first six months of the year maintained a very favorable pace (+8.6%), with average prices in local currency which did not show any relevant changes. The ready-mix concrete sector, which also includes Slovakia, showed even more robust production levels (+9.4%) with slightly progressing prices. Overall net sales, favored by the positive exchange rate effect,

increased from €65.6 to €75.7 million (+15.5%), and Ebitda improved by €6.3 million, from €13.4 million in 2017 to €19,7 million in the period under review (+46.9%). Like for like, net sales would have increased by 11.2% and Ebitda by 40.3%. As regards operating costs, electric power increased, offset by an improvement of fuel and fixed production costs.

	1H 2018	*1H 2017*
(millions of euro)		
Net sales	75.7	65.6
EBITDA	19.7	13.4
% of net sales	*26.0*	*20.4*
Capital expenditures	3.4	3.0
Headcount end of period n.	774	778

Poland
Growth in domestic consumption accelerated during the first months of the year, while investments, despite a robust development of the public sector, favored by the structural financing flows guaranteed by the European Union, showed a modest favorable variance overall. The climate of business confidence of both consumers and companies is confirmed at high levels and suggests the continuation of the favorable and extended business cycle. The solid growth of disposable income and the unemployment rate at all-time lows keep domestic consumption high. The contribution to the GDP of net exports is expected to be slightly negative, due to a faster growth in imports, following the acceleration of consumption and investments. Inflation should stabilize at approximately 2.5% and GDP growth for the current year is estimated at 4.1%.
Our cement shipments improved slightly the volumes achieved in the same period of the previous year (+1.0%), while ready-mix concrete output was accelerating much more lively (+12.9%). The average price level in local currency strengthened both for the cement and the ready-mix concrete sector. These market dynamics led to net sales amounting to €50.1 million, compared to €45.6 million in 2017 (+9.8%) and Ebitda increased from €9.2 to €16.4 million. It should be remembered however that the result under review includes non-recurring income of €5.4 million referring to the release of provisions for antitrust risks. The slight strengthening of the zloty (+1.1%) led to a positive exchange rate effect: on a like-for-like basis, net sales would have increased by 8.6% and recurring Ebitda by 18.5%. Regarding the main operating costs in local currency the price increased considerably for fuels and, to a lesser extent, for electric power.

	1H 2018	*1H 2017*
(millions of euro)		
Net sales	50.1	45.6
EBITDA	16.4	9.2
EBITDA recurring	11.0	9.2
% of net sales	*21.9*	*20.1*
Capital expenditures	1.8	1.6
Headcount end of period n.	358	356

Ukraine
The path towards more solid prospects of social stability and adequate economic development was undertaken by the country, but it continues to be conditioned by structural reforms which have not been completed and by the instability connected to the geopolitical risks in the border regions towards the East. The economic development is still widely supported by the international financial community, that simultaneously encourages legislative approval of reforms, such as the establishment of an anti-corruption high court in June and the promotion of a new regulatory framework for the energy market. GDP growth for the whole of 2018 is estimated to slightly

improve over the previous year, at around +3%, while the inflation rate should remain at high levels (+11%).
During the first six months, the cement volumes sold by our industrial plants showed a double-digit reduction (-18.7%), with average prices in local currency which grew lower than core inflation. Net sales for the period stood at €35.5 million, down €7.1 million compared to €42.6 million in 2017. Ebitda decreased from €8.8 million to €1.6 million. The further weakening of the local currency (-11.7%) had an unfavorable impact on the translation of the results into euros: at constant exchange rates, net sales would have been down €2.9 million, while Ebitda would have showed a negative variance equal to €7.0 million. Among the main operating costs in local currency, the price increased considerably for fuels and, to a lesser extent, for electrical power.

	1H 2018	*1H 2017*
(millions of euro)		
Net sales	35.5	42.6
EBITDA	1.6	8.8
% of net sales	*4.5*	*20.6*
Capital expenditures	2.8	3.9
Headcount end of period n.	1,403	1,607

Russia
The recirculation effect of the benefits related with the recovery of oil prices expanded to the economy as a whole, supporting the internal demand and the GDP growth with greater energy. Available income is expected to grow somewhat and to favor private spending, together with the recovery in consumer credit. Imports are expected to slow down, following the strong growth in 2017, while exports should grow moderately due to cuts in oil production agreed with OPEC and the weak international competitiveness in other sectors of the economy. GDP growth in 2018 is estimated at +1.7% and inflation, which decreased to 2.3% in March, is expected to reach 2.8%. Investments are growing to a limited degree, with the cycle of infrastructures being in the final phase of implementation and with the lack of attractiveness for sectors other than the energy one. The development prospects are still sound but slowly improving, still held back by the limitations connected to the context of the geopolitical conflicts and international sanctions.
Deliveries in the first half of the year, although facing some decline in the oil well special cements category, slightly improved (+1.8%) compared to the volumes achieved in the previous year, together with a favorable change of average unit prices in local currency. Net sales stood at €82.6 million, down €4.4 million from €87.0 million in the same period of 2017. Ebitda decreased from €22.9 to €19.6 million, down €3.3 million. The weakening of the ruble (-14.6%) had a considerable impact on the translation of the results into euros; net of the unfavorable exchange rate effect, net sales and Ebitda would have been up 8.8% and down 1.8% respectively. Among the main operating costs in local currency, prices increased clearly both for fuels and electric power.

	1H 2018	*1H 2017*
(millions of euro)		
Net sales	82.6	87.0
EBITDA	19.6	22.9
% of net sales	*23.7*	*26.3*
Capital expenditures	6.7	3.0
Headcount end of period n.	1,511	1,526

United States of America
The economic data for the first half of the year show strong growth, supported by the continuous increase in employment rate and household disposable income. Unemployment reached the lowest levels of the last 50 years and, thanks to fiscal stimulus, the recovery of private investments and favorable financing conditions, the economy should accelerate. The recently confirmed GDP

growth forecast for 2018 (+2.9%) outlines a significant improvement over the previous year. The Federal Reserve, at the June meeting, raised the official rates and further increases are expected this year. As regards construction investments, some growth is expected in the residential (+4.5%), commercial (+2.6%) and infrastructural sector (+1.2%). Cement consumption should improve accordingly.
Our cement sales, which recovered well during the spring months, particularly in the Southeastern and Southwestern regions, confirmed (with a rounding up) the level reached in the first half of the previous year. Cement selling prices in local currency showed an average growth of a few percentage points. Ready-mix concrete output, mainly present in Texas, which also recovered in the second quarter, closed with volumes in line with the first six months of 2017 and a slightly positive variation in selling prices. Net sales in dollars amounted to $610.9 million, up 0.7% from $606.9 million in the same period of 2017. Ebitda stood at $173.1 million (-1.0% from $174.8 million last year). Net revenues in euros, negatively affected by the depreciation of the dollar, decreased from €560.4 to €504.7 million (-9.9%) and Ebitda from €161.4 to €143.0 million (-11.4%). However it should be remembered that the result for the period under review includes a non-recurring gain of €16.7 million relating to the sale of the business involved in the licensed production of packaged concrete. Net of foreign exchange and non-recurring items, net sales and Ebitda would have been +0.7% and -13.6% respectively, the latter being essentially due to an increase in production, distribution and overhead costs well above net sales development.

(millions of euro)	*1H 2018*	*1H 2017*
Net sales	504.7	560.4
EBITDA	143.0	161.4
EBITDA recurring	126.3	163.5
% of net sales	*25.0*	*29.2*
Capital expenditures	58.9	42.7
Headcount end of period n.	2,281	2,292

Mexico (valued by the equity method)
The economic situation of the country, strongly interconnected with the development under way in the United States of America, continues to be favorable. GDP growth for the whole of 2018 is expected at +2.3%, improving year over year, supported by private consumption, a favorable trend in employment rate and robust manufacturing exports. Inflation, which is gradually attenuating, is expected to reach +4.4% at the end of the year. The recent general elections indicated with a large majority both the president and the new parliament which is expected to define the relationships with the United States, to clarify the changes to the NAFTA treaty and to outline the initiatives for the economic and social development of the country.
Cement sales trend of our joint venture was influenced by the uncertainty and the expectations associated with the results of the general elections in July. Cement deliveries showed a downturn, however with average prices in local currency improving, while ready-mix concrete sales were fairly weak, but with prices in local currency strongly increasing. Net sales and Ebitda in pesos recorded a decrease of 3.5% and 2.8% respectively. The depreciation of the Mexican peso (-9.7%) penalized the translation of results into euros. With reference to 100% of the associate, net sales came in at €315.3 million (-12.1%) and Ebitda decreased from €173.0 million to €153.2 million (-11.4%). The equity earnings referring to Mexico, included in the line item that encompasses the investments valued by the equity method, amount to €34.3 million (€37.9 million in 2017).

Algeria (valued by the equity method)
In Algeria cement consumption in the first half of 2018 remained in line with the previous year. Domestic output, thanks to the new production lines that by the time are completely operational, is now able to fully meet the demand of the local cement market. Other kiln lines are under construction or announced; in the years 2020-21 the current production capacity installed (about 26 m of tons) may reach about 40 million tons. We point out that starting from January 2016 a

provision of law has been issued to regulate and rationalize imports of cement and other materials into the country through specific licenses that determined, even in 2018, the substantial absence of imports. Given the expected overcapacity, starting from 2018 the two main manufacturers GICA and LafargeHolcim have undertaken export policies that at the moment are limited to clinker, as Algerian ports are not equipped to load cement yet.
In the first half of 2018, the two associates of Buzzi Unicem achieved clinker and cement production volumes overall in line with those of the previous period. In particular Hadjar Soud recorded a slight increase in cement production (+1.0%) and a decrease in clinker (-6.3%); Sour El Ghozlane achieved a clinker production close to that of last year (+0.5%) and a decrease in cement (-6.9%). Cement sales were consistent with the previous year and with the budget. The first six months of 2018, with reference to 100% of the operations, were penalized by a significant depreciation of the local currency (about 18%) and closed with net sales of €44.0 million, down 15.9% versus €52.3 million in the first half of 2017, while Ebitda came in at €23.1 million (-1.2% at constant exchange rates). The equity earnings referring to Algeria, included in the line item that encompasses the investments valued by the equity method, amount to €3.0 million (€4.6 million in 2017).

Risk management and description of main risks
The companies included in the scope of risk assessment are the parent company Buzzi Unicem SpA and its subsidiaries.
Risks are assessed by considering their likelihood of occurrence and their impact on group equity, in accordance with certain standards, as well as their respective relevance and importance.
We analyze the risks categories attached to the entire business activity of our companies in terms of production, finance, law and taxation. Overall, compared with the situation as at June 2017, the amount of total residual risks has reduced. Risks are decreasing in Central Europe and the United States of America, stable in Eastern Europe and growing for the parent company.
Concerning the individual categories, we do include currency risks, according to IFRS guidelines, on intercompany loans, besides future collection of dividends and possible impacts on Ebitda.
The risk of loss on capital invested in banks, which fluctuates mainly in relation to the available liquidity, is stable.
About trading conditions, the risks remain balanced; fluctuations in net sales revenues are increasing in Ukraine.
Following the mitigation actions already implemented or envisaged, the residual risks represent a limited share of book equity.

Transactions with related parties
Information on transactions with related parties is available in note 45 of these half-yearly condensed consolidated financial statements as at 30 June 2018.

Outlook
After a start to the year penalized by unfavorable weather conditions, particularly in the United States and Central Europe, the climate of the second quarter returned to normal almost everywhere. Trading conditions in the first six months of 2018 were at a consolidated level quite in line with the same period of 2017, therefore not consistent with the moderate growth assumptions that we had initially envisaged for the current year.

In Italy the first half of the year was penalized by some operating losses that are unlikely to reoccur. Therefore, assuming a modest strengthening of demand and a still favorable price effect, we hope to be able to close the year with a slightly positive operating margin.
In Central Europe we expect the continuation of the favorable demand cycle, the confirmation of the recovery of prices and consequently an improvement in recurring operating results.
Also in the Czech Republic and Poland we expect a positive development, consistent with the first half of the year, which should lead to a favorable development of operating results.
In Ukraine, on the other hand, compared to the assumptions formulated at the beginning of the year, the situation has considerably worsened. We still foresee volume weakness and a

strengthening of prices in local currency that is not able to offset the high inflation of production costs, especially fuels.
The situation is expected to be more stable in Russia where, assuming that the ruble exchange rate remains at current values, we expect the operating results to confirm at least those of the previous year.
In the second half of the year, we believe that in the United States of America the activity level remains high and this allows to achieve a positive volume and price effect. However, our forecasts indicate that the negative differential accumulated during the first six months in terms of operating results can only be filled to a limited extent. On the other hand, in light of the recent appreciation of the dollar, the exchange rate effect will probably have a less negative effect for the whole of the year.
Based on the above considerations, for the full year 2018, we expect the recurring Ebitda to reach a level very similar to that of the previous year, subject to the uncertainties related to the trend of foreign exchange rates.

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

* * *

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

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

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

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

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

(millions of euro)	*1H 2018*	*1H 2017*
EBITDA	**227.4**	**241.1**
Restructuring costs	2.4	-
Additions to provisions for risks	0.5	2.4
Dismantling costs	-	2.1
Gains on disposal of fixed assets	(16.7)	-
Other expenses	2.8	-
EBITDA recurring	**216.4**	**245.6**

- **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.

Casale Monferrato, August 2, 2018

For the Board of Directors

Enrico BUZZI
(Chairman)

CONSOLIDATED INCOME STATEMENT

(thousands of euro)	Note	Jan-Jun 2018	Jan-Jun 2017
Net sales	8	**1,337,380**	**1,353,756**
Changes in inventories of finished goods and work in progress		(4,634)	(5,467)
Other operating income	9	52,285	21,806
Raw materials, supplies and consumables	10	(525,416)	(521,476)
Services	11	(348,090)	(340,673)
Staff costs	12	(241,942)	(234,657)
Other operating expenses	13	(42,155)	(32,178)
EBITDA		**227,428**	**241,111**
Depreciation, amortization and impairment charges	14	(103,959)	(108,564)
Operating profit (EBIT)		**123,469**	**132,547**
Equity in earnings of associates and joint ventures	15	40,029	48,812
Gains on disposal of investments	16	146	876
Finance revenues	17	43,156	39,123
Finance costs	17	(47,539)	(51,284)
Profit before tax		**159,261**	**170,074**
Income tax expense	18	(35,850)	(50,777)
Profit for the period		**123,411**	**119,297**
Attributable to:			
Owners of the company		123,040	117,640
Non-controlling interests		371	1,657

(euro)			
Earnings per share	19		
basic			
- ordinary		0.595	0.570
- savings		0.607	0.582
diluted			
- ordinary		0.502	0.501
- savings		0.514	0.513

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of euro)	Jan-Jun 2018	Jan-Jun 2017
Profit for the period	**123,411**	**119,297**
Items that will not be reclassified to profit or loss		
Actuarial gains on post-employment benefits	12,127	15,801
Fair value changes of equity investments	3,318	-
Income tax relating to items that will not be reclassified	(3,403)	(5,431)
Total items that will not be reclassified to profit or loss	**12,042**	**10,370**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	41,967	(178,861)
Share of currency translation differences of associates and joint ventures valued by the equity method	3,228	9,295
Total items that may be reclassified subsequently to profit or loss	**45,195**	**(169,566)**
Other comprehensive income for the period, net of tax	**57,237**	**(159,196)**
Total comprehensive income for the period	**180,648**	**(39,899)**
Attributable to:		
Owners of the company	177,615	(40,409)
Non-controlling interests	3,033	510

CONSOLIDATED BALANCE SHEET

(thousands of euro)	Note	Jun 30, 2018	Dec 31, 2017
ASSETS			
Non-current assets			
Goodwill	20	580,305	548,327
Other intangible assets	20	41,851	44,039
Property, plant and equipment	21	3,059,686	3,000,314
Investment property	22	22,536	22,703
Investments in associates and joint ventures	23	337,913	346,971
Equity investments at fair value	24	9,299	6,688
Deferred income tax assets		41,756	43,873
Other non-current assets	25	24,762	23,499
		4,118,108	**4,036,414**
Current assets			
Inventories	26	424,281	403,549
Trade receivables	27	488,444	410,580
Other receivables	28	94,146	114,822
Cash and cash equivalents	29	762,212	810,630
		1,769,083	**1,739,581**
Assets held for sale	30	4,319	7,199
Total Assets		**5,891,510**	**5,783,194**

(thousands of euro)	Note	Jun 30, 2018	Dec 31, 2017
EQUITY			
Equity attributable to owners of the company			
Share capital	31	123,637	123,637
Share premium		458,696	458,696
Other reserves	32	(4,356)	(64,473)
Retained earnings		2,421,047	2,328,589
Treasury shares		(813)	(813)
		2,998,211	**2,845,636**
Non-controlling interests	33	6,079	6,490
Total Equity		**3,004,290**	**2,852,126**
LIABILITIES			
Non-current liabilities			
Long-term debt	34	1,117,358	1,119,986
Derivative financial instruments	35	75,324	92,902
Employee benefits	36	404,402	414,929
Provisions for liabilities and charges	37	71,507	85,382
Deferred income tax liabilities		338,086	331,128
Other non-current liabilities	38	51,750	64,208
		2,058,427	**2,108,535**
Current liabilities			
Current portion of long-term debt	34	368,516	369,906
Short-term debt	34	24,287	17,621
Trade payables	39	233,006	247,486
Income tax payables		17,253	6,613
Provisions for liabilities and charges	37	34,074	22,528
Other payables	40	151,657	158,379
		828,793	**822,533**
Total Liabilities		**2,887,220**	**2,931,068**
Total Equity and Liabilities		**5,891,510**	**5,783,194**

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of euro)

	Note	Jan-Jun 2018	Jan-Jun 2017
Cash flows from operating activities			
Cash generated from operations	41	96,011	186,499
Interest paid		(15,092)	(15,515)
Income tax paid		(27,713)	(37,077)
Net cash generated from operating activities		**53,206**	**133,907**
Cash flows from investing activities			
Purchase of intangible assets	20	(1,501)	(1,652)
Purchase of property, plant and equipment	21	(106,328)	(88,721)
Acquisition of subsidiaries, net of cash acquired		(43,729)	-
Purchase of other equity investments	23,24	-	(27,179)
Proceeds from sale of property, plant and equipment		26,132	3,871
Proceeds from sale of equity investments		146	1,617
Changes in available-for-sale financial assets	28	4,700	(16,711)
Changes in financial receivables		4,462	6,086
Dividends received from associates		51,867	32,500
Interest received		6,356	4,132
Net cash used in investing activities		**(57,895)**	**(86,057)**
Cash flows from financing activities			
Proceeds from long-term debt	34	-	30,020
Repayments of long-term debt	34	(10,967)	(30,702)
Net change in short-term debt	34	(179)	5,280
Changes in financial payables		(3,885)	(196)
Changes in ownership interests without loss of control		(10,746)	(172)
Dividends paid to owners of the company		(28,135)	(20,553)
Dividends paid to non-controlling interests		(146)	(1,222)
Net cash used in financing activities		**(54,058)**	**(17,545)**
Increase (decrease) in cash and cash equivalents		**(58,747)**	**30,305**
Cash and cash equivalents at beginning of period		810,630	603,333
Translation differences		10,328	(21,970)
Change in scope of consolidation		1	-
Cash and cash equivalents at end of period	29	**762,212**	**611,668**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(thousands of euro)	*Share capital*	*Share premium*	*Other reserves*	*Retained earnings*	*Treasury shares*	***Total***	*Non-controlling interests*	***Total Equity***
	Attributable to owners of the company							
Balance as at January 1, 2017	**123,637**	**458,696**	**257,475**	**1,939,338**	**(4,768)**	**2,774,378**	**32,497**	**2,806,875**
Profit for the period	**-**	**-**	**-**	**117,640**	**-**	**117,640**	**1,657**	**119,297**
Other comprehensive income for the period, net of tax	-	-	(168,421)	10,372	-	**(158,049)**	(1,147)	**(159,196)**
Total comprehensive income for the period	**-**	**-**	**(168,421)**	**128,012**	**-**	**(40,409)**	**510**	**(39,899)**
Dividends paid	-	-	-	(20,553)	-	**(20,553)**	(1,222)	**(21,775)**
Withholding tax on foreign dividends	-	-	-	(1,999)	-	**(1,999)**	-	**(1,999)**
Acquisition of non-controlling interests	-	-	-	74	-	**74**	(246)	**(172)**
Other changes	-	-	(2,818)	2,806	-	**(12)**	(6)	**(18)**
Balance as at June 30, 2017	**123,637**	**458,696**	**86,236**	**2,047,678**	**(4,768)**	**2,711,479**	**31,533**	**2,743,012**
Balance as at December 31, 2017	**123,637**	**458,696**	**(64,473)**	**2,328,589**	**(813)**	**2,845,636**	**6,490**	**2,852,126**
Adoption of IFRS 9	-	-	2,920	-	-	**2,920**	-	**2,920**
Balance as at January 1, 2018	**123,637**	**458,696**	**(61,553)**	**2,328,589**	**(813)**	**2,848,556**	**6,490**	**2,855,046**
Profit for the period	**-**	**-**	**-**	**123,040**	**-**	**123,040**	**371**	**123,411**
Other comprehensive income for the period, net of tax	-	-	45,550	9,074	-	**54,624**	(307)	**54,317**
Total comprehensive income for the period	**-**	**-**	**45,550**	**132,114**	**-**	**177,664**	**64**	**177,728**
Dividends paid	-	-	-	(28,135)	-	**(28,135)**	-	**(28,135)**
Withholding tax on foreign dividends	-	-	-	(332)	-	**(332)**	-	**(332)**
Acquisition of non-controlling interests	-	-	-	(301)	-	**(301)**	(1,900)	**(2,201)**
Other changes	-	-	11,647	(10,888)	-	**759**	1,425	**2,184**
Balance as at June 30, 2018	**123,637**	**458,696**	**(4,356)**	**2,421,047**	**(813)**	**2,998,211**	**6,079**	**3,004,290**

NOTES TO THE HALF-YEARLY FINANCIAL REPORT

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 and Mexico.
Buzzi Unicem SpA is a stock corporation organized under the laws of Italy. The address of its registered office is via Luigi Buzzi 6, Casale Monferrato (AL). The company has its primary listing on the Borsa Italiana stock exchange (part of London Stock Exchange Group).
These consolidated interim financial statements were authorized for issue by the board of directors on 2 August 2018.

2. Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with art. 154 ter of Legislative Decree 58/1998 and drawn up in compliance with International Financial Reporting Standards (IFRS), according to the provisions of IAS 34 Interim Financial Reporting. They should be read in conjunction with the annual financial statements for the year ended 31 December 2017.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from such estimates. In preparing these interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017, with the exception of changes in estimates that are required in determining the income tax expense for the period.

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 45 of this consolidated interim financial statements.

The items presented in these consolidated financial statements have been slightly adjusted and integrated compared with those previously published, to give a better representation of the financial position and economic performance of the group.

3. Accounting policies

Except as described below, the principles adopted are consistent with the recognition and evaluation criteria used in the preparation of the annual financial statements as at 31 December 2017, to which reference is made for additional information.
Some valuation procedures, especially the assessment of fixed assets impairment, if any, are generally carried out in full only during annual report preparation, when all necessary information is available, unless there is an indication of impairment that requires an

immediate impairment test. Similarly, the actuarial evaluations on employee benefits are usually only carried out during preparation of the annual report.
Income tax expense is accrued using the tax rate that would be applicable to expected total annual profit or loss.

Standards, amendments and interpretations effective for the first time from 1 January 2018:

- IFRS 9 Financial instruments and subsequent amendments. This new standard replaces IAS 39 Financial instruments: recognition and measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 introduces a new model for expected losses that replaces the one for incurred losses used in IAS 39. The standard revises also the approach to the so called hedge accounting.

  The group adopted the new standard on the required effective date, without restatement of comparative information. Adjustment to the opening balance of retained earnings are recognized at 1 January 2018, in the statement of changes in equity.

  The main effects on the balance sheet and equity derive from the change in the recognition and measurement of equity investments at fair value through other comprehensive income (increase of €3,266 thousand) and from the application of the impairment model on financial assets (decrease of €16 thousand).

- IFRS 15 Revenue from contracts with customers. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, the payment) to which the company expects to be entitled in exchange for those goods or services. The standard results in enhanced disclosures about revenues, provides guidance for transactions that were not previously addressed comprehensively and improves instructions for multiple-element arrangements.

  The group adopted the new standard on the required effective date using the modified retrospective application and booking any changes to the beginning balance of retained earnings at 1 January 2018 in the statement of changes in equity.

  According to the nature of our business, the transaction price is allocated to goods delivered or services rendered to customers where there is no condition or uncertainty implying a reversal thereof, and customers assume the risk of loss. Our assessment basically indicates that the current accounting treatment is already in line with the new standard prescriptions and therefore no accounting impact emerged.

- IFRIC 22 Foreign currency transactions and advance consideration. The interpretation clarifies that, in determining the exchange rate to use for initial recognition of the related asset, expense or income (or part of it) at the time of the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. Buzzi Unicem has elected to apply the interpretation prospectively to all assets, expenses and income that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation. The group aligned its current practice with the interpretation, without any material effect on its financial reporting.

- IFRS 2 Share based payments (amendments): classification and measurement of share-based payment transactions. The amendments eliminate diversity in the classification and measurement of certain share-based payment transactions.
- IAS 40 Investment property (amendment): transfers of investment property. The amendment clarifies the requirements about transfers to and/or from investment property.

The following standards, amendments and interpretations have been issued but are not yet effective for the period beginning 1 January 2018 and have not been early adopted:

- IFRS 16 Leases (effective from 1 January 2019). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17 Leases. IFRS 16, which is not applicable to service contracts, but only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as ruled by IAS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leased assets separately from interest expense on lease liabilities in the income statement.

  Buzzi Unicem, within the process of assessing the impact that IFRS 16 will have on the accounting treatment of its lease contracts, elected the modified retrospective adoption. As a consequence most of the actual operating leases will be recognized on the balance sheet increasing fixed assets and financial liabilities, with no material effect on the net assets of the group. The expenses arising from operating leases that are now recognized as services expenses, will be reflected in depreciation and interest expenses. Until now, payments for operating leases have been shown under cash flow from operating activities in the statement of cash flows. In future, these cash flows will be split between interest payments and repayments of financial liabilities: the repayments of the financial liability will be classified under financing activities.

At the date of this interim report the European Union has not yet completed the endorsement process for the application of the following standards and amendments:

- 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 associate or joint venture. 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.
- IFRIC 23 Uncertainty over income tax treatment (effective from 1 January 2019). IAS 12 Income taxes does not specify how to reflect the effects of uncertainty. In some

situations it may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept the tax treatment chosen by an entity. IFRIC 23 provides additional guidance in respect to IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes.

- IAS 28 Investments in associates and joint ventures (amendments): long-term interests in associate and joint ventures (effective from 1 January 2019). The amendments clarify that an entity must apply IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
- Annual Improvements 2015-2017 Cycle (effective from 1 January 2019); it is a series of amendments to four IFRSs (IFRS 3, IFRS 11, IAS 12, IAS 23). They relate largely to clarifications, therefore their adoption will not have a material impact on the group.
- IAS 19 Employee benefits (amendment): plan amendment, curtailment or settlement (effective from 1 January 2019). The reworking of the standard clarifies how to account for the amendment, curtailment, or settlement of a defined benefit plan. It is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

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:

euro 1 =	*Year-end*		*Average*	
	30 June	*31 December*	*1H*	*1H*
Currency	*2018*	*2017*	*2018*	*2017*
US Dollar	1.1658	1.1993	1.2104	1.0830
Czech Koruna	26.0200	25.5350	25.5005	26.7841
Ukrainian Hryvnia	30.6868	33.7318	32.3742	28.9732
Russian Ruble	73.1582	69.3920	71.9601	62.8057
Polish Zloty	4.3732	4.1770	4.2207	4.2690
Hungarian Forint	329.7700	310.3300	314.1128	309.4213
Mexican Peso	22.8817	23.6612	23.0850	21.0441
Algerian Dinar	137.1333	137.8343	139.0348	118.5369

4. Financial risk management and financial instruments

4.1 Financial risk factors

The group's activities are exposed to a variety of financial risks such as market risk (including currency and price), credit risk and liquidity risk. The group uses, infrequently, derivative financial instruments to hedge certain risk exposures. A central treasury department carries out risk management and identifies, evaluates and possibly hedges financial risks in close co-operation with the group's operating units.

The consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; therefore they should be read in conjunction with the consolidated annual report as at 31 December 2017. Since year end, there have been no organizational changes in the risk management department or related risk management policies.

4.2 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 30 June 2018:

(thousands of euro)	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets				
Other non-currents assets	10,648	1,805	-	12,453
Equity investments at fair value	9,299	-	-	9,299
Total Assets	**19,947**	**1,805**	**-**	**21,752**
Liabilities				
Derivative financial instruments (non-current)	-	(75,324)	-	(75,324)
Total Liabilities	**-**	**(75,324)**	**-**	**(75,324)**

The following table presents the assets and liabilities that are measured at fair value at 31 December 2017:

(thousands of euro)	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets				
Other non-currents assets	10,500	1,930	-	12,430
Available-for-sale financial assets (current)	1,884	2,816	-	4,700
Total Assets	**12,384**	**4,746**	**-**	**17,130**
Liabilities				
Derivative financial instruments (non-current)	-	(92,902)	-	(92,902)
Total Liabilities	**-**	**(92,902)**	**-**	**(92,902)**

In the first half of 2018 there were no transfers between the various fair value levels.

The group holds financial instruments that 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.

4.3 Valuation techniques used to derive level 2 fair value

Level 2 derivatives consist of the cash settlement option related to the equity-linked bond. This option has been fair valued using market quotes of the public bonds and of Buzzi Unicem ordinary share, considering the implied volatility.

5. Scope of consolidation

In the first half of 2018 the following changes occurred within the group:

- acquisition of a 100% of Portland Zementwerke Seibel & Söhne GmbH & Co. KG and line by line consolidation of this company from 1 May 2018;
- purchase of all residual shares of the subsidiary OAO Sukholozhskcement held by minority shareholders, with no changes in the consolidation method (line by line);
- first line by line consolidation of the subsidiary Eaststone Kft from 1 January 2018 and subsequent merger of this company in the subsidiary Zapa Beton Hungaria Kft.

It is also recalled that, at the beginning of the second half of 2017, Buzzi Unicem purchased 100% of Cementizillo SpA; the company and its subsidiaries have been consolidated line by line since 3 July 2017. Therefore, in the analysis of the income statement and cash flows data it shall be considered that the first six months of 2017 did not include yet this group of companies.

6. Seasonality of operations

Demand for cement, ready-mix concrete and other construction materials is seasonal because climatic conditions affect the level of activity in the building industry. Buzzi Unicem usually experiences a reduction in sales during the first and fourth quarters, reflecting the effect of the winter season, and tends to see an increase in sales in the second and third quarters, reflecting the effect of the summer season.

7. Segment information

The chief operating decision-maker identifies with the executive directors, who reviews 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 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.

(thousands of euro)	Italy	Central Europe	Eastern Europe	United States of America	Unallocated items and adjustments	Total	Mexico 100%
Six month ended 30 June 2018							
Segment revenue	226,311	369,525	243,132	498,589	(177)	**1,337,380**	315,297
Intersegment revenue	(1,587)	-	-	-	1,587	**-**	-
Revenue from external customers	224,724	369,525	243,132	498,589	1,410	**1,337,380**	315,297
Ebitda	(4,336)	32,915	55,829	143,020	-	**227,428**	153,245
Operating profit	(23,674)	13,246	36,942	96,955	-	**123,469**	141,320

(thousands of euro)	Italy	Central Europe	Eastern Europe	United States of America	Unallocated items and adjustments	Total	Mexico 100%
Six month ended 30 June 2017							
Segment revenue	199,693	359,809	240,091	554,172	(9)	**1,353,756**	358,519
Intersegment revenue	(550)	-	-	-	550	**-**	-
Revenue from external customers	199,143	359,809	240,091	554,172	541	**1,353,756**	358,519
Ebitda	(10,946)	37,092	53,554	161,411	-	**241,111**	173,042
Operating profit	(25,609)	12,993	33,772	111,391	-	**132,547**	145,964

8. Net sales

Net sales breakdown is as follows:

(thousands of euro)	1H 2018	1H 2017
Cement and clinker	854,276	854,240
Ready-mix concrete and aggregates	468,801	483,478
Related activities	14,303	16,038
	1,337,380	**1,353,756**

The 1.2% decrease compared with 2017 is due to unfavorable currency effects of 5.3%, partially offset by an extension of the consolidation area of 3.0% and favorable market trends of 1.1%. Reference is made to the operating segment information for additional disclosure (note 7).

9. 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)	*1H 2018*	*1H 2017*
Recovery of expenses	3,665	4,216
Indemnity for damages	520	316
Revenue from leased properties	3,929	3,786
Gains on disposal of property, plant and equipment	21,662	2,498
Capital grants	271	224
Release of provisions	6,379	346
Internal work capitalized	1,217	1,244
Sale of emission rights	223	-
Other	14,419	9,176
	52,285	**21,806**

The caption gains on disposal of property, plant and equipment includes the amount related to the sale of the business relating to the licensed production of packaged concrete, located in San Antonio (Texas), to The Quikrete Companies, for a total of €16,684 thousand.

The release of provisions includes €5,399 thousand related to the antitrust risk in Poland, since the appeal sentence published on 27 March 2018 has definitely reduced the corresponding fine (note 44).

The caption other includes an amount of €3,900 thousand as compensation deriving from the purchase contract for the Cementizillo business combination.

10. Raw materials, supplies and consumables

(thousands of euro)	*1H 2018*	*1H 2017*
Raw materials, supplies and consumables	325,003	325,683
Finished goods and merchandise	16,958	17,358
Electricity	81,665	86,562
Fuels	93,039	83,095
Other goods	8,751	8,778
	525,416	**521,476**

11. Services

(thousands of euro)	*1H 2018*	*1H 2017*
Transportation	190,826	186,956
Maintenance and contractual services	77,518	75,066
Insurance	6,105	6,321
Legal and professional consultancy	9,563	6,835
Operating leases of property and machinery	17,738	18,107
Travel	2,960	2,944
Other	43,380	44,444
	348,090	**340,673**

12. Staff costs

(thousands of euro)	*1H 2018*	*1H 2017*
Salaries and wages	176,220	174,407
Social security contributions and defined contribution plans	51,973	51,753
Employee severance indemnities and defined benefit plans	5,931	6,849
Other long-term benefits	325	19
Other	7,493	1,629
	241,942	**234,657**

The increase of the item is due to the changes in the consolidation area occurred in 2018 (Seibel & Söhne) and 2017 (Cementizillo) for a total amount of €7,515 thousand.

The caption other includes restructuring charges of €6,407 thousand.

The average number of employees is the following:

(number)	*1H 2018*	*1H 2017*
White collar and executives	3,701	3,607
Blue collar and supervisors	6,324	6,423
	10,025	**10,030**

13. 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)	*1H 2018*	*1H 2017*
Write-down of receivables	4,401	1,201
Provisions for liabilities and charges	8,042	4,500
Association dues	2,984	2,989
Indirect taxes and duties	17,793	17,775
Losses on disposal of property, plant and equipment	459	332
Other	8,476	5,381
	42,155	**32,178**

Provisions for liabilities and charges include €5,889 thousand related to the ongoing litigation with the Municipality of Guidonia (Rome) concerning property taxes on quarry land for the years 2012-2015.

The caption other includes for an amount of €1,671 thousand the portion of the antitrust fine imposed on the subsidiary Unical that was not covered by the respective risk provision, as reassessed by the Council of State on 26 July 2018 (notes 37 and 44).

14. Depreciation, amortization and impairment charges

(thousands of euro)	*1H 2018*	*1H 2017*
Amortization of intangible assets	2,202	2,601
Depreciation of property, plant and equipment	101,725	102,532
Impairment losses of non-current assets	32	3,431
	103,959	**108,564**

15. 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)	1H 2018	1H 2017
Associates		
Société des Ciments de Hadjar Soud EPE SpA	1,046	1,768
Société des Ciments de Sour El Ghozlane EPE SpA	2,005	2,787
Bétons Feidt S.A.	(16)	1,957
Kosmos Cement Company	743	640
Houston Cement Company	(255)	(42)
w&p Cementi SpA	344	(13)
Salonit Anhovo Gradbeni Materiali dd	1,101	1,160
Other associates	673	1,593
	5,641	**9,850**
Joint ventures		
Corporación Moctezuma, SAB de CV	34,294	37,903
Other joint ventures	94	1,059
	34,388	**38,962**
	40,029	**48,812**

16. Gains on disposal of investments

This line item consists of non-recurring income arising mainly from the liquidation of the ownership interest in the associate NCD Nederlandse Cement Deelnemingsmaatschappj BV.

17. Finance revenues and Finance costs

(thousands of euro)	1H 2018	1H 2017
Finance revenues		
Interest income on liquid assets	6,298	5,073
Interest income on plan assets of employee benefits	4,608	4,940
Changes in the fair value of derivative instruments	17,578	12,373
Foreign exchange gains	13,831	15,753
Dividend income	35	133
Other	806	851
	43,156	**39,123**
Finance costs		
Interest expense on bank borrowings	(5,083)	(5,357)
Interest expense on senior notes and bonds	(21,906)	(21,752)
Interest expense on employee benefits	(9,098)	(9,989)
Discount unwinding on liabilities	(24)	(451)
Foreign exchange losses	(10,101)	(12,957)
Other	(1,327)	(778)
	(47,539)	**(51,284)**
Net finance costs	**(4,383)**	**(12,161)**

The decrease in net finance costs compared to the previous period is mainly due to the favorable change in non-cash items, such as the fair value estimation of the cash settlement option embedded in the equity-linked bond and the improvement of the return on cash and cash equivalents.

18. Income tax expense

(thousands of euro)	1H 2018	1H 2017
Current tax	37,533	47,242
Deferred tax	(1,907)	3,591
Tax relating to prior years	224	(56)
	35,850	**50,777**

The decrease in current tax and the change of deferred tax are mainly due to the entry into force of the tax reform in the United States, which reduced the corporate income tax rate from 35% to 21%, effective 1 January 2018.

Deferred income tax for the interim period is negatively affected, although to a lesser extent, by the non-recognition of deferred tax assets on tax losses accrued in Italy, due to the assessment on their future utilization over the next five years.

19. Earnings per share

Basic

Basic earnings per share is calculated, per each class of shares, by dividing net profit attributable to equity 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.

		1H 2018	1H 2017
Net profit attributable to owners of the company	*thousands of euro*	123,040	117,640
- attributable to ordinary shares	*thousands of euro*	98,347	93,963
- attributable to savings shares	*thousands of euro*	24,693	23,677
Average number of ordinary shares outstanding		165,299,149	164,849,149
Average number of savings shares outstanding		40,682,659	40,682,659
Basic earnings per ordinary share	*euro*	0.595	0.570
Basic earnings per savings share	*euro*	0.607	0.582

Diluted

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.
In particular, the instrument “Buzzi Unicem €220,000,000 1.375% Equity-Linked Bonds due 2019” is assumed to have been converted into ordinary shares and the net profit attributable to owners of the company is adjusted to eliminate both the mark-to-market valuation of the cash settlement option and interest expense on the bond itself.
The conversion option attached to the bond “Buzzi Unicem €220,000,000 1.375% Equity-Linked Bonds due 2019”, is exercisable from 1 January 2014. As at 30 June 2018, Buzzi Unicem share price was higher than the strike price.

		1H 2018	1H 2017
Net profit attributable to owners of the company	*thousands of euro*	110,766	110,393
- attributable to ordinary shares	*thousands of euro*	89,862	89,516
- attributable to savings shares	*thousands of euro*	20,905	20,877
Average number of ordinary shares outstanding		179,061,190	178,611,190
Average number of savings shares outstanding		40,682,659	40,682,659
Diluted earnings per ordinary share	*euro*	0.502	0.501
Diluted earnings per savings share	*euro*	0.514	0.513

20. Goodwill and Other intangible assets

(thousands of euro)	Goodwill	Other intangible assets: Industrial patents, licenses and similar rights	Assets in progress and advances	Others	Total
At 1 January 2018					
Cost/deemed cost	759,797	79,460	169	5,863	85,492
Accumulated depreciation and write-downs	(211,470)	(38,322)	(18)	(3,113)	(41,453)
Net book amount	**548,327**	**41,138**	**151**	**2,750**	**44,039**
Six month ended 30 June 2018					
Opening net book amount	548,327	41,138	151	2,750	44,039
Translation differences	(2,104)	(1,510)	9	-	(1,501)
Depreciation and impairment charges	-	(1,926)	-	(276)	(2,202)
Additions	-	1,434	68	-	1,502
Change in scope of consolidation	34,082	34	-	-	34
Reclassifications	-	127	(109)	-	18
Disposals and other	-	(20)	-	(19)	(39)
Closing net book amount	**580,305**	**39,277**	**119**	**2,455**	**41,851**
At 30 June 2018					
Cost/deemed cost	791,400	79,505	136	5,579	85,220
Accumulated depreciation and write-downs	(211,095)	(40,228)	(17)	(3,124)	(43,369)
Net book amount	**580,305**	**39,277**	**119**	**2,455**	**41,851**

At 30 June 2018, the column industrial patents, licenses and similar rights is made up of industrial licences (€34,942 thousand), application software for plant and office automation (€2,860 thousand), mining rights (€1,163 thousand), industrial patents (€312 thousand).

The increase in goodwill (€34,082 thousand) refers to the provisional amount allocated to the acquisition of Portland Zementwerke Seibel & Söhne GmbH & Co. KG, described in detail under note 46. Any adjustment to the provisional amount will be made within one year from the acquisition date.
The translation differences of the goodwill (€2,104 thousand) mainly refer to the CGU Russia.

Goodwill at 30 June 2018 amounts to €580,305 thousand and is broken-down as follows:

(thousands of euro)	*30 Jun 2018*	*31 Dec 2017*
Italy (Cement sector)	40,500	40,500
United States of America	37,977	37,118
Germany	130,030	95,948
Luxembourg	69,104	69,104
Poland	87,954	88,287
Czech Republic/Slovakia	106,699	106,699
Russia	108,041	110,671
	580,305	**548,327**

At the balance sheet date, the company has revised the indicators of possible impairment losses, following the ongoing uncertainty of future profitability prospects of some CGUs: Cement Italy, Ready-mix Concrete Italy, Russia and Ukraine.
Based on the currently available information, there are no indicators that would require to review the recoverable value of the assets, therefore there was no need to conduct any impairment test.

21. Property, plant and equipment

(thousands of euro)	*Land and buildings*	*Plant and machinery*	*Industrial and commercial equipment*	*Assets in progress and advances*	*Other*	*Total*
At 1 January 2018						
Cost/deemed cost	2,852,481	4,684,190	396,940	124,811	112,161	8,170,583
Accumulated depreciation and write-downs	(1,223,739)	(3,523,575)	(298,203)	(30,665)	(94,087)	(5,170,269)
Net book amount	**1,628,742**	**1,160,615**	**98,737**	**94,146**	**18,074**	**3,000,314**
Six month ended 30 June 2018						
Opening net book amount	1,628,742	1,160,615	98,737	94,146	18,074	3,000,314
Translation differences	32,401	9,424	1,342	820	365	44,352
Additions	6,009	28,311	13,747	52,558	1,298	101,923
Change in scope of consolidation	11,020	5,517	213	678	53	17,481
Disposals and other	(2,298)	(221)	(98)	(33)	(12)	(2,662)
Depreciation and impairment charges	(17,723)	(71,098)	(10,076)		(2,892)	(101,789)
Reclassifications	8,074	26,898	1,031	(38,656)	2,720	67
Closing net book amount	**1,666,225**	**1,159,446**	**104,896**	**109,513**	**19,606**	**3,059,686**
At 30 June 2018						
Cost/deemed cost	2,917,951	4,751,209	412,076	140,127	116,275	8,337,638
Accumulated depreciation and write-downs	(1,251,726)	(3,591,763)	(307,180)	(30,614)	(96,669)	(5,277,952)
Net book amount	**1,666,225**	**1,159,446**	**104,896**	**109,513**	**19,606**	**3,059,686**

Additions in the first six months amount to €101,923 thousand. In the cash flow statement and in the management review of operations capital expenditures are reported according to the actual outflows (€106,328 thousand).

Positive translation differences of €44,352 thousand reflect the strengthening of the dollar/euro and hryvnia/euro exchange rates, partially offset by the weakening of the ruble/euro exchange rate. In the first half of 2017 the weakening of the dollar and the ruble had led to overall negative translation differences of €164,697 thousand.

Real guarantees on assets of consolidated companies are represented by liens on industrial and commercial equipment for the amount of €135 thousand at 30 June 2018 (December 2017: €135 thousand).

Rent expenses amounting to €17,738 thousand (2017: €18,107 thousand) relating to the operating lease of property and machinery are included in the income statement among services (note 11).

22. Investment property

(thousands of euro)	*30 Jun 2018*	*31 Dec 2017*
At 1 January		
Cost/deemed cost	34,586	33,540
Accumulated depreciation and write-downs	(11,883)	(11,883)
Net book amount	**22,703**	**21,657**
Translation differences	26	(157)
Additions	6	1,448
Disposals and other	(179)	(205)
Depreciation and impairment charges	(20)	(40)
At 30 June	**22,536**	**22,703**
Cost/deemed cost	34,439	34,586
Accumulated depreciation and write-downs	(11,903)	(11,883)
Net book amount	**22,536**	**22,703**

23. Investments in associates and joint ventures

The amounts recognized in the balance sheet are as follows:

(thousands of euro)	*30 Jun 2018*	*31 Dec 2017*
Associates valued by the equity method	194,176	197,382
Joint ventures valued by the equity method	143,737	149,511
Associates and joint ventures valued at cost	-	78
	337,913	**346,971**

The net decrease of €9,058 thousand was affected upwards by equity earnings of €40,029 thousand and exchange gains of €6,002 thousand, downwards by dividend distributions of €51,867 thousand.

23.1 Investments in associates

Set out below are the associates as at 30 June 2018, which, in the opinion of the directors, are material to the group. These associates have share capital consisting solely of ordinary shares, which are held directly or indirectly by the company. The country of incorporation also corresponds to their principal place of business.

Nature of investments in associates:

Name of entity	*Place of business/country of incorporation*	*% of ownership interest*	*Book value*	*Measurement method*
Société des Ciments de Hadjar Soud EPE SpA	Algeria	35.0	41,958	equity
Société des Ciments de Sour El Ghozlane EPE SpA	Algeria	35.0	42,763	equity
Kosmos Cement Company	United States of America	25.0	34,619	equity
Salonit Anhovo Gradbeni Materiali dd	Slovenia	25.0	26,052	equity
Other			48,784	equity
Total			**194,176**	

Summarized financial information for associates

Set out below are 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*		*Kosmos Cement Company*		*Salonit Anhovo Gradbeni Materiali dd*	
	Jun-18	*Dec-17*	*Jun-18*	*Dec-17*	*Jun-18*	*Dec-17*	*Jun-18*	*Dec-17*
(thousands of euro)								
Total assets	128,192	118,648	124,331	95,472	170,291	181,154	146,979	144,434
Total liabilities	8,313	17,898	14,769	14,832	31,814	25,365	39,527	38,205

	Société des Ciments de Hadjar Soud EPE SpA		*Société des Ciments de Sour El Ghozlane EPE SpA*		*Kosmos Cement Company*		*Salonit Anhovo Gradbeni Materiali dd*	
	Jun-18	*Jun-17*	*Jun-18*	*Jun-17*	*Jun-18*	*Jun-17*	*Jun-18*	*Jun-17*
(thousands of euro)								
Net revenues	21,504	25,270	22,473	27,047	43,519	47,129	37,409	34,291
Profit for the period	2,987	5,052	5,727	7,962	3,220	2,558	4,565	4,837

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 associates.

23.2 Investments in joint ventures

Set out below is the only joint venture as at 30 June 2018, which, in the opinion of the directors, is material to the group. The joint venture has share capital consisting solely of ordinary shares, which is held indirectly by the company. The country of incorporation also corresponds to its main place of business.

Name of entity	*Place of business/country of incorporation*	*% of ownership interest*	*Measurement method*
Corporación Moctezuma, SAB de CV	Mexico	33.3	equity

As at 30 June 2018, the fair value of our interest in Corporación Moctezuma, SAB de CV, which is listed on the Bolsa Mexicana de Valores, was €1,016,379 thousand (at the end of 2017: €927,135 thousand); the corresponding book value was €141,643 thousand (2017: €147,135 thousand).

Summarized financial information for joint ventures
Set out below are the summarized financial information for Corporación Moctezuma, SAB de CV group, which is accounted for using the equity method.

(thousands of euro)	*Jun-18*	*Dec-17*
Total assets	523,388	553,145
Total liabilities	(99,852)	(113,126)

(thousands of euro)	*Jun-18*	*Jun-17*
Revenues	315,297	358,519
Profit for the period	102,413	113,154

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

24. Equity Investments at fair value

With the adoption of IFRS 9, the "Available for sale financial assets" category was eliminated and renamed as "Equity investments at fair value".
The line item refers to investments in unconsolidated subsidiaries and in other companies, all of them unlisted, whose fair value valuation as at 1 January 2018 has determined a write-up of €3,266 thousand (note 3).

(thousands of euro)	*Subsidiaries*	*Other*	*Total*
At 31 December 2017	**492**	**6,196**	**6,688**
Adoption of IFRS 9	-	3,266	3,266
At 1 January 2018	**492**	**9,462**	**9,954**
Fair value changes	-	68	68
Reclassification	(189)	(592)	(781)
Disposals and other	24	34	58
At 30 June 2018	**327**	**8,972**	**9,299**

25. Other non-current assets

(thousands of euro)	*30 Jun 2018*	*31 Dec 2017*
Loans to third parties and leasing	2,455	2,618
Loans to associates	136	136
Loans to customers	525	421
Receivables from purchase of equity investments	1,361	-
Tax receivables	375	633
Receivables from personnel	529	477
Guarantee deposits	14,026	13,974
Other	5,355	5,240
	24,762	**23,499**

Loans to third parties and leasing consist of the former for an amount of €916 thousand, mainly interest-bearing and adequately secured.

Loans to customers include interest bearing advances granted to some major accounts in the United States.

Receivables from purchase of equity investments relate to the amounts due by the previous majority shareholder of Cementizillo, based on the guarantees contractually defined in the share purchase agreement.

The guarantee deposits mainly represent assets held in trust to secure the payment of benefits under certain executive pension plans and insurance deposits.

26. Inventories

(thousands of euro)	*30 Jun 2018*	*31 Dec 2017*
Raw materials, supplies and consumables	272,893	248,858
Work in progress	71,085	75,209
Finished goods and merchandise	79,644	78,477
Advances	659	1,005
	424,281	**403,549**

The amount shown is net of an allowance for obsolescence of €25,703 thousand (€25,238 thousand in the previous year).
The increase resulting from changes in the consolidation area was €5,036 thousand.

27. Trade receivables

(thousands of euro)	30 Jun 2018	31 Dec 2017
Trade receivables	513,468	434,293
Less: Provision for receivables impairment	(36,846)	(35,450)
Trade receivables, net	**476,622**	**398,843**
Other trade receivables:		
- From associates	11,811	11,710
- From parent companies	11	27
	488,444	**410,580**

The increase of €77,864 thousand in net trade receivables is attributable to the business seasonality and to the increased turnover, especially in Germany and Eastern Europe.

28. Other receivables

(thousands of euro)	30 Jun 2018	31 Dec 2017
Tax receivables	40,564	42,729
Receivables from public institutions	13,100	28,175
Receivables from social security institutions	1,010	198
Receivables from unconsolidated subsidiaries and associates	715	775
Loans to customers	258	487
Receivables from suppliers	6,252	4,737
Receivables from personnel	299	289
Receivables from sale of equity investments	26	26
Receivables from purchase of equity investments	6,622	4,034
Current financial assets	-	4,700
Loans to third parties and leasing	1,021	8,835
Accrued interest income	1,273	381
Other accrued income and prepaid expenses	10,345	9,949
Other	12,661	9,507
	94,146	**114,822**

As at 31 December 2017, Available-for-sale financial assets included short-term or marketable securities for an amount of €4,700 thousand, which with IFRS 9 adoption have been reclassified to Current financial assets and subsequently sold.

Tax receivables include income tax payments in advance and the debit balance of periodic value added tax liquidation.

The receivable from the energy and environmental services authority (public institution) corresponds to the rebate on electric power costs granted in Italy to the energy-intensive firms, so-called system charges bonus. During the first half the amount referred to the year 2016 was collected. Since 2018 the benefit is directly deducted from the electricity purchase costs.

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

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

Receivables from purchase of equity investments relate to the amounts due by the previous majority shareholder of Cementizillo, based on the guarantees contractually defined in the share purchase agreement.

Prepaid expenses relate to operating costs pertaining to the following period.

29. Cash and cash equivalents

	30 Jun 2018	*31 Dec 2017*
(thousands of euro)		
Cash at banks and in hand	396,219	500,791
Short-term deposits	365,993	309,839
	762,212	**810,630**

Foreign operating companies hold about 72.5% of the balance of €762,212 thousand (64.9% in 2017). At the closing date, short-term deposits and securities earn interest at about 1.75% on average (1.45% in 2017), yield in euro is around 0.04%, in dollar 1.9%, and in other currencies 4.2%. The average maturity of such deposits and securities is lower than 60 days.

30. Assets held for sale

They mainly relate to some equipment and machinery of the mothballed Travesio plant (€900 thousand) and to some non-instrumental lots of land belonging to the concrete and cement business in Italy (€3,146 thousand).

In 2017, assets held for sale referred to the mothballed Travesio plant (€900 thousand), to quarries and land in Italy for €3,352 thousand, to land in the Netherlands for €1,670 thousand and to all the assets related to the licensed production of packaged concrete for €1,185 thousand, which were sold to The Quikrete Companies in the first days of 2018 for a consideration of €18,177 thousand.

31. Share capital

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

	30 Jun 2018	*31 Dec 2017*
(number of shares)		
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

As at 30 June 2018 the number of shares outstanding by category is the following:

	Ordinary	*Savings*	*Total*
number of shares			
Shares issued	165,349,149	40,711,949	206,061,098
Less: Treasury shares	(50,000)	(29,290)	(79,290)
Shares outstanding	**165,299,149**	**40,682,659**	**205,981,808**

32. Other reserves

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

	30 Jun 2018	*31 Dec 2017*
(thousands of euro)		
Translation differences	(468,462)	(513,964)
Revaluation reserves	88,287	88,286
Merger surplus	247,530	247,530
Other	128,289	113,675
	(4,356)	**(64,473)**

The translation differences reflect the exchange rate variations that were generated starting from the first time consolidation of financial statements denominated in foreign currencies. The positive change in the balance of €45,502 thousand is due to the strengthening of the US dollar (€61,813 thousand), the Ukrainian hryvnia (€5,261 thousand), the Mexican peso (€4,934 thousand) and the Algerian dinar (€525 thousand) versus the euro, only partially offset by the weakening of the ruble (€19,527 thousand) and of the other functional currencies (€6,964 thousand).

33. Non-controlling interests

The balance as at 30 June 2018 mainly refers to Cimalux SA for €2,971 thousand and to Betonmortel Centrale Groningen (B.C.G.) BV for €1,387 thousand.

34. Debt and borrowings

(thousands of euro)	30 Jun 2018	31 Dec 2017
Long-term debt		
Senior notes and bonds	495,754	495,347
Convertible bonds	211,656	207,864
Finance lease obligations	1,869	1,963
Secured term loans	-	56
Unsecured term loans	408,079	414,756
	1,117,358	**1,119,986**
Current portion of long-term debt		
Senior notes and bonds	349,908	349,687
Finance lease obligations	225	394
Secured term loans	112	111
Unsecured term loans	18,271	19,714
	368,516	**369,906**
Short-term debt		
Bank debts	540	1,132
Accrued interest expense	23,747	16,489
	24,287	**17,621**

In the first half of the year no new term loans were obtained and principal repayments amounted to €10,632 thousand.

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

(thousands of euro)	30 Jun 2018 Carrying amount	30 Jun 2018 Fair value	31 Dec 2017 Carrying amount	31 Dec 2017 Fair value
Fix rate borrowings				
Senior notes and bonds	845,662	889,091	845,018	906,852
Convertible bonds	211,656	294,080	207,864	316,520
Unsecured term loans	271,254	264,002	272,531	262,512
	1,328,572	**1,447,173**	**1,325,413**	**1,485,884**

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.
The carrying amount of floating rates and short-term borrowings approximates their fair value, as the impact of discounting is not significant.

35. Derivative financial instruments

They consist solely of the fair value of the cash settlement option embedded in the convertible bond issued by the company, which amounts to €75,324 thousand (€92,902 thousand at the end of 2017).
In the first half of 2018, changes in the fair value of this derivative financial instrument recognized in the income statement are positive for € 17,578 thousand.

36. Employee benefits

The obligations for employee benefits are analyzed as follows:

(thousands of euro)	*30 Jun 2018*	*31 Dec 2017*
By category		
Post-employment benefits:		
- Pension plans	292,584	298,301
- Healthcare plans	81,693	85,087
- Employee severance indemnities	20,484	21,641
- Other	1,688	1,671
Other long-term benefits	7,953	8,229
	404,402	**414,929**
By geographical area		
Italy	22,171	23,313
Germany, Luxembourg, Netherlands	112,173	268,305
United States of America	266,118	119,334
Other Countries	3,940	3,977
	404,402	**414,929**

37. Provisions for liabilities and charges

(thousands of euro)	*Environmental risks and restoration*	*Antitrust*	*Legal claims Tax risks*	*Other risks*	*Total*
At 1 January 2018	63,230	14,852	16,527	13,301	107,910
Additional provisions	495	-	7,195	9,137	16,827
Discount unwinding	(52)	-	52	9	9
Unused amounts released	(659)	(5,399)	(540)	(282)	(6,880)
Used during the year	(1,858)	(7,441)	(109)	(2,834)	(12,242)
Translation differences	252	(135)	43	136	296
Reclassifications	-	(1,877)	-	282	(1,595)
Change in scope of consolidation	657	-	-	252	909
Other changes	347	-	-	-	347
At 30 June 2018	**62,412**	**-**	**23,168**	**20,001**	**105,581**

Total provisions can be analyzed as follows:

(thousands of euro)	30 Jun 2018	31 Dec 2017
Non-current	71,507	85,382
Current	34,074	22,528
	105,581	**107,910**

The provisions for other risks include €6,111 thousand for restructuring costs and €2,127 thousand for workers compensation claims not covered by insurance. The provisions for legal and tax risks include an amount of €5,889 thousand related to an ongoing litigation with the Municipality of Guidonia (Rome) concerning property taxes on quarry land, as well as €952 thousand with regard to the unfavorable second instance judgment for a dispute with the railway company in Russia for cement transports carried out in the years 2014-2017.

The antitrust provision has been used to pay the fine imposed in Poland (note 44); the unused part of such provision has been released to the income statement for €5,399 thousand. Amounts used under other risks mainly refer to the payment of workers compensations not covered by insurance for €1,507 thousand.

The row reclassifications include €1,877 thousand which were transferred from antitrust provisions to other payables, following the decision of the Council of State on 26 July 2018 to recalculate the fine inflicted on Unical (note 44).

38. Other non-current liabilities

(thousands of euro)	30 Jun 2018	31 Dec 2017
Purchase of equity investments	25,277	22,665
Non-controlling interests in partnerships	1,675	2,258
Payables to personnel	235	351
Financial tax payables	-	1,208
Payables to antitrust authority	22,308	34,085
Other	2,255	3,641
	51,750	**64,208**

Payables for the purchase of equity investments include the future installments contractually agreed upon in the Cementizillo (€21,204 thousand) and Seibel & Söhne (€2,500 thousand) business combinations.

Accounts payable to the antitrust authority include the non-current portion of the penalty imposed on Buzzi Unicem in the proceedings that concerned the entire cement industry in Italy (note 44).

All 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.

39. Trade payables

(thousands of euro)	30 Jun 2018	31 Dec 2017
Trade payables	230,797	243,875
Other trade payables:		
- To associates	2,209	3,611
	233,006	**247,486**

40. Other payables

(thousands of euro)	30 Jun 2018	31 Dec 2017
Advances	3,034	2,577
Loans from associates	123	-
Purchase of equity investments	11,066	10,721
Payables to social security institutions	12,748	15,411
Payables to personnel	33,919	48,273
Payables to customers	5,889	6,271
Deferred interest income	128	165
Other accrued expenses and deferred income	12,331	9,493
Tax payables	31,802	16,064
Financial tax payables	-	697
Payables to antitrust authority *	29,808	25,549
Purchase of non-controlling interests	-	10,659
Other	10,809	12,499
	151,657	**158,379**

* of which €3,548 thousand for Unical penalty

Payables for the purchase of equity investments include €10,749 thousand for the short-term debt referring to the Cementizillo business combination.

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 €19,636 thousand (2017: €4,343 thousand). It also includes an amount of €562 thousand referring to the tax on real estate transfers in Germany, whose taxable event was reaching full ownership in Dyckerhoff a few years ago.

Accounts payable to the antitrust authority include the current portion of the penalty imposed on Buzzi Unicem within the proceeding that concerned the entire cement industry in Italy and for €3,548 thousand the fine imposed on Unical as reassessed by the Council of State with sentence issued on 26 July 2018 (note 44).

The decrease in liabilities to non-controlling interests is due to the conclusion of the mandatory tender offer procedure on all remaining minority shares of the subsidiary OAO Sukholozhskcement, which was undertaken at the end of 2017 by the group. Subsequently, and always during the first half of 2018, the squeeze-out on the residual shares was executed. The two procedures of mandatory tender offer and of squeeze-out resulted in an overall outflow of €10,588 thousand.

41. Cash generated from operations

(thousands of euro)	*1H 2018*	*1H 2017*
Profit before tax	**159,261**	**170,074**
Adjustments for:		
Depreciation, amortization and impairment charges	103,959	108,564
Equity in earnings of associates and joint ventures	(40,029)	(48,812)
Gains on disposal of fixed assets	(21,348)	(3,041)
Net change in provisions and employee benefits	(16,140)	(11,723)
Net finance costs	4,383	12,161
Other non-cash movements	(715)	6,189
Changes in operating assets and liabilities:		
- Inventories	(6,043)	(3,889)
- Trade and other receivables	(56,215)	(55,900)
- Trade and other payables	(31,102)	12,876
Cash generated from operations	**96,011**	**186,499**

42. Dividends

Dividends distributed in 2018 and 2017 were respectively €28,135 thousand (12 eurocent per ordinary share and 20 eurocent per savings share) and €20,553 thousand (10 eurocent per ordinary share and per savings share).

43. Commitments

(thousands of euro)	*30 Jun 2018*	*31 Dec 2017*
Guarantees granted	16,139	16,252
Other commitments and guarantees	58,134	74,340

44. 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 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

As regards the litigation with the Italian Revenue Service (approximately €2.2 million), referring to the purchase in 2008 of the 100% ownership interest in Cementi Cairo Srl and requalified by the financial administration as purchase of a line of business, the Tax Courts rejected our reconsideration case. The company, deeming that the defense elements are well-grounded, has appealed to the Supreme Court. To date the appeal has not been discussed yet. The additional taxes with interests and sanctions due have been fully paid.

In December 2017, two notices of assessment concerning the financial year 2012 were notified, containing some remarks on corporate income taxes (IRES and IRAP). The proposed adjustment amounted to approximately €14.2 million for IRES and €14.6 million for IRAP, of which approximately €13.7 million (for both taxes) related to the missing charge of a royalty to the foreign subsidiaries of Buzzi Unicem for usage of the corporate logo. As regards IRES, the higher taxable amount is absorbed by the tax loss, which in 2012 exceeded the disputed €14.2 million; therefore, neither IRES nor interest and penalties are due. On the contrary, as regards IRAP, the adjustment implies higher taxes as well as related penalties and interest for approximately €0.65 million. The company has appealed against both notices of assessment, 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 at the beginning of 2018, on a provisional basis pending judgment, were recorded as receivables in the financial statements for the current year.

Between 2015 and 2018 the Municipality of Guidonia Montecelio (Rome) has notified Buzzi Unicem some notices of assessment related to higher ICI/IMU, penalties and interests that for the years from 2008 to 2016 overall amount to approximately €13,6 million. The Municipality funds its request on the consideration that the land belonging to Buzzi Unicem which is used to quarry raw materials can be comparable to land for development. Considering this request as incorrect the company has filed an appeal within the deadline against all the notices of assessment. The Regional tax Court of Rome in the course of 2017, has rejected the appeal of the company for the years 2008, 2009 and 2010 with ruling yet appealed by Buzzi Unicem. As of 1 August 2017, as regards these proceedings, the company received a tax injunction of about €3.1 million, for the payment of which a first installment of €1.0 million was executed and for the residual amount of about €2.1 million a rescheduling plan in 9 installments on a four-monthly basis was obtained, secured by a bank guarantee. In June 2018, the hearing for the discussion of the appeal for the year 2008 was held, with the filing of the ruling still not available, while as regards the appeals related to the years 2009 and 2010, the hearing for the discussion has not been scheduled yet. Moreover, between February and July 2018, the hearings for the discussion of the appeals presented at first instance against the ICI assessment notice for the year 2011, the IMU assessment notices for the years 2012, 2013, 2014, 2015, 2016 and the TASI assessment notice for the year 2014 were held. Currently the Regional Tax Court of Rome has deposited the ruling concerning the ICI for 2011, by which it has substantially accepted Buzzi Unicem's appeal, and the assessment notices concerning the IMU for the years 2012, 2013, 2014 and 2015, that instead have rejected the appeals of the company. The company is awaiting for the rulings concerning the IMU for 2016 and the TASI for 2014. Buzzi Unicem believes to have valid motivations and intends to challenge also the unfavorable rulings concerning the IMU for the years 2012, 2013, 2014 and 2015 and will also assess whether to appeal some minor issues related to the sentence concerning ICI for the year 2011. However the company has booked in its financial statements the additional taxes together with the related interests and penalties for the years in which the appeals have been rejected at first instance.

In Ukraine there are pending litigations concerning claims filed by the Revenue Service that relate to value-added tax and deductibility of operating expenses for production plants. After closing some of the proceedings with judgments in favor of the company during 2016 and at beginning of 2018 and considering the significant devaluation of the local currency, the total amount of outstanding litigations is now approximately €0.3 million. The claims by the Revenue Service seem not to be supported by the enacted local legislation and an appeal was lodged against the requests that are still unresolved.

Antitrust
As regards the €11.0 million fine inflicted by the Italian Antitrust Authority on the subsidiary Unical for alleged anti-competitive practices in the Milan ready-mix concrete market and cancelled by the Council of State by judgment of 2009, the Antitrust Authority, by judgment of 10 December 2013, reassessed the fine reducing it to about €7.0 million. The Authority moreover ordered Unical to pay the additional charges due ex art. 27, paragraph 6, of law no. 689/81 for an additional total amount of about €6.3 million. The subsidiary Unical, deeming that the new assessment of the fine was excessive and not consistent with the precepts of the ruling of the Council of State and the additional charges were not due, appealed the assessment judgment before the TAR of Lazio. In the meantime Unical, for the mere purpose of preventing the accumulation of interest expense and without agreeing with the decision, considered appropriate to fully pay the fine. To this aim, it required and obtained from the Antitrust Authority the split-up of the penalty in 30 installments. The TAR of Lazio by judgment of 20 April 2015 no. 5758, partially accepted the appeal issue by Unical, recalculating the penalty in €3.5 million and cancelling the Antitrust Authority provision as regards the additional charges, because not due. A new installment plan for the payment of the remaining penalty was established and in January 2017 the last installment of the plan was paid. The Antitrust Authority appealed the judgment of TAR of Lazio to the Council of State on 20 July 2015. Unical has joined the lawsuit initiated by the Antitrust Authority and has also presented incidental appeal, in which it has requested a further reduction of the sanction which had been restated; the hearing has been scheduled on 14 December 2017. With ruling published on 26 July 2018, the Council of State partially accepted the appeal of the Italian Antitrust Authority, considering as proper the amount of the fine as it was reassessed by the Authority in 2013 and equal to about €7.0 million. Unical may present request of rescheduling the payment of the difference between the fine already paid and the amount as reassessed by the Council of State. The entire fine has been booked in the financial statements.

On 25 November 2015, during an inspection at Buzzi Unicem offices, the Antitrust Authority notified the company of the opening of an investigation under Article 14 of Law 287/90, for infringement of Article 101 TFEU in relation to an alleged agreement between Buzzi Unicem and three other competitors for the coordination of cement sales price increases in a part of the national territory. Following other inspections in May 2016, the Authority extended its proceedings both as regards the contents (alleged information exchange through the industry association AITEC) and individually to other competitors, considering that the alleged agreement was nationally spread. On 7 August 2017 Buzzi Unicem was notified of the final decision adopted by the Italian Antitrust Authority, according to which Buzzi Unicem and other companies operating in the cement market would have established anti-competitive practices from June 2011 until January 2016, aimed at coordinating cement sales prices throughout the country and systematically monitoring the performance of their respective market shares. The fine imposed on Buzzi Unicem amounted to €59.8 million. Buzzi Unicem appealed the provision of the Authority before the TAR of Lazio on 2 October 2017; together with the appeal, a request for revocation of the fine payment was also filed. The hearing to discuss the revocation took place on 8 November 2017. The TAR of Lazio believed that the legal protection needs of Buzzi Unicem could be sufficiently respected by promptly fixing the hearing for discussion on the substance of the case, scheduled for 6 June 2018, also considering the granting of the division of the sanction into installments by the Authority. In fact, Buzzi Unicem, for the sole purpose of avoiding the accumulation of interests and without acquiescing, has requested and obtained the split-up of the sanction in 30 installments from the Antitrust Authority. On 12 June 2018 the judgment of the ruling of the TAR of Lazio rejecting the appeal presented by Buzzi Unicem was published and on 30 July 2018 the related arguments were delivered. Considering that the reasons adhere slavishly to the position of the Italian Antitrust Authority, ignoring many of the justifications for the appeal adduced by the company, Buzzi Unicem intends to challenge the ruling in front of the Council of State, being confident to be able to prove its strangeness to the behavior assumed by the Authority. The full amount of the fine was recorded in the financial statements.

The Belgian company CDC presented in September 2015 a claim against Heidelberg Cement AG at the Court of Mannheim. The claim is based on an alleged breach of the Antitrust Law by Heidelberg Cement AG and other cement manufacturers including Dyckerhoff GmbH in the regions of South and East Germany. Heidelberg Cement AG has named as the third party jointly and severally liable Dyckerhoff GmbH, which has joined to support the defense of Heidelberg considering the CDC claims to be unfounded for procedural and substantive reasons. On 24 January 2017 the Court of Mannheim also rejected the claimants' request, who then filed an appeal against that judgment and the proceeding is currently pending before the Karlsruhe High Regional Court. We do not expect a negative financial impact from this proceeding.

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, entirely provisioned in the 2017 financial statements. The subsidiary 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, already paid in full. The company, once the motivations for the judgment have been acquired, will evaluate a possible appeal against the decision before the Supreme Court.

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 legal suit and had to institute a number of proceedings before the Regional Administrative Court (TAR) of Sicily – Catania division – against the Ministry 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. Conversely, no jurisprudential pronouncements and major developments in the proceedings have been recorded as regards the final project for the remediation and safety of the land areas and underneath aquifer, against which the company has appealed before the competent jurisdiction authorities, together with some subsequent implementation acts. The company has maintained a technical confrontation with the Ministry for Environment in order to evaluate the feasibility, fairness and sustainability of an out-of-court settlement, which however would imply the acceptance of the Plan Agreement. However this option was not pursued, because of both uncertainties on the ensuing economic charges and the questionable compliance with the EC regulations in force about environmental damages. As an alternative to the acceptance of the Plan Agreement, the company has instead brought forward on its own the procedural fulfillments aimed at the characterization, risk analysis and remediation and/or permanent safety of its land areas and portions of the underneath aquifer affected. These compliance actions are currently being evaluated by the Ministry for Environment which has already ruled favorably on certain aspects through decision-making conferences, with requirements that the company has not opposed. Awaiting the development of the above proceedings, the company prudentially maintains in the books the relevant provision of €3.0 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 2019. Estimating the costs associated with silica-related and asbestos-related claims involves many uncertainties that may affect the amount and timing of the losses. The Company however maintains a provision for the liabilities not expected to be covered by insurance.

Other legal proceedings

In relation to the procedure for the transfer of all outstanding common 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; we are waiting for a decision of the Court of Appeal. A specific provision was added in the books.

Our Dutch subsidiary Dyckerhoff Basal Toeslagstoffen received on 2 March 2015 a damage claim in the amount of €7.4 million for an alleged failure to comply with some of its contractual obligations related to a sand quarry. The applicant filed an appeal against the decision of the arbitral tribunal which rejected the claim entirely and on 31 August 2017 the Arbitration Court of Appeal amended the rulings at first instance, recognizing as a precautionary measure a part of responsibility on the merits of our Dutch subsidiary. The amount of compensation has not been defined by the arbitrators yet. Based on the precautionary decision, the company made a provision in the financial statements.

In connection with the modernization of the cement plant in Maryneal, Texas, one of the primary contractors engaged on the project has asserted a claim for additional compensation for an amount in excess of $25 million. The contractor also filed a materialman’s lien by its unilateral declaration claiming an amount owed of $43.5 million, which can only be activated if it succeeds in the dispute and in case of non-payment of any sums owed to the contractor itself. Buzzi Unicem disputes that any additional amounts are owed. Furthermore, we have informed the contractor that we consider it liable of additional sums to the company for failing to perform its obligations in accordance with the terms of the parties’ agreement. The company and the contractor started the dispute resolution procedures as outlined in the contract, in order to resolve the matter. Buzzi Unicem believes that no additional amounts are owed to the contractor based upon the assertions made in the claim and, as such, did not record a provision for this claim at the balance sheet date.

45. Related-party transactions

Buzzi Unicem SpA is controlled by Fimedi SpA, which directly and indirectly, through its subsidiary Presa SpA, owns 58.6% 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 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 balances at the end of the period:

(thousands of euro)	*1H 2018*	*in % of reported balance*	*1H 2017*	*in % of reported balance*
Sales of goods and services:	*27,602*	*2.0*	29,467	*2.1*
- Associates and unconsolidated subsidiaries	18,193		20,917	
- Joint ventures	9,398		8,486	
- Parent companies	11		9	
- Other related parties	-		55	
- Purchases of goods and services:	*21,837*	*2.4*	*15,519*	*1.7*
- Associates and unconsolidated subsidiaries	13,964		13,763	
- Joint ventures	7,546		1,401	
- Other related parties	327		355	
Internal works capitalized	*7*	*0.6*	-	-
- Other related parties	7		-	
Finance revenues:	*753*	*1.7*	11	*0.0*
- Associates and unconsolidated subsidiaries	753		7	
- Joint ventures	-		4	
Finance costs	-	-	1	*0.0*
- Joint ventures	-		1	
Trade receivables:	*12,914*	*2.6*	11,790	*2.7*
- Associates and unconsolidated subsidiaries	7,372		7,606	
- Joint ventures	5,531		4,132	
- Parent companies	11		9	
- Other related parties	-		43	
Loans receivable:	*851*	*7.9*	885	*3.4*
- Associates and unconsolidated subsidiaries	838		740	
- Joint ventures	13		145	
Other receivables:	*19,049*	*16.0*	29,187	*20.0*
- Associates and unconsolidated subsidiaries	4,895		11,281	
- Parent companies	14,154		17,906	
Trade payables:	*3,503*	*1.5*	2,661	*1.1*
- Associates and unconsolidated subsidiaries	3,189		2,191	
- Joint ventures	307		331	
- Other related parties	7		4	
Loans payable:	*125*	*0.1*	*1,448*	*4.9*
- Associates and unconsolidated subsidiaries	*125*		*1,448*	
Other payables:	*213*	*0.1*	-	-
- Other related parties	213		143	
Guarantees granted:	*1,500*		*1,500*	
- Joint ventures	1,500		1,500	

Key management personnel include the directors of the company (executive and non-executive), the statutory auditors and 6 other senior executives.
The compensation paid or payable to key management personnel, not included in the previous table, is shown below:

(thousands of euro)	*1H 2018*	*1H 2017*
Salaries and other short-term employee benefits	2,270	2,303
Post-employments benefits	464	384
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	2,734	**2,687**

46. Business combinations

On 5 April 2018 the Bundeskartellamt (German Federal Cartel Authority) authorized Dyckerhoff GmbH to acquire the entire share capital of Portland Zementwerke Seibel & Söhne GmbH & Co. KG.
Seibel & Söhne operates a full-cycle cement plant located in Erwitte, North Rhine-Westphalia. Dyckerhoff operates in the region with two plants, in Geseke and Lengerich. Through the acquisition of Seibel & Söhne Buzzi Unicem has strengthened its position in the German market. It is planned to stop the production of clinker and cement at Erwitte during 2019, with the transfer of the same to the current Dyckerhoff plants, which are equipped with modern process technology, to improve both efficiency and the environmental impact.

The initial accounting of the business combination could be determined only provisionally at the balance sheet date. Therefore, the fair values assigned to the acquiree's assets, liabilities or contingent liabilities represent the best estimate by the management of likely values. The provisional goodwill resulting from the acquisition amounts to €34,082 thousand and is not deductible for income tax purposes.

The definite accounting for the business combination is provided by the accounting standard within one year from the acquisition date.

The consideration paid, the provisional fair value of the assets acquired and liabilities assumed at the acquisition date, are as follows:

(thousands of euro)	*Amount*
Cash	44,617
Deferred payment	2,500
Total consideration	**47,117**
Recognized amounts of identifiable assets acquired and liabilities assumed	
Other intangible assets	3
Property, plant and equipment	16,983
Investments	26
Deferred income tax assets	74
Inventories	4,423
Trade and other receivables	816
Other current assets	632
Cash and cash equivalents	892
Provisions and employee benefits	(1,870)
Liabilities to banks	(7)
Other non-current liabilities	(6,002)
Trade and other payables	(2,935)
Total identifiable net assets	**13,035**
Goodwill	**34,082**
	47,117
Acquisition-related costs	1,206

Had the acquisition occurred on 1 January 2018, consolidated net sales would have been €1,346,059 thousand and profit for the year €123,786 thousand.

47. Other information

Material non-recurring events and transactions

As stated in the management report, the six months period ended 30 June 2018 was affected by material non-recurring events and transactions – as defined in Consob Communication no. DEM/6064293 of 28 July 2006 – with an overall negative impact on EBITDA of €11,043 thousand.

Atypical and/or unusual transactions

Please note that Buzzi Unicem did not carry out atypical and/or unusual transactions during the six months period ended 30 June 2018, as defined in Consob Communication no. DEM/6064293 of 28 July 2006.

Components of net debt

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

(thousand of euro)	*Note*	*1H 2018*	*31 Dec 2017*
- Other current financial receivables		**9,915**	**19,238**
Receivables from unconsolidated subsidiaries and associates	28	715	775
Loans to customers	28	258	487
Receivables from sale of equity investments	28	26	26
Receivables from purchase of equity investments	28	6,622	4,034
Loans to third parties and leasing	28	1,021	8,835
Accrued interest income	28	1,273	381
Available-for-sale financial assets	28	-	4,700
- Other current financial liabilities		**(37,577)**	**(37,131)**
Purchase of equity investments	40	(11,066)	(10,721)
Financial tax payables		-	(697)
Payables to antitrust authority	40	(29,808)	(25,549)
Loans from associates	40	(123)	-
Deferred interest income	40	(128)	(165)
- Other non-current financial liabilities		**(47,585)**	**(57,958)**
Loans from associates	38	(25,277)	(22,665)
Financial tax payables	38	-	(1,208)
Purchase of equity investments	38	(22,308)	(34,085)
- Other non-current financial liabilities		**4,477**	**3,175**
Loans to third parties and leasing	25	2,455	2,618
Tax receivables	25	136	136
Guarantee deposits	25	525	421
Receivables from purchase of equity investments	25	1,361	-

48. Events after the balance sheet date

Within the streamlining process of the organizational structure in Italy, following the acquisition of Zillo group, on 1 July 2018 the merger of Cementizillo SpA and Cementeria di Monselice SpA into the parent company was executed and on 1 August 2018 the merger of Beton Verona Srl and Beton Asola Srl into Calcestruzzi Zillo SpA was carried out, too.

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

Casale Monferrato, 2 August 2018

On behalf of the Board of Directors
The Chairman
Enrico Buzzi

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND OF EQUITY INVESTMENTS

Companies consolidated on a line-by-line basis

Name	Registered office	Share capital		Ownership interest held by	% of ownership
Buzzi Unicem S.p.A.	Casale Monferrato (AL)	EUR	123,636,659		
Cementizillo S.p.A.	Padova	EUR	75,000,000	Buzzi Unicem S.p.A.	100.00
Unical S.p.A.	Casale Monferrato (AL)	EUR	130,235,000	Buzzi Unicem S.p.A.	100.00
Serenergy S.r.l.	Casale Monferrato (AL)	EUR	25,500	Buzzi Unicem S.p.A.	100.00
Dyckerhoff GmbH	Wiesbaden DE	EUR	105,639,816	Buzzi Unicem S.p.A.	100.00
Buzzi Unicem International S.à r.l.	Luxembourg LU	EUR	37,529,900	Buzzi Unicem S.p.A.	100.00
Buzzi Unicem Algérie S.à r.l.	El Mohammadia - Alger DZ	DZD	3,000,000	Buzzi Unicem S.p.A.	70.00
Cementeria di Monselice S.p.A.	Padova	EUR	26,000,000	Cementizillo S.p.A.	100.00
Calcestruzzi Zillo S.p.A.	Casale Monferrato (AL)	EUR	4,004,676	Cementizillo S.p.A.	100.00
Beton Asola S.r.l.	Padova	EUR	100,000	Calcestruzzi Zillo S.p.A.	100.00
Beton Verona S.r.l.	Monselice (PD)	EUR	80,000	Calcestruzzi Zillo S.p.A.	100.00
Ghiaie Beton S.p.A.	Osoppo (UD)	EUR	1,680,000	Calcestruzzi Zillo S.p.A.	69.75
Deuna Zement GmbH	Deuna DE	EUR	5,113,000	Dyckerhoff GmbH	100.00
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.	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	99.03 0.02
OOO Russkiy Cement	Ekaterinburg RU	RUB	350,000	Dyckerhoff GmbH	100.00
OOO Dyckerhoff Korkino Cement	Pervomaysky settlement - Korkino district RU	RUB	30,000,000	Dyckerhoff GmbH	100.00
OAO Sukholozhskcement	Suchoi Log RU	RUB	30,625,900	Dyckerhoff GmbH OOO Dyckerhoff Korkino Cement	97.42 0.14
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	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
Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	Erfurt DE	EUR	100,000	Dyckerhoff Beton GmbH & Co. KG	95.00
sibobeton Osnabrück GmbH & Co. KG	Lengerich DE	EUR	5,368,565	Dyckerhoff Beton GmbH & Co. KG	87.63
sibobeton Wilhelmshaven GmbH & Co. KG	Lengerich DE	EUR	920,325	Dyckerhoff Beton GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG	85.44 14.56
sibobeton Ems GmbH & Co. KG	Lengerich DE	EUR	2,300,813	Dyckerhoff Beton GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG	74.34 19.51
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

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND OF EQUITY INVESTMENTS

Companies consolidated on a line-by-line basis (continued)

Name	Registered office	Share capital		Ownership interest held by	% of ownership
sibobeton Enger GmbH & Co. KG	Lengerich DE	EUR	337,453	Dyckerhoff Beton GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG	50.00 50.00
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	45.13 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	OAO Sukholozhskcement	100.00
OOO Dyckerhoff Suchoi Log obshestvo po sbitu tamponashnich zementow	Suchoi Log RU	RUB	4,100,000	OAO Sukholozhskcement	100.00
OOO Omsk Cement	Omsk RU	RUB	779,617,530	OAO Sukholozhskcement	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
BTG Beton-Transport-Gesellschaft mbH	Lengerich DE	EUR	500,000	sibobeton Osnabrück GmbH & Co. KG	100.00
BSN Beton Service Nederland B.V.	Franeker NL	EUR	113,445	Dyckerhoff Basal Betonmortel B.V.	100.00
MegaMix Basal B.V.	Nieuwegein NL	EUR	27,228	Dyckerhoff Basal Betonmortel B.V.	100.00
Wolst Transport B.V.	Dordrecht NL	EUR	45,378	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

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND OF EQUITY INVESTMENTS

Investments in joint ventures valued by the equity method

Name	Registered office	hare capital		Ownership interest held by	% of ownership
Cementi Moccia S.p.A.	Napoli	EUR	7,398,300	Buzzi Unicem S.p.A.	50.00
Ecotrade S.p.A.	Genova	EUR	2,400,000	Buzzi Unicem S.p.A.	50.00
E.L.M.A. S.r.l.	Sinalunga (SI)	EUR	15,000	Unical S.p.A.	50.00
Calcestruzzi Doc S.r.l.	Padova	EUR	100,000	Calcestruzzi Zillo S.p.A.	50.00
Calcestruzzi Trieste Nord Est S.r.l. i. L.	Trieste	EUR	100,000	Calcestruzzi Zillo 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 Gemeinnützige GmbH	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 G	Erfurt DE	EUR	n/a	Dyckerhoff Transportbeton Thüringen GmbH & Co. KG	37.00
Hotfilter Pumpendienst GmbH & Co. KG	Nordhorn DE	EUR	100,000	sibobeton Ems GmbH & Co. KG sibobeton Osnabrück GmbH & Co. KG	25.00 25.00
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
Aranykavics kft. i. L.	Budapest HU	HUF	11,500,000	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
VOF CBDB	Cruquius NL	EUR	1	Dyckerhoff Basal Betonmortel B.V.	50.00
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 Moctezuma, S.A. de C.V.	Mexico MX	MXN	1,130,605,605	Corporación Moctezuma, S.A.B. de C.V.	100.00
Cementos Portland Moctezuma, S.A. de C.V.	Emiliano Zapata MX	MXN	50,000	Corporación Moctezuma, S.A.B. de C.V.	100.00
Cemoc Servicios Especializados S.A. de C.V.	Mexico MX	MXN	50,000	Corporación Moctezuma, S.A.B. de C.V.	100.00
Latinoamericana de Comercio, S.A. de C.V.	Emiliano Zapata MX	MXN	10,775,000	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
Latinoamericana de Concretos, S.A. de C.V.	Mexico MX	MXN	923,601,073	Corporación Moctezuma, S.A.B. de C.V. Cementos Portland Moctezuma, S.A. de C.V.	99.97 0.03
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
Concretos Moctezuma del Pacifico S.A. de C.V.	Mexico MX	MXN	29,472,972	Latinoamericana de Concretos, S.A. de C.V. Inmobiliaria Lacosa, S.A. de C.V.	85.00 15.00
Concretos Moctezuma de Xalapa, S.A. de C.V.	Xalapa MX	MXN	10,000,000	Latinoamericana de Concretos, S.A. de C.V.	60.00
Maquinaria y Canteras del Centro, S.A. de C.V.	Mexico MX	MXN	19,597,565	Latinoamericana de Concretos, S.A. de C.V.	51.00
Concretos Moctezuma de Jalisco S.A. de C.V.	Mexico MX	MXN	100,000	Latinoamericana de Concretos, S.A. de C.V.	51.00
CYM Infraestructura, S.A.P.I. de C.V.	Mexico MX	MXN	40,100,000	Latinoamericana de Concretos, S.A. de C.V.	50.00

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AND OF EQUITY INVESTMENTS

Investments in associates valued by the equity method

Name	Registered office	Share capital		Ownership interest held by	% of ownership
Premix S.p.A.	Melilli (SR)	EUR	3,483,000	Buzzi Unicem S.p.A.	40.00
Société des Ciments de Sour El Ghozlane EPE S.p.A.	Sour El Ghozlane DZ	DZD	1,900,000,000	Buzzi Unicem S.p.A.	35.00
Société des Ciments de Hadjar Soud EPE S.p.A.	Azzaba DZ	DZD	1,550,000,000	Buzzi Unicem S.p.A.	35.00
Laterlite S.p.A.	Solignano (PR)	EUR	22,500,000	Buzzi Unicem S.p.A.	33.33
Salonit Anhovo Gradbeni Materiali d.d.	Anhovo SI	EUR	36,818,921	Buzzi Unicem S.p.A.	25.00
w&p Cementi S.p.A.	San Vito al Tagliamento	EUR	2,000,000	Buzzi Unicem S.p.A.	25.00
Edilcave S.r.l.	Villar Focchiardo (TO)	EUR	72,800	Unical S.p.A.	30.00
Calcestruzzi Faure S.r.l.	Salbertrand (TO)	EUR	53,560	Unical S.p.A.	24.00
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
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	25,000	Dyckerhoff Beton GmbH & Co. KG	50.00
Lichtner-Dyckerhoff Beton Verwaltungs GmbH	Berlin DE	EUR	25,000	Dyckerhoff Beton GmbH & Co. KG	50.00
Minden-Ravensberg GmbH & Co. KG	Minden-Dankersen DE	EUR	1,000,000	Dyckerhoff Beton GmbH & Co. KG	50.00
Niemeier Beton GmbH & Co. KG	Diepholz DE	EUR	766,938	Dyckerhoff Beton GmbH & Co. KG	33.33
Niemeier Beton-GmbH	Sulingen DE	EUR	25,565	Dyckerhoff Beton GmbH & Co. KG	33.20
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
Cobéton S.A.	Differdange LU	EUR	100,000	Cimalux S.A.	33.32
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
Betonlogistik Rheinland-Pfalz GmbH	Rommerskirchen DE	EUR	25,000	Dyckerhoff Beton Rheinland-Pfalz GmbH & Co. KG	50.00
				sibobeton Ems GmbH & Co. KG	25.00
Hotfilter Pumpendienst Beteiligungsgesellschaft mbH	Nordhorn DE	EUR	25,000	sibobeton Osnabrück GmbH & Co. KG	25.00
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
V.O.F. "Bouwdok Barendrecht"	Barendrecht NL	EUR	n/a	Dyckerhoff Basal Betonmortel B.V.	22.65
Kosmos Cement 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

Other investments in subsidiaries, associates and joint ventures

Name	Registered office	ıare capital		Ownership interest held by	% of ownership
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
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
OOO Sukholozhskcemremont i. L.	Suchoi Log RU	RUB	10,000	OAO Sukholozhskcement	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

CERTIFICATION OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS AMENDED

The undersigned Pietro Buzzi, as Chief Executive Finance, and Silvio Picca, 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 consolidated financial statements during the first six months of 2018:

– 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 interim management report contains a reliable analysis with reference to the important events which occurred during the first six months of the current financial year and their impact on the condensed financial statements. as well as a description of the major risks and uncertainties for the remaining six months of the financial period; the interim management report also includes a reliable analysis of the information about material related party transactions.

Casale Monferrato, 2 August 2018

Chief Executive Finance	Manager responsible for preparing financial reports
Pietro Buzzi	**Silvio Picca**

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Buzzi Unicem S.p.A.

Review report on the half-yearly condensed consolidated financial statements

(Translation from the original Italian text)

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

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

Introduction

We have reviewed the half-yearly condensed consolidated financial statements, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes of Buzzi Unicem S.p.A. and its subsidiaries (the "Buzzi Unicem Group") as of 30 June 2018. The Directors of Buzzi Unicem S.p.A. are responsible for the preparation of the half-yearly condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of Buzzi Unicem Group as of June 30, 2018 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, August 2, 2018

EY S.p.A.
Signed by: Stefania Boschetti, Partner

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

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