Buzzi Unicem

Interim report as at

September 30, 2016

Buzzi Unicem S.p.A.
Registered Office in Casale Monferrato (AL) - Via Luigi Buzzi 6
Share Capital euro 123.636.658,80
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INTERIM MANAGEMENT REVIEW

Global economy continues to grow, but the pace of development has remained low and altogether modest. The outlook has improved somewhat in the emerging economies, but some uncertainties persist in the major advanced countries, and international trade, whose growth dynamics has been further revised downwards, has shown some recovery in the developing countries, compared to a moderate trade in the mature ones.

In the United States GDP increased in the second quarter and continued its acceleration during the summer months thanks to robust growth in domestic consumption, which was however partly offset by the negative contribution provided by the changes in inventory and the deceleration in construction investments. The cyclical expansion in Europe, held back by weak international demand, continued and stabilized at a low pace, after the slight slowdown during the spring months. The major European economies have been similarly affected by the attenuation of the expansion phase during the spring and summer months, with weaker domestic consumption and sluggish investments. GDP slowed to 0.4% in Germany, marginally contracted in France and stagnated in Italy, while economic activity in the United Kingdom accelerated thanks to the good performance of domestic demand. The outcome of the Brexit referendum in June so far did not have major repercussions on economic activity and on the international financial markets.

The economic situation in the emerging countries slightly improved: in the second quarter, growth in China remained stable (+6.7%) and continued to benefit from credit expansion and the increase in infrastructure spending; in the summer months investments slowed down, but industrial activity and retail sales continued to increase at a fast pace. In India GDP growth remained strong (+7.1%), and recession in both Brazil and Russia attenuated.

Since 2012 international trade has slowed down significantly; compared to the past the weakness of investments and the greater importance in the global economic activity of the emerging countries, which are characterized by a minor trade openness, also resulted in a lower reactivity of trade compared to economic growth and consequently the prospects of trade development for the current year remain modest. During the summer months oil prices, due to an excess of supply, fluctuated between 40 and 50 dollars per barrel. The announcement of the achievement of an OPEC agreement to cut production supported the prices, which returned to around 50 dollar per barrel in early October; futures contracts foresee a slight increase in prices for the rest of 2016 and in 2017. The trend of consumer prices in the advanced economies remained weak, particularly in the euro area, it increased slightly in August in the United States (+1.1%) and remained stable in the United Kingdom. In the major emerging economies inflation was moderate in China (+1.3%), lively in India (+5.0%), Brazil (+9.0%) and Russia (+6.9%). Monetary policy remained expansionary in the advanced countries, more accommodating in China and India, while in Brazil and Russia, in view of high inflation rates, the monetary authorities maintained a tightening stance. During the summer months the conditions in financial markets gradually improved and tensions originated by the outcome of the British referendum were reabsorbed.

During the third quarter of 2016, the construction industry maintained a quite satisfactory pace of growth in the various countries of presence of the group, except for Italy and Russia, where the weakness of the sector, however, was attenuated, and the United States of America, penalized by extremely unstable weather conditions.

In the period from January to September 2016 cement and clinker sales of the group totaled 19.5 million tons, up 1.2% from the previous year. Favorable changes were recorded in Germany, Poland, Ukraine, Luxembourg and the Czech Republic, while in the United States a somewhat weak and subdued summer quarter canceled the positive change achieved in the first half year. In Russia the strengthening signals of demand were confirmed, while in Italy the market weakness accentuated again. Ready-mix concrete sales amounted to 8.8 million cubic meters, down 0.8% compared to the first nine months of 2015, with the confirmation of a higher production in Italy, Germany, Poland and Ukraine, and a slight negative sign in the Czech Republic; on the other hand the downturn in the United States strengthened.

The trend in cement prices during the first nine months in local currency strengthened clearly above all in Ukraine and also in the United States; modest changes occurred in Russia (favorable) and in Italy and the Czech Republic (unfavorable). In Poland, in particular, and in Central Europe, the decrease in prices was more pronounced. The ready-mix concrete prices strengthened in the United States, the Czech Republic, Benelux and Poland; the change was modest, but unfavorable, in Germany. Ebitda to sales margin still benefited from the tailwind in energy costs and the improved efficiency and productivity resulting from the optimization actions developed by management, thus increasing everywhere. The capacity utilization in Poland, Ukraine, Central Europe and the Czech Republic was higher than the previous year, thus translating into a lower incidence of fixed costs per unit, while in Italy the penalization due to a low utilization has not started to decrease.

Consolidated net sales were in line with the previous year, increasing from €1,998.1 million in September 2015 to €1.998,5 million in the period under review, while Ebitda came in at €416.2 million (+64.1 million, equal to +18.2%). The 9M-16 figure benefited from non-recurring net income of €2.4 million (€3.2 million non-recurring expenses in the same period of 2015); net of non-recurring items, Ebitda would have increased by 16.5%, i.e. €58.6 million. Thus recurring Ebitda to sales margin increased from 17.8% to 20.7%. Foreign exchange fluctuations had a negative net effect characterized by the depreciation of Russian ruble, Ukrainian hryvnia and Polish zloty and the stability of the dollar. Like for like, net sales would have been up 2.0%, while Ebitda would have increased by 19.0%. After depreciation, amortization and impairment charges of €143.8 million (€145.2 million in the first nine months of 2015), Ebit amounted to €272.4 million (€206.9 million in 2015).

Net finance costs decreased from €83.7 million to €77.9 million, the outcome of the equity-accounted associates totaled €60.6 million (€50.0 million in the same period of 2015) and gains on disposal of investments amounted to €0.2 million (€5.7 million in 2015). As a consequence of the above, profit before taxes in the first nine months stood at €255.3 million compared to €178.9 million in September 2015. The income statement reported a profit for the period of €180.4 million, of which €177.9 million attributable to owners of the company (€117.6 million in 2015). Cash flow of the period was equal to €324.2 million (€265.5 million at September 2015). Net debt as at 30 September 2016 amounted to €984.5 million, down €45.2 million over year-end 2015. In the first nine months, the group invested a total of €176.9 million in property, plant and equipment, €65.7 million thereof for expansion projects, almost all relating to the new production line in Maryneal, Texas. As at 30 September 2016, total equity, inclusive of non-controlling interests, stood at €2,670.2 million vs. €2,579.4 million as at 31 December 2015. Consequently debt/equity ratio was equal to 0.37 (0.40 at 2015 year-end).

Italy

After having strengthened for five quarters in a row, in the second quarter of this year GDP remained unchanged, thus reflecting a slowdown in domestic demand and investments. In line with recent economic trends information and the weakening of the international environment, GDP growth estimates for the current year have been revised downwards (+0.8%). A resumption of investments is struggling to strengthen and growth dynamics, more modest than in the other countries of the area, is braked mainly by weak demand prospects rather than by the conditions of access to credit, which have become more favorable again. The export of goods and services, after increasing well in the second quarter, since July have shown signs of slowdown. Permanent employment has improved, albeit at a slower pace than last year, in connection with the relief of social security contributions. In September inflation returned to barely positive figures, after having been negative since February. During the spring months, with the recovery of home sales, the signals of improvement in the real estate sector strengthened while, because of the normal delay in following the cyclical inversion of transactions, the residential property prices are lingering to recover. The reform of the public procurement code had a negative impact on the opening of new construction sites, thus disappointing the expectations of at least a stabilization in cement consumption; in fact the most recent estimates presented by the industry association (AITEC), envisage for the whole year 2016 an unfavorable change of 3.5% to 18.9 million tons.

Our cement and clinker sales showed a declining trend compared to the same period of 2015, with average sales prices which confirmed the level of the first nine months of 2015. Ready-mix concrete sales volumes were up compared to September 2015, also thanks to the favorable change in scope resulting from the business combination which took place in late May in the Milan area, with prices slightly positive. On the costs front, the favorable trend of fuels offset the increase in electricity prices. Bad debt expense, which in the ready-mix concrete sector had resulted in significant costs during 2015, returned to normalized and more sustainable levels. Overall net sales in Italy came in at €279.7 million, down 1.1% vs. € 282.8 million in the previous year while Ebitda, although improving, remained negative at -€16.7 million compared to -€19.7 million in 2015. However it must be pointed out that the 2016 figure includes among staff costs non-recurring restructuring expenses of €0.6 million and that the 2015 result included non-recurring net income of €1.9 million. Net of non-recurring items, Ebitda increased by €5.5 million.

Central Europe

In Germany GDP growth during the summer quarter stabilized at a pace in line with the spring period (+0.4%), thus decreasing compared to the acceleration at the start to the year. The country's economy continues to be stimulated by boosting employment, by strong improvements in disposable income as well as by increased government spending in favor of the many asylum seekers, despite the slowdown in investments and some increased uncertainty about developments in net exports. Recently GDP growth prospects for the current year were confirmed (+1.6%), in line with those achieved in the previous year.

In the first nine months of the year, our cement volumes sold, despite the weakness in the demand for oil well products, showed a progressive improvement starting from the spring and were higher compared to the same period of 2015, with prices however basically weak. Ready-mix concrete output recorded an increase, although less marked, also with prices marginally down. Overall net sales amounted to €429.6 million, in line with 2015 (€429.8 million), while Ebitda increased by €8.6 million (+16.3%), from €52.6 million to €61.2 million. Among operating costs, fuel decreased and electric power was basically stable. During this period the company incurred other operating costs of €0.1 million from the intercompany purchase of CO_2 emission quotas (€1.7 million in 2015).

In Luxembourg GDP growth dynamics, expected at +3.5% for the current year, still remains among the best ones in Europe. The economy development is driven by the international financial services sector and the positive performance of domestic demand, due to a robust employment rate and disposable income increase. Moreover, the favorable economic situation is backed by a higher investment level, particularly in the construction sector, aided by a cost of money which has reached its lowest point.

In the Netherlands the resilience, which began two years ago, strengthened thanks to an increasing domestic demand due to improvements in the disposable income and employment rate growth, as well as to the recovery of investments, particularly in the residential sector. GDP growth, confirmed for the current year, amounted to +1.7%.

During this period, our cement sales, inclusive of internal sales volumes, maintained a solid growth, with average unit revenues slightly down. The ready-mix concrete sector basically confirmed the 2015 production levels, with slightly strengthening prices. Overall net sales came in at €131.7 million, up 4.8% compared to the same period last year (€125.7 million); Ebitda increased from €13.2 million to €20.5 million (+€7.3 million). However it must be pointed out that the 2016 figure includes a non-recurring income of €3.0 million, €3.3 million thereof for gains on disposal of fixed assets and €0.3 million for restructuring costs, while the 2015 result included non-recurring net costs of €0.5 million. Net of non-recurring items Ebitda increased by €3.9 million. As for production costs, the trend of energy factors was favorable in particular for fuels and to a lesser extent also for electric power.

Eastern Europe

In Poland domestic demand continues to steadily boost the recovery, which is supported by low unemployment rate (6.8%), significant improvements of the disposable income and the continuation of the good pace of net exports. Despite having being recently revised downwards, GDP growth for the full year 2016 is estimated at +3.1%, only slightly lower than that of 2015 (+3.6%), which was the best result of the previous five years. Construction investments maintained a positive and favorable trend compared to 2015. Cement volumes sold during the first nine months, thanks to more buoyant dynamics in spring and summer, could confirm a solid increase on the same period last year; ready-mix concrete output, which is also gradually recovering, recorded a significant improvement. The average price level in local currency, despite the strong demand, remained fairly stable since the beginning of the year, but still significantly lower than the 2015 figure for cement, while it slightly strengthened in the ready-mix concrete sector. Net sales decreased from €76.2 million to €73.4 million (-3.6%), while recurring Ebitda increased from €20.3 million to €21.9 million (+8.0%). The depreciation of the zloty (-4.8%) led to a negative exchange rate effect; like for like, revenues would have increased by 1.1% and Ebitda by 13.2%. Among the main operating costs the trend was favorable for both electric power and fuels.

In the Czech Republic GDP growth for the current year is expected to slow down to a more sustainable 2.5%, compared to the buoyant +4.5% achieved in 2015, which could be performed thanks to the exceptional levels of public investments co-financed by the European Union. The continuation of the favorable economic situation is supported by the good performance of employment, low unemployment rate, solid increases in the disposable income and moderate inflation. Our sales of hydraulic binders confirmed, with a slight improvement, the good levels achieved in the same period last year, with average sales prices in local currency marginally down. The ready-mix concrete market, which includes also Slovakia operations, showed instead somewhat lower production levels, but with recovering prices. Overall net sales, slightly influenced by the exchange rate effect, increased from €100.8 million to €101.5 million (+0.6%) and Ebitda improved by €0.9 million, from €24.7 million to €25.5 million (+3.5%). Like for like net sales and Ebitda would have increased by 4.1% and 3.3% respectively. Among operating costs in local currency the trend was favorable for both fuels and electric power. In the period the company achieved other operating revenues of €0.1 million from the intercompany transfer of CO_2 emission quotas, deemed in excess compared to production volumes (€0.7 million in 2015).

In Ukraine, after the conflict had been suppressed, thanks to a strong international support and the first results of the institutional reforms which were initiated, we witnessed important signals of stabilization as well as discontinuity from the aggressive recessive economic situation of 2014-2015. The start of recovery in the agriculture sector and in consumer goods, the strengthening and recapitalization of the banking industry and some improvement, albeit from very low reference values, of disposable income allowed us to confirm the expectation of a return to GDP growth for the current year (+1.5%). Although the risks associated with the developments of the conflict and internal political instability remain latent and high, the consumer and investor confidence indicators continued to show significant improvements. The inflation rate, decreasing from previous peaks, is estimated at 13% at year end. In the first nine months, cement shipments from our plants, which maintained a regular production activity, showed some upward progress, with average prices strongly recovering, driven by inflation. Ready-mix concrete output, although not very significant in absolute value, were also improving, with average prices in local currency that followed inflation. Net sales increased from €52.4 million to €60.6 million (+15.7%), while Ebitda came in at €12.1 million compared to €4.3 million in the previous year (+€7.8 million). The depreciation of the local currency (-18.3%) penalized the translation of results into euro: at constant exchange rate net sales would have increased by 36.9% and recurring Ebitda by €10.0 million. Among the main operating costs in local currency, a further upward price trend was recorded for both fuels and electric power.

In Russia starting from the second quarter the recessionary economic phase has attenuated, translating into a decreasing GDP trend from -1.2% to -0.6%. The strengthening of oil prices together with signs of improvement in industrial production and the marked progress in some areas, notably agriculture and chemistry, which benefited from the weakness of the ruble, boosted the economic framework, improved confidence and triggered the recovery in domestic demand, despite the persisting weakness of investments. For the full year a GDP contraction of -0.8% is foreseen, with an expected further decline in inflation at 7.2%. The gradual recovery of shipments from the spring months led to slightly decreasing sales for the first nine months compared to the previous year, with the category of oil well cements, used in the extraction industry, always showing a good performance. Sales prices in local currency remained stable. Net sales decreased from €136.2 million in 2015 to €118.5 million (-12.9%) while Ebitda amounted to €37.4 million compared with €40.5 million of the previous year (-7.6%). However it should be pointed out that the figure achieved in 2015 included €0.7 million non-recurring costs. The depreciation of the ruble (-14.4%) had an unfavorable impact on the translation of results into euro; net of exchange rate effects and non-recurring items net sales would have been down 0.4% and Ebitda up 3.9%. Among the main operating costs in local currency, the price trend was stable for fuels and unfavorable for electric power.

United States of America
During the second quarter GDP increased by 1.4% on an annual basis, up from the previous quarter, with robust growth in household spending, which was partially offset by the negative contribution of the changes in inventories and a decline in construction investments. During the summer months a consistent increase in employment rate and a more significant GDP acceleration are expected. In August inflation slightly increased to 1.1% and, excluding energy and foodstuffs, amounted to over 2%. The Federal Reserve did not alter the accommodative monetary policy, but the further strengthening of the labor market feeds expectations of a rate hike later this year. Construction investments, expected by the Portland Cement Association, provide for an overall increase of 3.1% for the full year 2016, down on that achieved in the previous year, through an increase in the commercial sector by 4.8%, in the residential one by 2.9% and in infrastructure by 2.8%. Our cement sales, after the brilliant start to the year, favored by good weather conditions, and a more linear second quarter, showed a clear decline during the summer months, which resulted in the loss of the already accumulated benefit and volumes basically equal to the ones achieved in the same period last year through September. The weak demand was more marked in the Southwestern region, and in particular in the Houston area, which was already affected by the contraction of shipments of oil well cement, but it also concerned some areas of the Midwestern regions. Ready-mix concrete output, mainly located in the South-West, slowed down further. The average price trend in local currency remained favorable for cement and showed a slight improvement also for ready-mix concrete. Overall net sales increased from €823.5 million to €831.7 million and Ebitda from €216.2 million to €254.2 million (+17.6%). The stability of the dollar did not have any significant exchange rate effect. However it should be pointed out that the previous year's figure included €3.9 million of non-recurring costs; net of exchange rate effect and non-recurring items, net sales and Ebitda would have increased respectively by +1.2% and +15.7%. As for the main operating costs the trend was favorable for fuels and rather stable for electric power. The new line in Maryneal (West Texas) is now working at a fairly regular rate, although the conclusive fine tuning will require further efforts in the coming months.

Mexico (valued by the equity method)
The economic growth in the country has maintained a robust pace, thanks to the development of domestic demand, favored both by the employment rate and by increasing disposable income and exports, which remained competitive thanks to the depreciation of the peso. GDP growth for the full year 2016, revised downwards, is estimated at +2.1%, slightly declining compared to the one achieved last year. Cement sales continued to trend in line with the relatively high volumes recorded in 2015, with average prices in local currency progressively improving. Ready-mix concrete sales maintained a weaker profile, but with prices in local currency clearly up. Net sales and Ebitda, in local currency, increased respectively by 11.4% and 30.8%. The depreciation of the Mexican peso (-17.6%) penalized the translation of results into euro; with reference to 100% of the associate, net sales amounted to €450.2 million (-5.3%) and Ebitda improved from €195.8 million to €217.7 million (+11.2%). Among the main operating costs in local currency both fuels and

electric power had a favorable trend. The equity earnings referring to Mexico, which are included in the line item that encompasses the investments valued by the equity method, amount to €49.6 million (€41.3 million in 2015). The works for the expansion project of the production capacity at the Apazapan plant, Veracruz are being finalized; the commissioning of the new line is expected by the end of this month.

Outlook

In some regions of presence, the trend of the first nine months partially changed compared to the first half year and this difference affects the expected outlook for the full year.

In the United States, the progressive loss of momentum in sales volumes, more marked in the South-West regions, considering the comparison with a particularly strong last quarter of 2015, foreshadows full-year volumes sold slightly down on previous year. However we expect that, thanks to the favorable development of prices and the high operating leverage, the favorable variance of margins on the previous year will be confirmed.

In Central Europe we have been enjoying a more lively recovery in demand, which allows to look at the end of the year with optimism about the improvement in recurring operating results compared to 2015.

As for Poland and the Czech Republic, we deem to confirm for the full year similar progress as it has been achieved until now. In Ukraine the way out of recession is consolidating; therefore we foresee an improvement in operating results translated into euro higher than the initial expectations. In Russia the strengthening of the positive signs during the summer months and a less unfavorable exchange rate effect enable us to forecast a decrease in recurring operating results in euro lower than 10%.

Finally, in Italy, the continuous weakness of cement demand entails the persistence of negative operating results only marginally better than the previous year, thanks to the constant and careful monitoring of costs.

Therefore, overall, our best current estimate is consistent with that already disclosed to the market on the occasion of the half-yearly interim report, suggesting an improved recurring Ebitda for the whole of 2016 over the previous financial year and equal to about €520 million in absolute value.

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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.

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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)	Sep 30, 2016	Sep 30, 2015
EBITDA	**416.2**	**352.1**
Restructuring costs	0.9	2.0
Additions (releases) of provisions for liabilities	-	(5.3)
Dismantling costs	-	6.5
Gains on sale of fixed assets	(3.3)	-
EBITDA recurring	**413.8**	**355.2**

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

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

Casale Monferrato, November 10, 2016

For the Board of Directors
Enrico Buzzi
(Chairman)

CONSOLIDATED INCOME STATEMENT

	July-September		January-September	
	2016	2015	2016	2015
(thousands of euro)				
Net sales	**737,251**	**759,931**	**1,998,549**	**1,998,105**
Changes in inventories of finished goods and work in progress	(3,558)	(13,883)	(4,129)	(19,040)
Other operating income	14,393	18,065	43,681	51,999
Raw materials, supplies and consumables	(263,107)	(279,978)	(757,882)	(796,223)
Services	(164,969)	(165,036)	(482,140)	(485,186)
Staff costs	(111,707)	(113,233)	(337,043)	(338,746)
Other operating expenses	(14,617)	(20,435)	(44,856)	(58,840)
EBITDA	**193,686**	**185,431**	**416,180**	**352,069**
Depreciation, amortization and impairment charges	(50,277)	(48,697)	(143,775)	(145,217)
Operating profit (EBIT)	**143,408**	**136,734**	**272,405**	**206,852**
Equity in earnings of associates and joint ventures	24,189	19,793	60,583	49,959
Gains on disposal of investments	9	20	180	5,725
Finance revenues	3,971	914	33,602	36,096
Finance costs	(45,422)	(32,742)	(111,455)	(119,773)
Profit before tax	**126,155**	**124,719**	**255,315**	**178,859**
Income tax expense	(37,165)	(40,853)	(74,872)	(58,584)
Profit (loss) for the period	**88,990**	**83,866**	**180,443**	**120,275**
Attributable to:				
Owners of the company	87,561	82,723	177,873	117,599
Non-controlling interests	1,429	1,143	2,570	2,676

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	July-September		January-September	
	2016	2015	2016	2015
(thousands of euro)				
Profit (loss) for the period	**88,990**	**83,866**	**180,443**	**120,275**
Items that will not be reclassified to profit or loss				
Actuarial gains (losses) on post-employment benefits	6,871	(14,508)	(52,681)	1,607
Income tax relating to items that will not be reclassified	(3,099)	5,183	17,213	64
Total items that will not be reclassified to profit or loss	**3,772**	**(9,325)**	**(35,468)**	**1,671**
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	(3,416)	(58,828)	(9,301)	106,136
Share of currency translation differences of associates and joint ventures valued by the equity method	(8,890)	(20,734)	(27,071)	(21,947)
Total items that may be reclassified subsequently to profit or loss	**(12,306)**	**(79,562)**	**(36,372)**	**84,189**
Other comprehensive income for the period, net of tax	**(8,534)**	**(88,887)**	**(71,840)**	**85,860**
Total comprehensive income for the period	**80,456**	**(5,021)**	**108,603**	**206,135**
Attributable to:				
Owners of the company	78,737	(2,615)	103,363	203,808
Non-controlling interests	1,719	(2,406)	5,240	2,327

CONSOLIDATED BALANCE SHEET

(thousands of euro)	Sep 30, 2016	Jun 30, 2016	Dec 31, 2015
ASSETS			
Non-current assets			
Goodwill	554,634	553,908	544,071
Other intangible assets	43,265	43,385	41,120
Property, plant and equipment	3,069,422	3,082,528	3,090,889
Investment property	22,102	22,118	22,786
Investments in associates and joint ventures	374,199	361,980	373,335
Available-for-sale financial assets	1,874	1,879	2,134
Deferred income tax assets	63,842	63,572	50,688
Derivative financial instruments	-	-	4,103
Other non-current assets	35,265	35,919	36,083
	4,164,603	**4,165,289**	**4,165,209**
Current assets			
Inventories	375,336	374,059	377,682
Trade receivables	420,042	435,644	364,342
Other receivables	89,891	104,046	88,127
Available-for-sale financial assets	8,511	3,504	2,890
Derivative financial instruments	3,550	9,323	7,714
Cash and cash equivalents	864,935	847,346	503,454
	1,762,265	**1,773,922**	**1,344,209**
Assets held for sale	5,459	7,396	11,400
Total Assets	**5,932,327**	**5,946,607**	**5,520,818**

(thousands of euro)	Sep 30, 2016	Jun 30, 2016	Dec 31, 2015
EQUITY			
Equity attributable to owners of the company			
Share capital	123,637	123,637	123,637
Share premium	458,696	458,696	458,696
Other reserves	111,385	123,914	149,222
Retained earnings	1,951,178	1,859,983	1,826,238
Treasury shares	(4,768)	(4,768)	(4,768)
	2,640,128	**2,561,462**	**2,553,025**
Non-controlling interests	30,113	28,382	26,393
Total Equity	**2,670,241**	**2,589,844**	**2,579,418**
LIABILITIES			
Non-current liabilities			
Long-term debt	1,403,540	1,418,029	970,509
Derivative financial instruments	58,698	40,128	47,740
Employee benefits	470,364	487,885	432,263
Provisions for liabilities and charges	84,234	84,433	86,916
Deferred income tax liabilities	433,212	441,157	455,208
Other non-current liabilities	14,681	20,950	18,063
	2,464,729	**2,492,582**	**2,010,699**
Current liabilities			
Current portion of long-term debt	385,889	443,388	527,733
Short-term debt	1,876	1,194	1,701
Trade payables	213,338	225,311	245,237
Income tax payables	27,491	20,689	19,502
Provisions for liabilities and charges	19,972	20,468	21,267
Other payables	148,791	153,071	114,749
	797,357	**864,121**	**930,189**
Liabilities held for sale	-	60	512
Total Liabilities	**3,262,086**	**3,356,763**	**2,941,400**
Total Equity and Liabilities	**5,932,327**	**5,946,607**	**5,520,818**

CONSOLIDATED NET FINANCIAL POSITION

(thousands of euro)	Sep 30, 2016	Jun 30, 2016	Dec 31, 2015
Cash and short-term financial assets:			
- Cash and cash equivalents	864,935	847,346	503,454
- Derivative financial instruments	3,550	9,323	7,714
- Other current financial receivables	11,025	6,959	7,200
Short-term financial liabilities:			
- Current portion of long-term debt	(385,889)	(443,388)	(527,733)
- Short-term debt	(1,877)	(1,193)	(2,001)
- Other current financial liabilities	(22,094)	(33,937)	(12,677)
Net short-term cash	**469,651**	**385,110**	**(24,043)**
Long-term financial liabilities:			
- Long-term debt	(1,403,540)	(1,418,029)	(970,509)
- Derivative financial instruments	(58,698)	(40,128)	(47,740)
- Other non-current financial liabilities	(4,007)	(3,974)	(3,791)
Net financial position of continuing operations	**(996,595)**	**(1,077,021)**	**(1,046,083)**
Long-term financial assets:			
- Derivative financial instruments	-	-	4,103
- Other non-current financial receivables	12,061	12,466	12,246
Net debt	**(984,534)**	**(1,064,555)**	**(1,029,734)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The company resolved to publish an interim report as at 30 September 2016 consistent with the previous ones. At the same time, in order to ensure continuity and regularity of information to the financial community, the company has adopted the guidelines for quarterly reporting which will be disclosed to the market starting from next year, as indicated in the press release dated 10 November 2016.

This interim report for the nine months ended 30 September 2016 has been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission and the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2015, to which please refer for additional information.

The preparation of the interim report requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the closing date and the reported amounts of revenues and expenses for the period. In case in the future such estimates and assumptions, based on the best knowledge of the management, should significantly differ from the actual circumstances, they would be modified accordingly in the relevant period in which they change.

Income tax expense is accrued using the tax rate that would be applicable to expected total annual profit or loss.

The changes occurred in the scope of consolidation during the first nine months of 2016 do not alter, overall, in a material way, the comparability with the previous period.

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

* * *

Equity attributable to owners of the company increased by €87.1 million from 31 December 2015. The change is mainly the result of the following developments: an increase due to profit for the period (€177.9 million); a decrease due to translation differences (€39.0 million), actuarial losses on post-employment benefits (35.5 million) and dividends paid (€15.4 million).

* * *

Net revenues remained substantially unchanged compared to the same period of 2015; this trend is due to favorable trading conditions (volumes and prices effect) for 2.0%, to unfavorable currency effect for 1.6% and to a decrease in the scope of consolidation area for 0.4%.

Segment information

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

thousands of euro	*Italy*	*Central Europe*	*Eastern Europe*	*United States of America*	*Unallocated items and adjustments*	*Total*	*Mexico 100%*
Nine months ended 30 September 2016							
Segment revenue	278,456	542,450	352,406	824,916	321	1,998,549	450,167
Intersegment revenue	(897)	(17)	-	-	914	-	-
Revenue from external customers	277,559	542,433	352,406	824,916	1,235	1,998,549	450,167
Ebitda	(14,891)	80,776	96,046	254,177	73	416,180	217,651
Operating profit	(36,774)	49,854	68,781	190,479	65	272,405	198,956

thousands of euro	*Italy*	*Central Europe*	*Eastern Europe*	*United States of America*	*Unallocated items and adjustments*	*Total*	*Mexico 100%*
Nine months ended 30 September 2015							
Segment revenue	281,772	538,112	363,310	814,617	294	1,998,105	475,235
Intersegment revenue	(677)	(42)	-	-	719	-	-
Revenue from external customers	281,095	538,070	363,310	814,617	1,013	1,998,105	475,235
Ebitda	(19,798)	65,845	89,713	216,199	109	352,069	195,807
Operating profit	(42,517)	33,066	61,357	154,841	104	206,852	174,129

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

Casale Monferrato, November 10, 2016

For the Board of Directors
Enrico Buzzi
(Chairman)