

INTERIM FINANCIAL REPORT
31 MARCH 2014







Company Officers

Board of Directors

for the period 2012 – 2014

Chairman

Deputy President

Directors

Francesco Caltagirone Jr.

Carlo Carlevaris (*independent*)

Alessandro Caltagirone

Azzurra Caltagirone

Edoardo Caltagirone

Saverio Caltagirone

Flavio Cattaneo (*independent*)

Mario Ciliberto

Paolo Di Benedetto* (*independent*)

Fabio Corsico

Mario Delfini

Alfio Marchini (*independent*)

Riccardo Nicolini

Executive Committee

Chairman

Components

Francesco Caltagirone Jr.

Mario Delfini

Riccardo Nicolini

Control and Risks Committee

Chairman

Components

Paolo Di Benedetto* (*independent*)

Flavio Cattaneo (*independent*)

Alfio Marchini (*independent*)

Appointment and Remuneration Committee

Chairman

Components

Paolo Di Benedetto* (*independent*)

Mario Delfini

Flavio Cattaneo (*independent*)

Board of Statutory Auditors

for the period 2014 – 2016

Chairman

Auditors

Claudio Bianchi

Giampiero Tasco (*standing*)

Maria Assunta Coluccia (*standing*)

Vincenzo Sportelli (*alternate*)

Patrizia Amoretti (*alternate*)

Stefano Giannuli (*alternate*)

Manager responsible for financial reporting

Massimo Sala

Independent Auditors

for the period 2012 – 2020

KPMG SpA

* *Lead Independent Director*



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Interim Financial Report at 31 March 2014

Performance in the first quarter of 2014

The interim financial report of the Cementir Holding group has been prepared in accordance with the international accounting standards (IAS/IFRS) endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002, as well as with Art. 154-ter (Financial reporting) of Legislative Decree 58/1998, as amended. The following table reports performance for the first three months of 2014, with comparative figures for the corresponding period of 2013:

Results

(Euro '000)	1 st Quarter 2014	1 st Quarter 2013	Change %
REVENUE FROM SALES AND SERVICES	206,611	194,750	6.1%
Change in inventories	54	6,487	
Other revenue ¹	3,749	3,300	
TOTAL OPERATING REVENUE	210,414	204,537	2.9%
Raw material costs	(91,785)	(99,999)	-8.2%
Personnel costs	(37,514)	(39,187)	-4.3%
Other operating costs	(56,527)	(56,159)	0.7%
TOTAL OPERATING COSTS	(185,826)	(195,345)	-4.9%
EBITDA	24,588	9,192	167.5%
<i>EBITDA Margin %</i>	<i>11.90%</i>	<i>4.72%</i>	
Depreciation, amortisation, impairment losses and provisions	(20,100)	(21,645)	-7.1%
EBIT	4,488	(12,453)	136.0%
<i>EBIT Margin %</i>	<i>2.17%</i>	<i>-6.39%</i>	
FINANCIAL INCOME (EXPENSE)	(6,310)	(1,227)	
PROFIT (LOSS) BEFORE TAXES	(1,822)	(13,680)	86.7%
<i>PROFIT (LOSS) BEFORE TAXES MARGIN %</i>	<i>-0.88%</i>	<i>-7.02%</i>	

¹ "Other revenue" includes the income statement captions "Increases for internal work" and "Other operating revenue".

Sales volumes

('000)	1 st Quarter 2014	1 st Quarter 2013	Change %
Grey and white cement (metric tons)	2,100	1,878	11.8%
Ready-mixed concrete (m ³)	862	795	8.4%
Aggregates (metric tons)	689	475	44.9%



Group employees

	31-03-2014	31-12-2013	31-03-2013
Number of employees	3,133	3,170	3,286

In the first quarter of 2014, revenue from sales and services reached EUR 206.6 million (EUR 194.7 million in the first quarter of 2013), EBITDA came to EUR 24.6 million (EUR 9.2 million in 2013), EBIT amounted to EUR 4.5 million (-EUR 12.5 million in 2013) and the loss before taxes equalled EUR 1.8 million (loss of EUR 13.7 million in the first quarter of 2013).

Revenue from sales increased 6.1% on the year-earlier period thanks to the strong performance posted in the main geographical areas in which we operate, with the exception of Italy. At constant exchange rates, revenue would have amounted to EUR 228.1 million, an increase of 17.1% on the same period of the previous year.

In the Scandinavian countries, the favourable weather conditions boosted activity in the construction industry, generating increases in sales of cement and ready-mixed concrete of 27% and 22%, respectively, causing revenue to rise by EUR 14.7 million compared with the first quarter of 2013, when the area experienced extremely cold winter weather.

In Turkey, sales revenue in the local currency increased by about 30% compared with the first quarter of 2013 due to the increase in sales of cement (+15% compared with 31 March 2013), with sales prices rising more rapidly than inflation. Nevertheless, the depreciation of the Turkish lira against the euro in the first quarter of 2014, which closed with a 28% decrease in the average exchange rate compared with the same period of 2013, blunted the increase in revenue as reported in the financial statements translated into euros by about 2% (EUR 1.1 million).

In the Far East, revenue expanded by 2% (EUR 0.2 million) compared with first quarter of 2013, with developments diverging in China and Malaysia: in China, sales of white cement increased by 15%, with prices slightly higher and revenue in the local currency up 16%. In Malaysia, by contrast, sales revenue in the local currency contracted somewhat compared with first quarter of 2013 (-1.3%), mainly due to work to expand the production capacity of the plant.

In Egypt, the rise in average sales prices on both the domestic and the export markets, with sales volumes essentially unchanged on the previous year, caused revenue in the local currency to rise by about 11%: this gain was attenuated in the financial statements translated into euros (+EUR 0.4 million) as a result of the depreciation of the Egyptian pound (-8% compared with the average exchange rate in the first quarter of 2013).

Finally, in Italy, sales volumes and prices contracted further for both cement and ready-mixed concrete, with a consequent decrease of about 19% in revenue (-EUR 4.5 million) compared with the first quarter of 2013.



Operating costs totalled EUR 185.8 million, down EUR 9.5 million compared with the first quarter of 2013 thanks to the decline in the cost of raw materials and personnel costs (-8.2% and -4.3% respectively compared with the same period of 2013). Specifically, the cost of raw materials fell from EUR 100.0 million in the first quarter of 2013 to EUR 91.8 million in the first quarter of 2014, benefiting from savings achieved on purchases of fuels and energy consumption thanks to the impact of the centralised procurement policy and the improved productive efficiency of plants. Personnel costs amounted to EUR 37.5 million, down EUR 1.7 million compared with the first quarter of 2013 as a result of the corporate reorganisations undertaken in recent years.

EBITDA rose 15.4 million, going from the EUR 9.2 million posted in the first quarter of 2013 to EUR 24.6 million in 2014, with the gain attributable to the improved performance achieved in the Scandinavian countries and Turkey and the unchanged contribution of Egypt and the Far East. At unchanged exchange rates, the EBITDA increase would have been EUR 19.8 million.

The EBITDA margin also improved, rising to 11.9% from 4.7% in the first quarter of 2013, underscoring the substantial improvement in profitability.

EBIT, after depreciation, amortization, impairment losses and provisions of EUR 20.1 million, was a positive EUR 4.5 million (compared with an operating loss of EUR 12.5 million in the first quarter of 2013).

Financial expense totalled EUR 6.3 million, a deterioration of EUR 1.2 million compared with the first quarter of 2013 due to exchange rate losses recognised but to a large extent not realised, mainly as a result of the depreciation of the Turkish lira, and to the losses on the measurement of financial instruments used to hedge commodity prices and interest rates.

The loss before taxes amounted to EUR 1.8 million, a sharp improvement on the loss of EUR 13.7 million posted in the first quarter of 2013.

Financial highlights

(Euro '000)	31-03-2014	31-12-2013	31-03-2013
Net capital employed	1,389,390	1,354,291	1,509,547
Total equity ²	1,026,147	1,029,409	1,108,440
Net financial debt	363,243	324,882	401,107

² Total equity at 31 March 2014 and 2013 do not include income taxes for the period.

Net financial debt at 31 March 2014 totalled EUR 363.2 million, an increase of EUR 38.4 million compared with 31 December 2013, mainly attributable to developments in working capital and to the annual maintenance of plants, which is normally performed in the first part of the year.

Total equity at 31 March 2014 amounted to EUR 1,026.1 million (EUR 1,029.4 million at 31 December 2013), not including income taxes for the period.



Directors' report and significant events

The results for the first quarter of 2014 exceeded management's expectations, thanks to the excellent performance registered in the Scandinavian countries and in Turkey and to the achievement of our objectives in Egypt and the Far East.

This performance should continue in the rest of 2014, with the addition of the contribution of waste management activities, which should become fully operational during the year, and a gradual return to profitability at the Italian subsidiary due to the impact of the industrial and corporate reorganizations carried out in recent years rather than to any improvement in market conditions.

Accordingly, we can confirm the performance and financial targets set for 2014, with EBITDA of more than EUR 180 million and net financial debt of about EUR 280 million.

Rome, 9 May 2014

Chairman of the Board of Directors

/s/ Francesco Caltagirone Jr.

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Massimo Sala, as the manager responsible for preparing the Company's financial reports, certifies, pursuant to Article 154-bis (2) of the Consolidated Law on Financial Intermediation, that the accounting information contained in this report corresponds with that contained in company documents, books and accounting records.