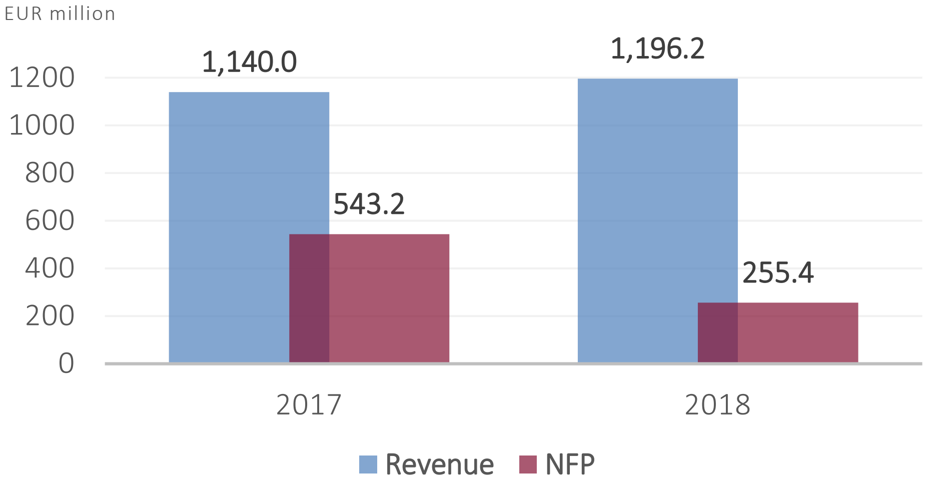
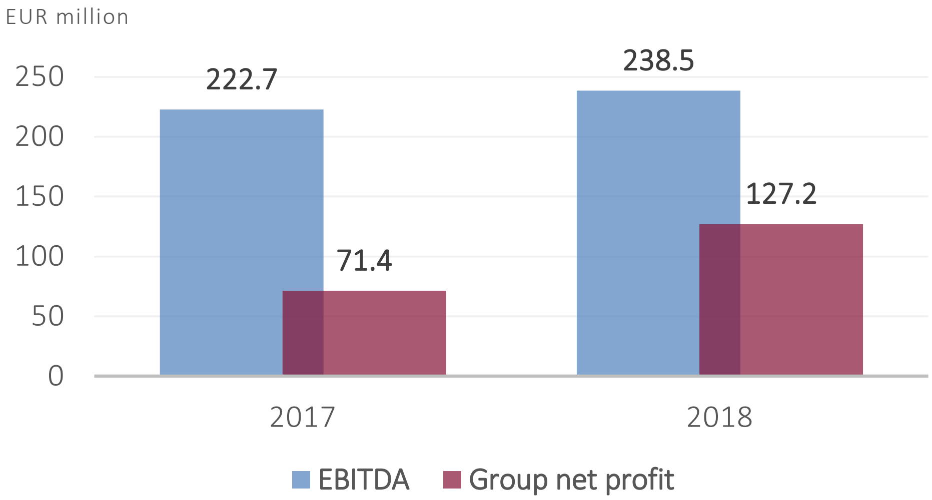
# Cementir Holding Group
# 2018 Full Year results
*March 7th, 2019*

cementirholding
CALTAGIRONE GROUP

# 2018 Full Year results highlights

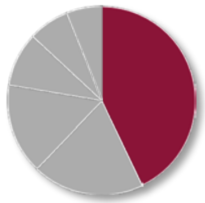


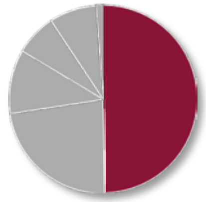

- Revenues rose by 4.9% to a record 1,196.2 M€ including **104.3 M€** from LWCC consolidated from April 1st, 2018
  - Like-for-like Revenue declined by 4.2% due to TRY devaluation and difficult trading in Turkey and Egypt
  - At constant FX revenue 2018 would have been **1,273.2 M€** (+12%)
- EBITDA increased by 7.1% to 238.5 M€ including 17.1 M€ LWCC contribution and 11.5 M€ non-recurring assets revaluation in Turkey (10.1 M€ in 2017)
  - Higher contribution from Belgium, China and Sweden, lower Eastern Mediterranean, flat Nordic & Baltic
  - EBITDA Margin up 40 bp to **19.9%**
  - At constant FX, EBITDA would have been **258.3 M€** (+16%)
- Group Net Profit increased by 78% to 127.2 M€, due also to 40.1 M€ of fair value revaluation of LWCC 24.5% stake
- Net financial Position improved to 255.4 M€ thanks to **315 M€** cash inflow from Cementir Italia sale and strong cash flow generation, partially compensated by the acquisition of LWCC's majority stake (87 M€)

** 2017 actual figures restated by moving Italy to "Profit (loss) from discontinued operations".*

# Nordic & Baltic




Share of
2018 Group Revenue




Share of
2018 Group Ebitda

| EUR '000 | Jan-Dec 2018 | Jan-Dec 2017 | Chg % |
|---|---|---|---|
| **Revenue (1)** | **553,677** | **565,274** | **(2.1%)** |
| Denmark | 356,206 | 358,793 | (0.7%) |
| Norway / Sweden | 200,271 | 211,789 | (5.4%) |
| Others (2) | 54,781 | 40,373 | 35.7% |
| Eliminations | (57,581) | (45,681) | |
| **EBITDA** | **118,542** | **116,892** | **1.4%** |
| Denmark | 96,331 | 95,832 | 0.5% |
| Norway / Sweden | 19,034 | 18,093 | 5.2% |
| Others (2) | 3,177 | 2,967 | 7.1% |
| *EBITDA Margin %* | *21.4%* | *20.7%* | |

## Denmark

- Domestic grey cement volumes down -3% due to harsh winter, the completion of large projects and a muted market growth
- White cement exports declined by -2%; grey cement export grew by +11%
- Ready-mix concrete volumes down -3% due to Metro project phase out, with prices broadly flat
- EBITDA broadly flat due to good cost control

## Norway

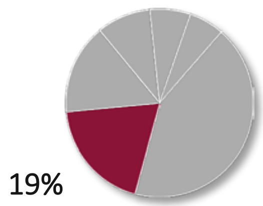
- Ready-mix sales volumes of concrete dropped by -10%, due to very cold winter and a muted residential construction activity.
- Prices up

## Sweden

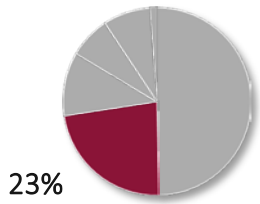
- Slowdown in the real-estate sector and positive contribution from public works thanks to 11 billion euro investments planned up to 2029
- Ready-mix sales volumes increased by +2% thanks to new infrastructural and residential projects in Southern Sweden. Prices up.
- Flat aggregates sales with prices up moderately

*(1) Revenue from Sales and Services*
*(2) Includes: Iceland, Poland, Russia, white cement Sales in Belgium and France*

# Belgium and France (1)




Share of
2018 Group Revenue




Share of
2018 Group Ebitda

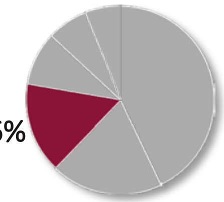
| EUR '000 | Jan-Dec 2018 | Jan-Dec 2017 | Chg % |
|---|---|---|---|
| Revenue | 248,021 | 233,637 | 6.2% |
| EBITDA | 54,560 | 43,913 | 24.2% |
| *EBITDA Margin %* | *22.0%* | *18.8%* | |

**Belgium / France**

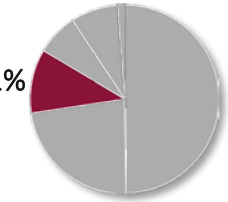
- Dynamic construction sector with significant increase in new housing permits and public works benefitting from the main road network infrastructure projects
- Cement and clinker volumes increased by 2% with prices flat
- Higher volumes in France, especially in the North and around Paris, and in the Netherlands, prices flat
- Ready-mixed concrete volumes down by 4%, prices mixed
- Aggregates volumes increased by over 11%, driven by RMC and asphalt in Belgium, by few large road construction projects in France. Prices up/ flat
- EBITDA improved strongly due to operational leverage and good cost control

*(1) Including Compagnie des Ciments Belges S.A. results in Belgium and France only*

# Eastern Mediterranean (1)




Share of
2018 Group Revenue




Share of
2018 Group Ebitda

| EUR '000 | Jan-Dec 2018 | Jan-Dec 2017 | Chg % |
|---|---|---|---|
| **Revenue** | **201,381** | **247,378** | **(18.6%)** |
| Turkey | 174,006 | 210,935 | (17.5%) |
| Egypt | 27,375 | 36,443 | (24.9%) |
| Eliminations | - | - | |
| **EBITDA** | **26,172** | **43,453** | **(39.8%)** |
| Turkey | 22,961 | 31,806 | (27.8%) |
| Egypt | 3,211 | 11,647 | (72.4%) |
| *EBITDA Margin %* | *13.0%* | *17.6%* | |

## Turkey

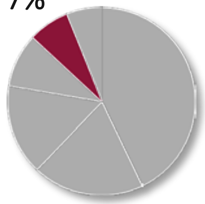
- Cement volumes dropped by -17.5% with a strong slowdown in H2 linked to currency crisis in the summer. Domestic cement prices up considerably due to high inflation
- RMC volumes increase by +9% with local currency prices up and the impact of two new plants
- TRY devaluation (-38%) and volume drop impacted EBITDA severely, together with an increase in fuels and raw materials
- Waste management: industrial waste business reported flat revenue and profitability due to lower volumes; urban waste reported improved sales (+13%) due to reorganisation and assets disposal.
- EBITDA includes 11.5 M€ non-recurring assets revaluation (10.1 M€ in 2017)

## Egypt

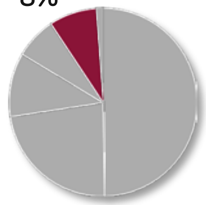
- Army's security operations in the Sinai area from 9/2/2018 with curfew and transport restrictions had a negative impact on operations and distribution costs. Normalization since May
- Lower domestic (-34%) and export (-25%) volumes; export prices down
- EGP devaluation (-4.5%) and volume drop impacted EBITDA severely

*(1) Turkey- including waste management- and Egypt*

# Asia Pacific




Share of
2018 Group Revenue




Share of
2018 Group Ebitda

| EUR '000 | Jan-Dec 2018 | Jan-Dec 2017 | Chg % |
|---|---|---|---|
| **Revenue** | **90,502** | **83,002** | **9.0%** |
| China | 45,732 | 44,129 | 3.6% |
| Malaysia | 44,777 | 38,966 | 14.9% |
| Eliminations | (7) | (93) | |
| **EBITDA** | **19,472** | **19,100** | **1.9%** |
| China | 12,753 | 11,166 | 14.2% |
| Malaysia | 6,719 | 7,934 | (15.3%) |
| *EBITDA Margin %* | *21.5%* | *23.0%* | |

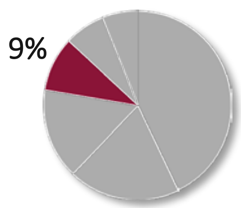
## China

- Cement volumes up by +5.5%, prices slightly up
- Exports, not significant, are mainly directed to South Korea, Hong Kong and Taiwan
- Good cost control helped EBITDA progression

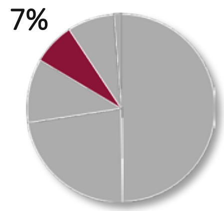
## Malaysia

- White cement and clinker volumes up by +6% driven by exports mainly to Vietnam , Korea, Japan partially compensated by lower clinker shipments to Australia
- Export prices are down -6% mainly due to FX impact and higher freight rates. Domestic prices are up around +7%
- Lower average export prices, higher fuel costs and FX impact penalized profitability in 2018

# North America




Share of
2018 Group Revenue




Share of
2018 Group Ebitda

**United States**

- Acquisition of an additional 38.75% stake in Lehigh White Cement Company, completed on 29 March 2018. Total shareholding of 63.25%. Line-by-line consolidation from Q2
- Like-for-Like volumes up 7%, with prices flat/down
- Good trading, strong market backdrop, pockets of intense competition
- Other Group subsidiaries produce concrete products in New Jersey

| EUR '000 | Jan-Dec 2018 | Jan-Dec 2017 | Chg % |
|---|---|---|---|
| Revenue | 119,180 | 14,039 | 748.9% |
| EBITDA | 17,160 | 693 | 2376.2% |
| *EBITDA Margin %* | *14.4%* | *4.9%* | |

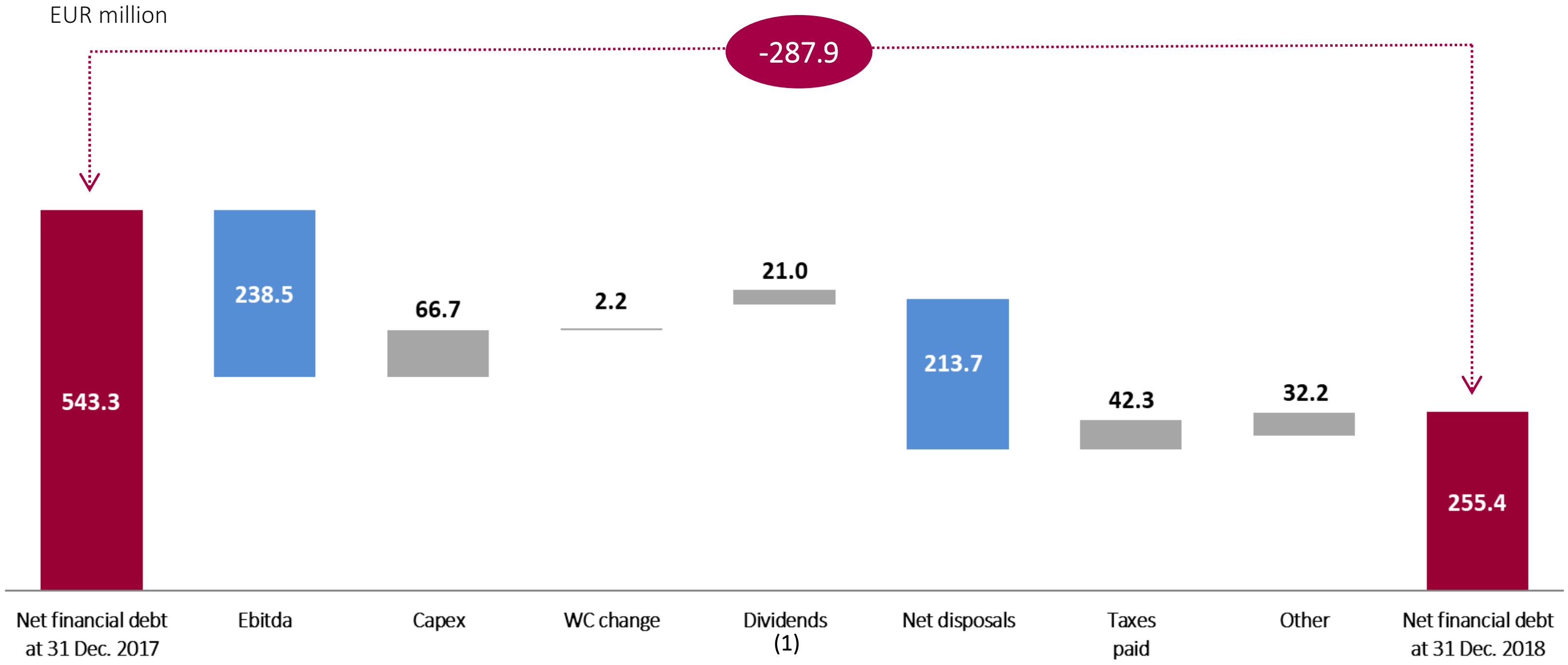
# Financial result

| (EUR million) | 2018 | 2017 | Chg % |
|---|---|---|---|
| **Net profit from Associates** | **1,050** | **4,785** | **(78%)** |
| | | | |
| Total financial income | 70,835 | 13,468 | 426% |
| Total financial expense | (28,145) | (26,916) | 5% |
| Foreign exchange rate gains (losses) | (12,318) | (5,249) | 135% |
| **Net financial income (expense)** | **30,372** | **(18,697)** | **262%** |
| | | | |
| **Net financial income (expense) plus Associates** | **31,422** | **(13,912)** | **326%** |

- The decline in Associates contribution is linked to LWCC being moved from Associate to fully consolidated subsidiary from Q2 2018 (LWCC contributed 0.7 M€ in 2018 and 5.3 M€ in 2017)
- Net financial income main positive contribution: **40.1 M€** from LWCC 24.5% stake fair value adjustment, as required by IFRS 3

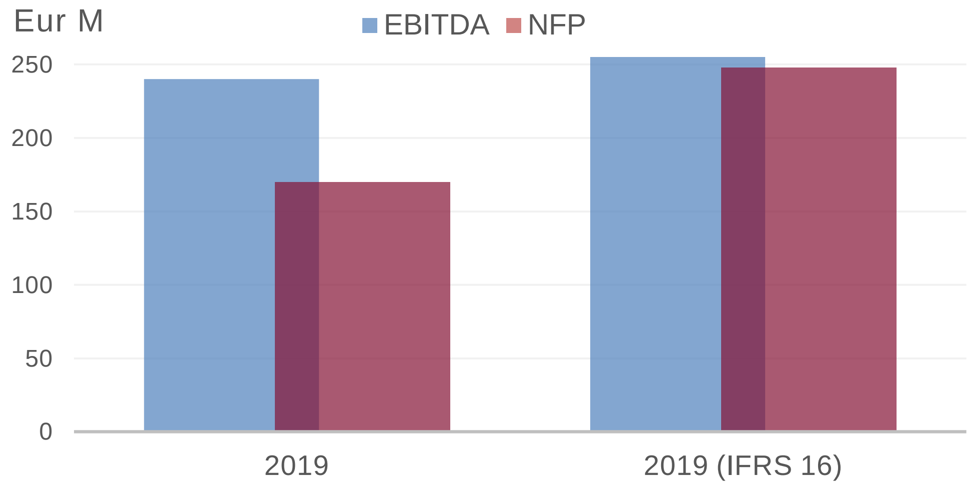
# NFP bridge

Net Financial Position decreased by almost **288** M€ due to: **315** M€ cash inflow from Cementir Italia sale, partially offset by **87,7** M€ paid for LWCC stake, strong operating cash flow, capex and dividend distribution




*(1) Of which EUR 15.9 million distributed by Cementir Holding Spa*

# 2019 Guidance & IFRS 16 Impact




- **2019 Revenues to be ~ Eur 1.25 BN**
- **2019 EBITDA ~ Eur 250-260 M**
  Including Eur 23 M of IFRS 16 impact
- **2019 NFP around Eur 245 M**
  Including Eur 80 M of IFRS 16 impact
- **2019 Capex ~ Eur 70 M**

Net Financial Position / Ebitda ratio expected to be < 1 by the end of 2019

# IFRS 16 Impact on 2019 main figures

| | |
|---|---|
| EBITDA | 23 M€ |
| EBIT | <1 M€ |
| NFP | 80 M€ |

- Cementir will adopt the IFRS 16 - standard from 2019 onwards, with impacts on the financial statements
- The present value of the future operating lease payments will be recognized as right-of-use-assets and interest bearing liabilities in the balance sheet. Lease cost is divided into depreciation of the right-of-use-assets (operating result) and interest cost for the liability
- Increase in Net Financial Position does not entail a corresponding increase in cash financing costs
- Impacts on:
  - Income statement
  - Balance sheet
  - Net financial position
  - Leverage ratio (NFP/EBITDA)

# Consolidated income statement *

| EUR million | 2018 | 2017 | Change % |
|---|---|---|---|
| REVENUE FROM SALES AND SERVICES | 1,196.2 | 1,140.0 | 4.9% |
| Change in inventories | 12.4 | 0.6 | 1886.8% |
| Other revenue | 31.1 | 29.4 | 5.7% |
| TOTAL OPERATING REVENUE | 1,239.7 | 1,170.0 | 6.0% |
| Raw materials costs | (479.3) | (444.2) | 7.9% |
| Personnel costs | (176.3) | (174.7) | 0.9% |
| Other operating costs | (345.6) | (328.4) | 5.2% |
| TOTAL OPERATING COSTS | (1,001.2) | (947.3) | 5.7% |
| EBITDA | 238.5 | 222.7 | 7.1% |
| *EBITDA Margin %* | *19.9%* | *19.5%* | |
| Amortisation, depreciation, impairment losses and provisions | (85.3) | (82.1) | 3.8% |
| EBIT | 153.2 | 140.6 | 9.0% |
| *EBIT Margin %* | *12.8%* | *12.3%* | |
| FINANCIAL INCOME (EXPENSE) | 31.4 | (13.9) | 325.9% |
| PROFIT (LOSS) BEFORE TAXES | 184.6 | 126.7 | 45.8% |
| Income taxes | (35.9) | (16.4) | 118.8% |
| PROFIT FROM CONTINUING OPERATIONS | 148.8 | 110.3 | 34.9% |
| LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX | (13.1) | (33.1) | (60.4%) |
| PROFIT FOR THE PERIOD | 135.7 | 77.2 | 75.8% |
| Non controlling interests | 8.5 | 5.7 | 48.6% |
| GROUP NET PROFIT | 127.2 | 71.5 | 78.0% |

** 2017 figures have been restated by including Italian operations under “Discontinued operations”.*

# Consolidated Balance sheet

EUR million

| CAPITAL EMPLOYED | 31/12/2018 | 31/12/2017 |
|---|---|---|
| **NON CURRENT ASSETS & LIABILITIES** | | |
| Tangible, intangible and financial assets | 1,462.4 | 1,354.9 |
| Deferred taxes assets/ liabilities | (98.5) | (93.8) |
| Other non current assets/ liabilities | (72.8) | (63.6) |
| **TOTAL NON CURRENT ASSETS & LIABILITIES** | **1,291.2** | **1,197.5** |
| **CURRENT ASSETS & LIABILITIES** | | |
| Inventories | 184.8 | 126.7 |
| Trade receivables | 163.6 | 160.6 |
| Trade payables | (228.2) | (204.2) |
| **Working Capital** | **120.1** | **83.2** |
| Other current assets/ liabilities | (27.5) | 278.3 |
| Assets/ liabilities held for sale | 0.0 | 0.0 |
| **TOTAL CURRENT ASSETS & LIABILITIES** | **92.6** | **361.4** |
| **TOTAL CAPITAL EMPLOYED** | **1,383.8** | **1,558.9** |

| FINANCIAL SOURCES | 31/12/2018 | 31/12/2017 |
|---|---|---|
| Equity attributable to the owners of the parent | 997.2 | 956.2 |
| Equity attributable to non-controlling interests | 131.2 | 59.5 |
| **TOTAL EQUITY** | **1,128.4** | **1,015.7** |
| **NET FINANCIAL DEBT** | **(255.4)** | **(543.3)** * |
| **TOTAL FINANCIAL SOURCES** | **1,383.8** | **1,558.9** |

** Net financial debt excludes Italian operating companies sold on 2 January 2018*

# Disclaimer and Other information

•This presentation has been prepared by and is the sole responsibility of Cementir Holding S.p.A. (the "Company") for the sole purpose described herein. In no case may it or any other statement (oral or otherwise) made at any time in connection herewith be interpreted as an offer or invitation to sell or purchase any security issued by the Company or its subsidiaries, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision in relation thereto. This presentation is not for distribution in, nor does it constitute an offer of securities for sale in Canada, Australia, Japan or in any jurisdiction where such distribution or offer is unlawful. Neither the presentation nor any copy of it may be taken or transmitted into the United States of America, its territories or possessions, or distributed, directly or indirectly, in the United States of America, its territories or possessions or to any U.S. person as defined in Regulation S under the US Securities Act 1933 as amended.

•The content of this document has a merely informative and provisional nature and is not to be construed as providing investment advice. The statements contained herein have not been independently verified. No representation or warranty, either express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness, correctness or reliability of the information contained herein. Neither the Company nor any of its representatives shall accept any liability whatsoever (whether in negligence or otherwise) arising in any way in relation to such information or in relation to any loss arising from its use or otherwise arising in connection with this presentation. The Company is under no obligation to update or keep current the information contained in this presentation and any opinions expressed herein are subject to change without notice. This document is strictly confidential to the recipient and may not be reproduced or redistributed, in whole or in part, or otherwise disseminated, directly or indirectly, to any other person.

•The information contained herein and other material discussed at the presentation may include forward-looking statements that are not historical facts, including statements about the Company's beliefs and current expectations. These statements are based on current plans, estimates and projections, and projects that the Company currently believes are reasonable but could prove to be wrong. However, forward-looking statements involve inherent risks and uncertainties. We caution you that a number of factors could cause the Company's actual results to differ materially from those contained or implied in any forward-looking statement. Such factors include, but are not limited to: trends in company's business, its ability to implement cost-cutting plans, changes in the regulatory environment, its ability to successfully diversify and the expected level of future capital expenditures. Therefore, you should not place undue reliance on such forward-looking statements. Past performance of the Company cannot be relied on as a guide to future performance. No representation is made that any of the statements or forecasts will come to pass or that any forecast results will be achieved.

•By attending this presentation or otherwise accessing these materials, you agree to be bound by the foregoing limitations.


## Investor Relations:

Phone +39 06 32493305

Email invrel@cementirholding.it

## Web Address:

www.cementirholding.it


## 2019 Financial Calendar:

| | |
|---|---|
| 17 April | AGM |
| 9 May | First Quarter Results |
| 26 July | First Half Results |
| 7 November | Nine Months Results |

## Stock listing information:

Milan Stock Exchange

Ticker: CEMI.IM (Reuters)

Ticker: CEM.IM (Bloomberg)