CEMENTERIE DEL TIRRENO SPA

Consolidated quarterly report at 30 September 2007

Board of Directors
8 November 2007

Cementerie del Tirreno SpA

Registered office Corso di Francia, 200 - 00191 Rome - Italy
Share capital EUR 159,120,000 fully paid-in
Tax number 00725950638 –**VAT number** 02158501003
Rome Company Register 160,498

Directors, officers and auditors

Board of Directors

Honorary Chairman		Luciano Leone
Chairman	1	Francesco Caltagirone Jr.
Vice Chairman		Carlo Carlevaris
Chief Executive Officer and General Manager	1	Riccardo Nicolini
Directors		Pasquale Alcini
		Edoardo Caltagirone
		Saverio Caltagirone
		Azzurra Caltagirone
		Alessandro Caltagirone
		Mario Ciliberto
	1	Mario Delfini
		Alfio Marchini
		Walter Montevecchi

Board of Auditors

Chairman	Claudio Bianchi
Standing members	Giampiero Tasco
	Carlo Schiavone

Manager responsible for the preparation of company accounting documentation — Oprandino Arrivabene

Independent auditors — PriceWaterhouseCoopers SpA

1 Member of the Executive Committee

Directors' Report on Operations at 30 September 2007

1. Performance in the first nine months and in the third quarter of 2007

This quarterly report was prepared on the basis of international accounting standards (IAS/IFRS) and is presented in accordance with Annex 3D, Article 82 of the Rules referred to in CONSOB Regulation no. 11971/1999 as amended.

Table A

(EUR '000)	Jan–Sept 2007	Jan–Sept 2006	Δ %	Q3 2007	Q3 2006	Δ %
NET REVENUES FROM SALES AND SERVICES	**856,089**	**774,389**	**10.55**	**306,441**	**270,083**	**13.46**
OTHER REVENUES	12,423	10,387	19.60	4,034	-	-
RAW MATERIAL COSTS	(333,993)	(299,689)	11.45	(115,986)	(96,558)	20.12
COSTS OF SERVICES	(196,741)	(179,337)	9.70	(68,843)	(61,954)	11.12
PERSONNEL COSTS	(121,158)	(107,994)	12.19	(39,922)	(39,191)	1.87
OTHER OPERATING COSTS	(8,844)	(10,650)	-16.96	(2,242)	(3,583)	-37.43
EBITDA	**207,776**	**187,106**	**11.05**	**83,482**	**68,797**	**21.35**
EBITDA Margin %	*24.27%*	*24.16%*		*27.24%*	*25.47%*	
DEPRECIATION, AMORTISATION AND PROVISIONS	(53,329)	(49,927)	6.81	(17,733)	(15,469)	14.64
EBIT	**154,447**	**137,179**	**12.59**	**65,749**	**53,328**	**23.29**
EBIT Margin %	*18.04%*	*17.71%*		*21.46%*	*19.75%*	
FINANCIAL INCOME (EXPENSE)	**3,112**	**(15,923)**		**2,519**	**2,663**	
PROFIT BEFORE TAX	**157,559**	**121,256**	**29.94**	**68,268**	**55,991**	**21.93**

Sales volumes

(EUR '000)	Jan–Sept 2007	Jan–Sept 2006	Δ %	Q3 2007	Q3 2006	Δ %
GREY AND WHITE CEMENT (metric tons)	8,237	7,495	9.89	2,953	2,698	9.45
READY-MIXED CONCRETE (m^3)	3,447	3,215	7.20	1,148	1,064	7.89
AGGREGATES (metric tons)	2,581	2,053	25.74	912	730	24.99

Group employees

	30.09.2007	31.12.2006
NUMBER OF EMPLOYEES	3,890	3,745

In the first nine months of 2007, net revenues from sales and services amounted to EUR 856.1 million (+10% compared with EUR 774.4 million at 30 September 2006). EBITDA reached EUR 207.8 million (+11% compared with EUR 187.1 million at 30 September 2006), while EBIT reached EUR 154.4 million (+13% compared with EUR 137.2 million at 30 September 2006). Profit before tax amounted to EUR 157.6 million (+30% compared with EUR 121.3 million at 30 September 2006).

In the third quarter of 2007, net revenues from sales and services amounted to EUR 306.4 million (+13% compared with EUR 270.1 million for the third quarter of 2006). EBITDA reached EUR 83.5 (+21% compared with EUR 68.8 million for the third quarter of 2006), while EBIT amounted to EUR 65.7 million (+23% compared with EUR 53.3 million for the third quarter of 2006). Profit before tax reached EUR 68.3 million (+22% compared with EUR 55.9 million for the third quarter of 2006).

The increase in net revenues, both as from the start of the year and for the third quarter, is attributable to the strong performance in sales reported in all the main geographic areas in which the company does business, except for Italy, where there was a slight decline compared with the first nine months of last year. Group revenues for the first nine months rose by about EUR 82 million compared with the year-earlier period, showing significant growth in the Scandinavian and Turkish markets.

The improvement in EBITDA reflects efficiency gains, which are most evident in the figures for the third quarter despite the continuing rise in energy and transport costs. While revenues rose by about 13% in the three months just ended, EBITDA rose by over 21% compared with the same period of last year, resulting in an improved EBITDA Margin of almost 2 percentage points (from 25.4 % to 27.2%). The main reasons for the greater efficiency achieved in the third quarter include: the re-start of the Arquata Scrivia kiln in Italy, the revamping of which was completed in June thus making the company entirely self-sufficient in clinker procurement; the 50% increase in clinker production capacity of the Elazig (Turkey) plant due to the expansion completed in the first half of the year; and finally, the elimination of the export tax on white cement from Egypt (about USD 12 per metric ton).

The same considerations apply to EBIT, given the broad consistency of depreciation, amortisation and provisions.

Profit before tax in the first nine months and in the third quarter rose sharply thanks in part to the contribution from financial income. Despite higher average debt and higher interest rates in the euro area compared with last year, the net financial result at 30 September 2007 improved by more than EUR 19 million. It should be noted that this result is attributable to the optimisation of sources and uses of funds, not to extraordinary operations.

2. Geographical distribution of net revenues

Table B

(MILLION EUR)	Jan–Sept 2007	Jan–Sept 2006	Δ %	Q3 2007	Q3 2006	Δ %
EUROPE	605.1	554.0	9.2	211.5	196.8	7.5
ASIA	205.5	165.9	23.9	78.0	50.4	54.8
NORTH AND CENTRAL AMERICA	27.7	37.4	-25.9	9.7	15.1	-35.8
NORTH AFRICA	17.8	17.1	4.1	7.3	7.9	-7.6
NET GROUP SALES	**856.1**	**774.4**	**10.6**	**306.5**	**270.2**	**13.4**

The table above shows the breakdown of Group revenues by geographical area for the first nine months of 2007 and for the third quarter, compared with the same periods of 2006.

Revenues rose across the board, except in North and Central America, which, however, have a limited impact on overall revenues. In Europe, the improved performance over the first nine months of 2006 is attributable to the Scandinavian market, while Asian growth is due to sales in Turkey.

The Cementir group's geographical and product diversification has enabled it to reduce cyclical risk in individual countries and to maintain greater balance in margins and cash flows.

Cementir's presence in emerging countries also makes it possible for the Group to consolidate its market position during an economic upturn.

3. Net revenues by product type

Table C

(MILLION EUR)	Jan-Sept 2007	Jan–Sept 2006	Δ %	Q3 2007	Q3 2006	Δ %
GREY AND WHITE CEMENT	535.9	486.8	10.1	198.3	170.4	16.4
READY-MIXED CONCRETE AND AGGREGATES	320.2	287.6	11.3	108.2	99.7	8.5
NET GROUP SALES	**856.1**	**774.4**	**10.6**	**306.5**	**270.1**	**13.5**

The table above shows the distribution of Group revenue by product type. At 30 September 2007, cement accounted for 62.6% of sales and ready-mixed concrete for 37.4%. The percentage weight of the two product categories is broadly in line with that for the first nine months of 2006.

Net sales revenues are 10.6% higher than in the same period of 2006. The value of cement sold rose 10%, while that of ready-mixed concrete increased by 11%.

4. Net financial position

Table D

(EUR '000)	30/09/2007	30/06/2007	31/12/2006
CASH AND CASH EQUIVALENTS	56,170	33,528	32,084
NON-CURRENT FINANCIAL PAYABLES	(200,423)	(209,398)	(174,317)
CURRENT FINANCIAL PAYABLES	(247,059)	(263,785)	(295,307)
NET FINANCIAL POSITION	**(391,312)**	**(439,655)**	**(437,540)**

The net financial position at 30 September 2007 showed a net debt of EUR 391.3 million compared with negative EUR 439.7 million at 30 June 2007 (Net debt of EUR 437.5 million at 31 December 2006). The third quarter figures show an improvement of EUR 48.4 million due to the completion of most investments in the first half of the year.

The net financial position at 30 September 2007 is better than forecast in the budget.

5. Directors' report and subsequent events

Group performance in the first nine months confirmed the trends seen in recent years, with results meeting forecasts and 2007 promising to be another year of growth and development.

Performance figures are all up on the previous year. Despite the persistent rising trend in energy and transport costs, in the third quarter the Group achieved significant efficiency gains, thanks to continued efforts to gradually improve margins in absolute terms and in relation to revenues.

In addition to running ordinary and extraordinary operations, the Group's management has remained alert to any new investment opportunities that should arise. In recent years, following the jump in its size, Cementir has gained greater visibility and, in addition to its extensive geographic coverage, which has enhanced market analysis and monitoring capacities, the company is now invited to participate in all of the tenders organised by industry players for the sale of assets.

In the first part of the year, as stated, both the revamping of the Arquata Scrivia kiln in Italy and the expansion of the clinker production line at Elazig facilities in Turkey was completed. In particular, the entry into service of the kiln at the Arquata Scrivia facilities has made a significant contribution towards reducing operating costs in Italy.

In addition to activities just completed, the Group is continuing to implement its investment plan. Specifically, work is being performed to expand the white cement plant in Egypt (which is expected to be completed by the end of 2008), and to double the production capacity of the grey cement plant in Edirne (Turkey), expected to be completed by the first half of 2008. The work is proceeding as scheduled.

Finally, at the end of September, an agreement was reached to acquire a controlling stake (70%) in a white cement grinding plants near Ho Chi Minh City in Vietnam for an initial investment of USD 2.6 million.

As to ordinary operations, the following developments are of note: the consolidation of existing operations, the integration of the Turkish company Elazig, acquired a year ago, for which, as previously mentioned, work on upgrading the plant is being performed, as is completion of the process of implementing the SAP platform for Aalborg Portland in Denmark.

No events of particular note have occurred since 30 September 2007.
The good results achieved to date make it possible to forecast improved performance for the year, in line with expectations reflected in the 2007 budget.

Rome, 8 November 2007

On behalf of the Board of Directors
The Chairman

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Brand principali del Gruppo Cementir