## Cementir Holding: Board of Directors approves consolidated results for the first nine months of 2013

- **Revenue: EUR 741.4 million (EUR 730.9 million in the first nine months of 2012)**
- **EBITDA: EUR 116.0 million (EUR 94.9 million in the first nine months of 2012), up 22.3%**
- **Profit before taxes: EUR 39.7 million (EUR 16.7 million in the first nine months of 2012), up 137.9%**
- **Net financial debt declined to EUR 370.6 million (EUR 398.6 million at 30 June 2013)**
- **The Group expects to achieve performance and financial targets for 2013**

**Roma, 7 November 2013 –** The Board of Directors of Cementir Holding, chaired by Francesco Caltagirone Jr., today examined and approved Cementir Holding's consolidated results for the first nine months and third quarter of 2013.

### Financial highlights

| (millions of euros) | Jan-Sept 2013 | Jan-Sept 2012 | Change % | 3rd Quarter 2013 | 3rd Quarter 2012 | Change % |
|---|---|---|---|---|---|---|
| Revenue | 741.4 | 730.9 | 1.4% | 268.9 | 268.5 | 0.2% |
| EBITDA | 116.0 | 94.9 | 22.3% | 54.0 | 38.9 | 38.8% |
| EBIT | 50.7 | 30.6 | 65.6% | 33.0 | 17.5 | 88.8% |
| Profit before taxes | 39.7 | 16.7 | 137.9% | 24.3 | 11.8 | 106.1% |

### Net financial debt

| (millions of euros) | 30-09-2013 | 30-06-2013 | 31-12-2012 | 30-09-2012 |
|---|---|---|---|---|
| Net financial debt | 370.6 | 398.6 | 373.0 | 409.4 |

### Sales volumes

| ('000) | Jan-Sept 2013 | Jan-Sept 2012 | Change % | 3rd Quarter 2013 | 3rd Quarter 2012 | Change % |
|---|---|---|---|---|---|---|
| Grey and white cement (metric tons) | 7,306 | 7,350 | -0.6% | 2,703 | 2,676 | 1.0% |
| Ready-mixed concrete ($m^3$) | 2,751 | 2,637 | 4.3% | 965 | 879 | 9.8% |
| Aggregates (metric tons) | 2,309 | 2,703 | -14.6% | 895 | 913 | -1.9% |

## Group employees

| | 30-09-2013 | 31-12-2012 | 30-09-2012 |
|---|---|---|---|
| Number of employees | 3,165 | 3,311 | 3,385 |

*The first nine months of 2013 closed with performance and the financial results in line with management's expectations. The good performance in Scandinavia, Turkey and the Far East, partially offset by continuing difficulties in the Italian market and the uncertainties in Egypt, underscores the value of our broad geographical diversification in protecting against fluctuations in individual markets.*

**Revenue from sales and services** reached EUR 741.4 million (EUR 730.9 million in the first nine months of 2012), up 1.4% compared with the first nine months of 2012 thanks to the positive results achieved in Scandinavia, Turkey and the Far East, which offset the smaller contribution of Egypt and the persistent weakness in Italy.

More specifically, in **Scandinavia** revenue rose by about EUR 12 million compared with the same period of the previous year thanks to the excellent performance of sales of ready-mixed concrete in Norway and Sweden (+9% in both countries), with sales prices rising.

In **Turkey,** revenue in the local currency increased by more than 10% compared with the first nine months of 2012, due both to the rise in quantities of cement and ready-mixed concrete sold (+6.6% and +11.5%) and higher sales prices. However, the depreciation of the Turkish lira during the year reduced the increase in revenue in euros to 5%.

In the **Far East**, revenue increased by about EUR 4 million compared with the first nine months of 2012, the result of the strong performance of sales of white cement in China and Malaysia, which increased by 14% and 13%, respectively, in their domestic markets, with sales prices unchanged or up slightly.

In **Egypt**, revenue in the local currency were essentially in line with 2012, with contrasting developments in the domestic market and export markets: internal demand rose compared with the first nine months of 2012, sparking an increase in volumes and sales prices, while exports to foreign markets fell substantially, although sales prices rose. At the same time, the political and social instability afflicting the country caused a sharp depreciation of the Egyptian lira, which has lost more than 10% of its value against the euro this year, causing revenues in euros from our Egyptian operations to decline by 9%.

In **Italy**, the construction industry still shows no signs of recovery: the volume of cement sold contracted by 14% and revenues by about EUR 17 million compared with the first nine months of 2012.

**Operating costs** fell by 2.2% overall, going from EUR 645.1 million in the first nine months of 2012 to EUR 630.8 million, thanks to the decline in the cost of raw materials and other operating costs. More specifically, raw materials costs fell by about EUR 9 million, thanks to major savings on fuel purchases, which offset the increase in electricity costs in Denmark, Turkey and Italy. Other operating costs decreased by EUR 4.5 million compared with the first nine months of 2012 following management actions to improve industrial efficiency and optimize fixed costs.

**EBITDA** and **EBIT**, which respectively amounted to EUR 116.0 and EUR 50.7 million, improved appreciably compared with the first nine months of 2012 (EUR 94.9 and EUR 30.6 million), with industrial profitability improving by 2.7 percentage points: the EBITDA margin rose from 13.0% in the first nine months of 2012 to 15.7%.

**Financial management** yielded a negative EUR 11.0 million, an improvement of EUR 2.9 million compared with the previous year (EUR -13.9 million) due to the positive measurement of financial instruments used to hedge commodity prices and interest rates, which offset the unrealized exchange rate losses recognized, mainly attributable to the depreciation of the Turkish lira.

**Net financial debt** at 30 September 2013 amounted to EUR 370.6 million, an improvement of EUR 2.4 million compared with 31 December 2012 attributable to the positive cash flow generated by operations net of annual maintenance of plants and industrial investments in the amount of about EUR 44.4 million and the payment of dividends totalling EUR 6.5 million. Note that in the third quarter of 2013, the Group's net financial debt improved by about EUR 28 million, largely due to positive developments in working capital.

**Total equity** at 30 September 2013 amounted to EUR 1,064.0 million (EUR 1,114.1 million at 31 December 2012), excluding income taxes for the period.

## Performance in the third quarter of 2013

In the third quarter of 2013 **revenue from sales and services** amounted to EUR 268.9 million, in line with the same period of the previous year (EUR 268.5 million), as the good performance of Scandinavia (+10.5%), driven by the acceleration of work on the new metro line in Copenhagen, and of the Far East (+3.6%), thanks to the continuing expansion of the construction industry and infrastructure projects in China, was offset by the persistent weakness of the Italian market (with a decline of 20.3% in revenue compared with the third quarter of 2012) and the contraction in internal demand in Egypt, which caused revenue in the local currency to fall by about 5% in the quarter. In Turkey, revenue in euros in the third quarter of 2013 were in line with the same period of 2012, as the expansion in sales of cement and ready-mixed concrete in the domestic market (+6.1% and +9.6%, respectively, compared with the third quarter of 2012), which caused revenue in the local currency to rise significantly, was entirely offset by the depreciation of the Turkish lira against the euro, losing about 9% of its value in the third quarter of 2013.

**Operating costs** totalled EUR 215.8 million, down about EUR 14.4 million compared with the third quarter of 2012, reflecting the positive effects of management's organizational initiatives: raw materials costs fell by 8.6% thanks to efficiency gains in the consumption of manufacturing facilities and a careful centralized purchasing policy, which offset the impact of inflation on the prices of fuels and electricity. Personnel costs diminished by 2.9%, benefiting from the corporate reorganization measures implemented in recent years. Other operating costs decreased by 3.8% as a result of the constant optimization of all costs.

With revenue unchanged, the containment of operating costs produced a substantial increase in **EBITDA** and **EBIT** in the third quarter of 2013, which amounted to EUR 54.0 million and EUR 33.0 million, up 38.8% and 88.8% compared with the same period of the previous year. In addition, the EBITDA margin came to 20.0%, a level of profitability not reached since 2008.

**Financial management** yielded a negative EUR 8.6 million (EUR -5.7 million in the third quarter of 2012), reflecting about EUR 5.5 million in unrealized financial expense recognized in respect of exchange rate losses, mainly against the Turkish lira.

## Significant events in the first nine months

In **Italy**, after six years of contraction, cement sales in the domestic market have fallen by more than half compared with consumption levels prior to the crisis. In this environment, the Group has continued efforts to reduce operating costs and boost profitability. These measures have included the signing, in September at the Ministry of Labour and Social Security, of a new corporate reorganization agreement for the Cementir Italia subsidiary, which provides for the transformation of the Arquata and Taranto plants into grinding facilities accompanied by streamlining of the headquarters, commercial and distribution units. The agreement, which involves 144 employees, envisages an innovative process for professional retraining, transfers to other entities, facilitated outplacements and self-entrepreneurship initiatives, which should reduce the number of unemployed to a minimum. As regards the transition-to-retirement agreement reached in 2012, which provided for the placement of 70 employees in the scheme, more than half of scheduled layoffs have already been completed, with the rest to take place by the end of December 2013. In the first nine months of the year, staff in all areas of Cementir Italia (manufacturing plants, sales offices, distribution centres and headquarters) were involved in the wage supplementation system, affecting an average of 30 people per month.

With regard to **waste management** activities in Turkey, in the first nine months of 2013 we identified the investments to be made to complete the municipal waste treatment plant in Istanbul. Plant performance is expected to be optimized during the first quarter of 2014. According to the plan already provided for at the time of the acquisition, investments in the Neales Waste Management subsidiary in

England were begun in the third quarter of 2013 for the construction of a waste treatment plant for the recovery of the recycle fraction and the minimisation of the use of landfills.
In addition, during the third quarter of 2013, the Danish subsidiary Aalborg Portland A/S was granted a 15-year loan of EUR 150 million from a leading Scandinavian bank that will produce a significant improvement in the Group's financial structure, reducing the average interest rate on the debt, lengthening its average maturity and increasing access to short-term credit.
In the first nine months of the year, the Group companies determined the actions, tools and timetables for achieving a significant recovery in profitability in 2013 and 2014, focusing on increasing the efficiency both of industrial areas and of commercial and staff units. The Group's is seeking to achieve a reduction of about EUR 30 million in operating costs in 2014.

## Outlook

In the fourth quarter of 2013, we do not expect any significant changes in developments compared with the first nine months of the year. The positive trends in operations in Scandinavia, Turkey, China, Malaysia and the United States are expected to continue, as are the continuing uncertainties and challenges in Egypt and Italy.
The Group expects to achieve the economic performance and financial targets for the full year 2013, i.e. revenue in excess of EUR 1 billion, EBITDA of more than EUR 150 million and net financial debt of less than EUR 350 million.

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At today's meeting, pursuant to Article 2365, second paragraph, of the Italian Civil Code and Article 10 of the Bylaws, the Board also approved amendments to Articles 5 and 15 of the Bylaws concerning the election and composition of the administrative and control bodies in order to bring them into compliance with the laws and regulations concerning gender balance (Law 120 of 12 July 2011 and Article 144-undecies, point 1 of Consob Regulation 11971/99).
All of the documentation concerning the amendment of the Bylaws, including the minutes of the resolution of the Board and the text of the Bylaws with the changes indicated, will be made available to the public in the manner and within the time limits provided for by law and applicable regulations.

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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 press release corresponds with that contained in company documents, books and accounting records.*



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## Group economic results

| (EUR '000) | Jan-Sep 2013 | Jan-Sep 2012 | Chg % | 3rd Quarter 2013 | 3rd Quarter 2012 | Chg % |
|---|---|---|---|---|---|---|
| **REVENUE FROM SALES AND SERVICES** | **741,362** | **730,945** | **1.4%** | **268,944** | **268,471** | **0.2%** |
| Change in inventories | (2,959) | 199 | | (1,482) | (1,189) | |
| Other revenue[1] | 8,455 | 8,863 | | 2,325 | 1,822 | |
| **TOTAL OPERATING REVENUE** | **746,858** | **740,007** | **0.9%** | **269,787** | **269,104** | **0.2%** |
| Raw materials costs | (327,838) | (336,801) | -2.7% | (112,315) | (122,944) | -8.6% |
| Personnel costs | (116,080) | (116,985) | -0.8% | (37,668) | (38,809) | -2.9% |
| Other operating costs | (186,919) | (191,360) | -2.3% | (65,790) | (68,428) | -3.9% |
| **TOTAL OPERATING COSTS** | **(630,837)** | **(645,146)** | **-2.2%** | **(215,773)** | **(230,181)** | **-6.3%** |
| **EBITDA** | **116,021** | **94,861** | **22.3%** | **54,014** | **38,923** | **38.8%** |
| *EBITDA Margin%* | *15.65%* | *12.98%* | | *20.08%* | *14.50%* | |
| Amortisation, depreciation, impairment losses and provisions | (65,313) | (64,240) | 1.7% | (21,039) | (21,459) | -1.9% |
| **EBIT** | **50,708** | **30,621** | **65.6%** | **32,975** | **17,464** | **88.8%** |
| *EBIT Margin %* | *6.84%* | *4.19%* | | *12.26%* | *6.50%* | |
| **FINANCIAL INCOME (EXPENSE)** | **(11,040)** | **(13,951)** | | **(8,642)** | **(5,658)** | |
| **PROFIT BEFORE TAXES** | **39,668** | **16,670** | **137.9%** | **24,333** | **11,806** | **106.1%** |
| *PROFIT BEFORE TAXES Margin %* | *5.35%* | *2.28%* | | *9.05%* | *4.40%* | |

[1] “Other revenue” includes the income statement captions “Increase for internal work” and “Other operating revenue”