Cementir Holding: the Board of Directors approves consolidated results for the first half of 2014

- **Revenue: EUR 472.8 million (EUR 472.4 million in the first half of 2013), up 9.4% at constant exchange rates**
- **EBITDA: EUR 78.4 million (EUR 62.0 million in the first half of 2013) up 26.4% (43.2% at constant exchange rates)**
- **Group net profit: EUR 20.5 million (EUR 7.4 million in the first half of 2013)**
- **Net financial debt: EUR 354.9 million, an improvement on the EUR 363.2 million at 31 March 2014**
- **Performance and financial targets for 2014 confirmed**

Rome, 29 July 2014 – The Board of Directors of Cementir Holding SpA, chaired by Francesco Caltagirone Jr., today examined and approved consolidated results for the first half and second quarter of 2014.

Financial highlights

(millions of euros)	1st Half 2014	1st Half 2013	Change %	2nd Quarter 2014	2nd Quarter 2013	Change %
Revenue from sales and services	472.8	472.4	0.1%	266.2	277.7	-4.1%
EBITDA	78.4	62.0	26.4%	53.8	52.8	1.8%
EBIT	37.6	17.7	112.0%	33.1	30.2	9.7%
Profit before taxes	31.4	15.3	104.8%	33.2	29.0	14.5%
Group net profit	20.5	7.4	177.2%			

Net financial debt

(millions of euros)	30-06-2014	31-03-2014	31-12-2013
Net financial debt	354.9	363.2	324.9

Sales volumes

('000)	1st Half 2014	1st Half 2013	Change %	2nd Quarter 2014	2nd Quarter 2013	Change %
Grey and white cement (metric tons)	4,907	4,603	6.6%	2,807	2,725	3.0%
Ready-mixed concrete (m^3)	1,797	1,786	0.6%	935	990	-5.6%
Aggregates (metric tons)	1,657	1,414	17.2%	969	939	3.2%

Group employees

	30-06-2014	31-03-2014	31-12-2013
Number of employees	3,105	3,133	3,170

In the first half of 2014 the Cementir Holding Group posted stronger results than in the corresponding period of the previous year and better than management's expectations despite the negative impact of currency depreciations. The excellent performance seen in Turkey and Scandinavia, along with the consistent contribution of the Far East, made it possible to counter the difficulties experienced in the Italian market and the uncertainties surrounding the Egyptian market. The improved results stem from sales growth in our primary markets, as well as actions undertaken by management to boost profitability by gradually increasing industrial and organizational efficiency.

Revenue from sales was in line with the first half of 2013 since the good performance posted in the various geographical areas in which we operate, with the exception of Italy, was fully offset by foreign exchange losses: the depreciation of the main foreign currencies against the euro had an unfavourable impact on revenue of more than EUR 44 million. Assuming constant exchange rates, revenue would have amounted to EUR 517.1 million, up 9.4% over the previous year as a result of the overall increase in sales volumes of cement (+6.6%), ready-mixed concrete (+0.6%) and aggregates (+17.2%) at generally higher prices.

Revenue in **Scandinavia** rose by 3.5% over the first half of 2013 due to growth in sales of cement (+10.7%), ready-mixed concrete (+5.3%) and aggregates (+17.2%), the result of the expansion of the construction industry since the first quarter of the year, spurred by favourable weather. More specifically, sales of both cement and concrete have risen in Denmark, with prices growing slightly. In Norway, revenue in the local currency rose due to higher volumes of ready-mixed concrete sold (+4% compared with 30 June 2013) at rising prices. Finally, in Sweden revenue fell due to a slowdown in the Malmö region, the area in which the presence of our subsidiaries is greatest.

In **Turkey**, revenue denominated in the local currency grew by about 29% over the first half of 2013 thanks to the considerable increase in volumes of cement sold (+12.3% compared with 30 June 2013), along with higher domestic sales prices for both cement and ready-mixed concrete. However, the depreciation of the Turkish lira against the euro during the first half of 2014 (-25% compared with the average exchange rate for the first half of 2013) reduced the increase in revenues as expressed in euros to 4%.

In the **Far East,** performance varied between China and Malaysia. In China revenue expressed in the local currency rose by 5.8% over the first half of 2013 as a result of increased sales of white cement (+4.6%) in an environment of slightly rising prices. By contrast, in Malaysia revenue in local currency remained stable as compared with 30 June 2013 due to the decline in volumes of cement sold, mainly as a result of works to expand plant production capacity, offset by higher prices. Both the Chinese Yuan and the Malaysian Ringgit experienced depreciation against the euro and, therefore, revenue from the Far East expressed in euros fell by about 3% compared with the first half of 2013.

In **Egypt** revenue expressed in the local currency rose by around 10% compared with 30 June 2013 due to an increase in the average domestic sale price for cement, with volumes remaining essentially in line with those of the same period of 2013. However, this improvement was reduced to +2% in the financial statements translated into euros as a result of the depreciation of the Egyptian pound as compared with the average exchange rate for the first half of 2013.

Finally, in **Italy**, the crisis continued in the construction sector, with volumes and prices falling yet again and revenue contracting by EUR 11.5 million compared with 30 June 2013.

Operating costs amounted to EUR 385.7 million, down EUR 29.3 million as compared with 30 June 2013, mainly due to the currency depreciations as against the euro mentioned above. More specifically, raw materials costs fell by 11.2%, going from EUR 215.5 million in 2013 to EUR 191.5 million in 2014, thanks in part to savings on the purchase of fuels and energy consumption achieved through a centralised procurement policy and better plant productivity. Personnel costs and other operating costs, amounting to EUR 75.7 million and EUR 118.6 million, respectively, fell by 3.5% and 2.1% over the first half of 2013, essentially due to the positive impact of the currency depreciations. Assuming constant exchange rates, both of these items would have increased slightly.

EBITDA reached EUR 78.4 million, up EUR 16.4 million over the first half of 2013, as a result of improved results in Scandinavia and Turkey and positive contributions made by Egypt and the Far East. The EBITDA margin stood at 16.6%, indicating a recovery in industrial profitability of 3.5 percentage points compared with the same period of 2013. Assuming exchange rates constant with those of the first half of 2013, EBITDA would have amounted to EUR 88.8 million, an increase of EUR 26.8 million over 30 June 2013 with an EBITDA margin of 17.2%.

EBIT, excluding depreciation, amortisation, impairment losses and provisions amounting to EUR 40.8 million, came to EUR 37.6 million (EUR 17.7 million at 30 June 2013).

Financial management yielded a negative EUR 6.2 million (-EUR 2.4 million at 30 June 2013) due to the negative measurement of financial instruments used to hedge commodity prices, exchange rates and interest rates.

Profit before taxes and the **profit for the period** amounted to EUR 31.4 and EUR 23.8 million, respectively, a considerable improvement over 30 June 2013 (EUR 15.3 and EUR 11.1 million).

Group net profit came to EUR 20.5 million (EUR 7.4 million at 30 June 2013).

Total capital expenditure amounted to EUR 28.7 million and includes extraordinary maintenance, improvement efforts in respect of energy efficiency, compliance with environmental regulations and investments in the waste management sector (around EUR 7.7 million).

N**et financial debt** at 30 June 2014 amounted to EUR 354.9 million, a deterioration of EUR 30.0 million as compared with 31 December 2013. This change was largely attributable to developments in working capital, annual maintenance of plants (usually performed in the early part of the year) and the distribution of dividends of EUR 12.7 million in May. However, the net financial debt improved by EUR 8.3 million in the second quarter of 2014 despite the distribution of a dividend amounting to EUR 12.7 million, double the amount distributed in 2013.

Total equity at 30 June 2014 amounted to EUR 1,046.3 million (EUR 1,029.4 million at 31 December 2013).

Performance in the 2nd quarter of 2014

The movement in exchange rates also affected the Group's revenue and margins in the second quarter of 2014. **Revenue from sales and services** amounted to EUR 266.2 million (EUR 277.7 million in the second quarter of 2013). Assuming constant exchange rates, revenue would have amounted to EUR 289.0 million, an increase of 4.1% over the previous year, benefitting from the performance posted in Turkey, where sales of cement rose by 10.6% compared with the second quarter of 2013, and the positive contributions made by Egypt and Malaysia.

Operating costs came to EUR 199.9 million, down EUR 19.8 million compared with the second quarter of 2013, thanks mainly to the currency depreciations mentioned above and the reduction in the cost of raw materials as a result of efficiency gains made in procurement and production processes.

EBITDA and **EBIT**, amounting to EUR 53.8 million and EUR 33.1 million, improved by 1.8% and 9.7% compared with the second quarter of 2013, evidence of a gradual recovery in industrial profitability. The EBITDA margin came to 20.2% (19.0% in the second quarter of 2013), indicating a return to profitability levels consistent with those in the years prior to the crisis. Assuming constant exchange rates, EBITDA would have totalled EUR 59.8 million and EBIT would have amounted to EUR 37.8 million, up 13.3% and 25.3% compared with 30 June 2013.

Financial management yielded a positive EUR 128 thousand (a negative EUR 1.2 million in the second quarter of 2013), benefitting from the revaluation of certain foreign currencies as against the euro, especially the Turkish lira, in the second half of 2014, which erased the exchange rate losses reported in the first quarter of the year.

The **profit before taxes** amounted to EUR 33.2 million, up 14.5% compared with the second quarter of 2013.

Significant events

With regard to **waste management,** Neales Waste Management, which operates in the UK urban and industrial waste management sector, completed the introduction of the new mechanical waste treatment system that should lead to improved efficiency in managing landfills and producing alternative fuel in the second half of the year. Sureko, which operates in the Turkish industrial waste management sector, reported an increase in revenues of 11% over the first half of 2013 thanks to a different mix of recovered materials, particularly iron. Finally, Hereko, a Turkish municipal waste management company operating in Istanbul, has continued work on installing and testing systems required for full-scale operation, expected to occur by the end of the year.

Outlook

We expect the positive trends recorded in Scandinavia, Turkey and in the Far East in the first half of the year to continue in the second half. Market developments are difficult to predict in Egypt, given the political and social unrest the country has been experiencing for over two years, but we expect it to make a positive contribution, albeit to a lesser extent than in the previous year. No signs of a turnaround are expected in Italy in the second half of 2014.

The performance and financial targets for 2014 can therefore be confirmed, with the achievement of EBITDA of more than EUR 180 million and net financial debt of about EUR 280 million.

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At today's meeting, the Board also approved the activities undertaken by the Control and Risks Committee during the first half of 2014.

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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.

Disclaimer

This press release contains forward-looking statements. These statements are based on current expectations and projections of the Group regarding future events and, by their very nature, are exposed to inherent risks and uncertainties. These statements relate to events and depend on circumstances that may or may not occur or exist in the future. Accordingly, readers should not to place undue reliance on them. Actual results may differ materially from those stated due to multiple factors, including: the volatility and deterioration of capital and financial markets, changes in commodity prices, changes in macroeconomic conditions and economic growth and other changes in business conditions, changes in atmospheric conditions, floods, earthquakes or other natural disasters, changes in the regulatory and institutional framework (both in Italy and abroad), production difficulties, including constraints on the use of plants and supplies and many other risks and uncertainties, most of which are outside the Group's control.

Attached are the consolidated statement of financial position and consolidated income statement. They are provided to offer investors additional information on the performance and financial position of the Group. The Board of Auditors and the independent auditors are currently reviewing the draft financial statements within the scope of their respective responsibilities.

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Consolidated statement of financial position

(EUR '000)	30 June 2014	31 December 2013
ASSETS		
Intangible assets with a finite useful life	39,892	40,094
Intangible assets with an indefinite useful life	404,593	403,159
Property, plant and equipment	753,553	762,098
Investment property	100,486	98,952
Equity-accounted investments	18,445	17,240
Available-for-sale equity investments	211	210
Non-current financial assets	810	840
Deferred tax assets	62,588	60,339
Other non-current assets	9,457	8,541
TOTAL NON–CURRENT ASSETS	**1,390,035**	**1,391,473**
Inventories	130,485	139,602
Trade receivables	208,893	184,204
Current financial assets	4,196	3,659
Current tax assets	7,565	5,972
Other current assets	17,744	12,391
Cash and cash equivalents	98,329	110,726
TOTAL CURRENT ASSETS	**467,212**	**456,554**
TOTAL ASSETS	**1,857,247**	**1,848,027**
EQUITY AND LIABILITIES		
Share capital	159,120	159,120
Share premium reserve	35,710	35,710
Other reserves	754,685	719,471
Profit attributable to the owners of the parent	20,526	40,124
Equity attributable to the owners of the parent	**970,041**	**954,425**
Profit attributable to non-controlling interests	3,296	8,038
Reserves attributable to non-controlling interests	72,964	66,946
Equity attributable to non-controlling interests	**76,260**	**74,984**
TOTAL EQUITY	**1,046,301**	**1,029,409**
Employee benefits	16,747	16,260
Non-current provisions	20,668	21,965
Non-current financial liabilities	265,361	284,135
Deferred tax liabilities	80,495	82,974
Other non-current liabilities	10,154	10,344
TOTAL NON-CURRENT LIABILITIES	**393,425**	**415,678**
Current provisions	1,147	1,119
Trade payables	156,435	183,192
Current financial liabilities	192,062	155,132
Current tax liabilities	16,830	11,201
Other current liabilities	51,047	52,296
TOTAL CURRENT LIABILITIES	**417,521**	**402,940**
TOTAL LIABILITIES	**810,946**	**818,618**
TOTAL EQUITY AND LIABILITIES	**1,857,247**	**1,848,027**

Consolidated income statement

(EUR '000)	1st Half 2014	1st Half 2013
REVENUE	**472,834**	**472,418**
Change in inventories	(16,732)	(1,477)
Increase for internal work	3,279	3,019
Other operating revenue	4,744	3,111
TOTAL OPERATING REVENUE	**464,125**	**477,071**
Raw materials costs	(191,476)	(215,523)
Personnel costs	(75,699)	(78,412)
Other operating costs	(118,571)	(121,129)
TOTAL OPERATING COSTS	**(385,746)**	**(415,064)**
EBITDA	**78,379**	**62,007**
Amortisation and depreciation	(40,047)	(43,669)
Provisions	(279)	(104)
Impairment losses	(459)	(501)
Total amortisation, depreciation, impairment losses and provisions	(40,785)	(44,274)
EBIT	**37,594**	**17,733**
Share of net profits of equity-accounted investees	1,137	438
Financial income	3,556	11,269
Financial expense	(11,612)	(9,906)
Foreign exchange rate gains (losses)	737	(4,199)
Net financial expense	(7,319)	(2,836)
NET FINANCIAL EXPENSE AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES	**(6,182)**	**(2,398)**
PROFIT BEFORE TAXES	**31,412**	**15,335**
Income taxes	(7,590)	(4,228)
PROFIT FROM CONTINUING OPERATIONS	**23,822**	**11,107**
PROFIT FOR THE PERIOD	**23,822**	**11,107**
Attributable to:		
Non-controlling interests	3,296	3,703
Owners of the parent	**20,526**	**7,404**

(EUR)		
Basic earnings per share	**0.129**	**0.047**
Diluted earnings per share	**0.129**	**0.047**