

INTERIM FINANCIAL REPORT
31 MARCH 2016







Company officers

Board of Directors

for the period 2015–2017

Chairman

Francesco Caltagirone Jr.

Deputy Chairman

Carlo Carlevaris (*independent*)

Directors

Alessandro Caltagirone

Azzurra Caltagirone

Edoardo Caltagirone

Saverio Caltagirone

Mario Ciliberto

Fabio Corsico

Mario Delfini

Veronica De Romanis (*independent*)

Paolo Di Benedetto (*independent*)

Chiara Mancini (*independent*)

Riccardo Nicolini¹

Executive Committee

Chairman

Francesco Caltagirone Jr.

Members

Mario Delfini

Riccardo Nicolini

Control and Risks Committee

Chairman

Paolo Di Benedetto² (*independent*)

Members

Veronica De Romanis (*independent*)

Chiara Mancini (*independent*)

Appointment and Remuneration Committee

Chairman

Paolo Di Benedetto² (*independent*)

Members

Veronica De Romanis (*independent*)

Chiara Mancini (*independent*)

Mario Delfini

Board of Statutory Auditors

for the period 2014–2016

Chairman

Claudio Bianchi

Statutory auditors

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 S.p.A.

¹ The Director Riccardo Nicolini held the position of General Manager from 23 April 2015 to 31 December 2015.

² Lead Independent Director.



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Interim Financial Report at 31 March 2016

Performance in the first quarter 2016

This 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 Article 2.2.3. paragraph 3, of the Rules for the Markets organised and managed by Borsa Italiana S.p.A. for issuers traded on the STAR segment.

Earnings figures for the first three months of 2016 are reported below, with comparative figures provided for the same period of 2015.

Earnings

(EUR'000)	1 st Quarter 2016	1 st Quarter 2015	Change %
REVENUE FROM SALES AND SERVICES	210,445	204,656	2.8%
Change in inventories	5,048	12,779	-60.5%
Other revenue ¹	3,427	3,829	-10.5%
TOTAL OPERATING REVENUE	218,920	221,264	-1.1%
Raw materials costs	(97,175)	(96,380)	0.8%
Personnel costs	(38,846)	(39,681)	-2.1%
Other operating costs	(61,551)	(61,001)	0.9%
TOTAL OPERATING COSTS	(197,572)	(197,062)	0.3%
EBITDA	21,348	24,202	-11.8%
<i>EBITDA Margin %</i>	<i>10.14%</i>	<i>11.83%</i>	
Amortisation, depreciation, impairment losses and provisions	(20,181)	(21,129)	-4.5%
EBIT	1,167	3,073	-62.0%
<i>EBIT Margin %</i>	<i>0.55%</i>	<i>1.50%</i>	
NET FINANCIAL INCOME (EXPENSE)	(7,181)	723	
PROFIT (LOSS) BEFORE TAXES	(6,014)	3,796	-258.4%
<i>PROFIT (LOSS) BEFORE TAXES Margin %</i>	<i>-2.86%</i>	<i>1.85%</i>	

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

Sales volumes

('000)	1 st Quarter 2016	1 st Quarter 2015	Change %
Grey and white cement (metric tons)	2,014	1,852	8.7%
Ready-mixed concrete (m ³)	911	802	13.5%
Aggregates (metric tons)	698	791	-11.7%



Group employees

	31-03-2016	31-12-2015	31-03-2015
Number of employees	2,992	3,032	3,038

In the first quarter of 2016 revenue from sales and services amounted to EUR 210.4 million (EUR 204.7 million in the first quarter of 2015); EBITDA came to EUR 21.3 million (EUR 24.2 million in the same period of 2015); EBIT totalled EUR 1.2 million (EUR 3.1 million in the first quarter of 2015); and profit (loss) before taxes amounted to a loss of EUR 6.0 million (profit of EUR 3.8 million in the same period of 2015).

Revenue from sales for the first quarter 2016 increased by 2.8% compared to 2015, as a result of the strong performance in all the main geographical areas of operations, except for Italy and China. At constant exchange rates, revenue from sales would have amounted to EUR 223.4 million, up 9.1% on the previous year.

Specifically, in the Scandinavian countries revenue increased by EUR 1.6 million (+1.6%) compared to the first quarter 2015, thanks to the positive performance of cement sales in Denmark, which offset the decline in ready-mixed concrete sales volumes, despite the seasonal effect of the earlier Easter holidays with respect to the previous year. In Denmark, the construction industry began the year intensively with strong activity in civil works projects, favouring the 11.2% increase in cement sales, despite the harsh winter, with average sales prices almost unchanged compared to the first quarter last year. In contrast, ready-mixed concrete sales declined by 3.4% compared to the same period of 2015, although with differing trends in the countries involved: a fall in Denmark (-9.7%), due to the completion of several infrastructure projects, and a rise both in Norway (+2.8%), where the market showed signs of growth compared to the previous year, and Sweden, where the intensive construction activity in the Malmö area generated an 11.4% increase in sales volumes. The average price of ready-mixed concrete in local currency remained stable in these geographical areas compared to the first quarter 2015.

In Turkey, revenue from sales in local currency was up 15% on the first quarter 2015, as a result of the increase in demand in the Izmir and Edirne areas, which generated a significant increase in sales volumes of cement and ready-mixed concrete (+8.1% and +39.4% compared to 31 March 2015), while average sales prices in local currency were slightly down on the average for the same period of 2015. However, the increase in revenue achieved in Turkey was offset by the depreciation of the Turkish Lira against the Euro, as the average exchange rate for the first quarter 2016 was around 17% lower than the average exchange rate for the first quarter 2015.

In Egypt, despite the economic impact of the climate of political and social instability, sales volumes for cement and clinker were up 11.5% on 31 March 2015, mainly due to the recovery in domestic demand, with a slight drop in sales prices in local currency.



In Malaysia, after having increased production capacity, revenue from sales was up around 75% compared to the first quarter of 2015, as a result of the doubling of sales volumes of white cement and clinker, mainly due to exports to Australia.

In China, however, revenue in local currency fell by around 9% compared to the first quarter 2015, with the increase in sales volumes of white cement on the domestic market having been offset by the fall in export volumes.

Lastly, in Italy, revenue from sales was around 8% lower than at 31 March 2015 due to a fall in sales volumes of cement (-11%) accompanied by a slight rise in sales prices. The performance for the quarter was adversely impacted by the seasonal effect of the earlier Easter holidays with respect to the previous year.

Total operating revenue, which came to EUR 218.9 million, were down 1.1% compared to EUR 221.3 million for the first quarter 2015, reflecting the decrease in the stock of semi-finished products and finished goods.

Operating costs, amounting to EUR 197.6 million, were essentially unchanged on the first quarter 2015; however, at constant exchange rates, operating costs would have amounted to EUR 209.1 million, up EUR 11.9 million on the previous year, with EUR 11.5 million attributable to the positive exchange rate effect of the depreciation of the main foreign currencies against the Euro. Specifically, the cost of raw materials at constant exchange rates amounted to EUR 104.2 million, an increase of EUR 7.8 million on EUR 96.4 million at 31 March 2015, mainly due to the higher quantities of cement and ready-mixed concrete produced and sold. Personnel costs at constant exchange rates amounted to EUR 40.5 million, up EUR 0.8 million over 2015. Other operating costs at constant exchange rates came to EUR 64.4 million, an increase of EUR 3.4 million compared to the first quarter 2015, mainly due to the difference in the scheduling of the maintenance work on industrial plants.

EBITDA, amounting to EUR 21.3 million, was down 11.8% on EUR 24.2 million for 2015, as a result of lower earnings generated in Turkey, and to a lesser extent in Italy, as well as the improvements achieved in the Scandinavian countries and the Far East, and the steady performance in Egypt. The EBITDA margin came to 10.1%, showing a slight reduction in industrial profitability compared to the same period of 2015 (11.8%). At constant exchange rates, EBITDA would have been EUR 23.4 million, down EUR 0.8 million on 31 March 2015, with an EBITDA margin of 10.5% at constant exchange rates.

EBIT, net of amortisation, depreciation, impairment losses and provisions totalling EUR 20.2 million, was positive at EUR 1.2 million, (EUR 3.1 million at 31 March 2015).

The net financial expense of EUR 7.2 million represented a deterioration on the first quarter 2015 (income of EUR 0.7 million), mainly due to the negative valuation of the financial instruments held to hedge commodity and interest rate risk.

Profit (loss) before taxes showed a loss of EUR 6.0 million (profit of EUR 3.8 million at 31 March 2015).



Financial highlights

(EUR'000)	31-03-2016	31-12-2015	31-03-2015
Net capital employed	1,370,763*	1,353,192	1,480,653*
Total Equity	1,098,870*	1,131,105	1,154,382*
Net Financial Debt ¹	271,893	222,087	326,271

Equity at 31 March 2016 and 2015 does not include the calculation of the taxes on earnings for the period.

Net financial debt at 31 March 2016 totalled EUR 271.9 million, with a negative change of EUR 49.8 million compared to 31 December 2015, mainly attributable to movements in working capital and the annual maintenance of plants, usually only carried out in the early part of the year.

Total equity at 31 March 2016 amounted to EUR 1,098.9 million (EUR 1,131.1 million at 31 December 2015), without including the calculation of the taxes on the earnings for the period.

Directors' report and significant events

The results for the first quarter of 2016, despite being lower than the previous year, are in line with management expectations and show strong performance of operations in the Scandinavian countries, Malaysia and Egypt, which more than offset the lower earnings in Turkey and the difficulties encountered in Italy and China. The performance for the quarter was adversely impacted by the seasonal effect of the earlier Easter holidays with respect to the previous year.

With regard to the offer for the acquisition of the business division of Sacci SpA made by the subsidiary Cementir Italia SpA, on 14 March 2016 a meeting was held with creditors, which voted in favour of the Sacci SpA's composition with creditors. On 18 May 2016, the composition with creditors will also be subject to further endorsement by the Court of Rome. The closing of the transaction is scheduled for July 2016, save for postponements or delays.

With regard to the Waste Management operations, both the United Kingdom and Turkey posted an increase in volumes and revenue compared to the same period of 2015.

Management therefore confirms the performance and financial targets for the year 2016, which forecast EBITDA of around EUR 190 million and net financial debt of about EUR 180 million.

¹ Net Financial Debt has been calculated in accordance with the provisions of Consob Communication No. DEM/6064293 of 28 July 2006.



Rome, 11 May 2016

Chairman of the Board of Directors

/s/ Francesco Caltagirone Jr.

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Massimo Sala, as the Manager responsible for financial reporting, 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.