

CEMENTIR CEMENTERIE DEL TIRRENO S.P.A.
 BOARD OF DIRECTORS REPORT ON GROUP OPERATIONS
 FOR THE 1ST QUARTER ENDING 31 MARCH 2004

Economic analysis

Cementir Group first quarter 2004 results are as follows:

PROFIT AND LOSS ACCOUNT	Euro (000)		Percentage Change (%)	
	1° Q 2004	1° Q 2003	1° Q. 2003	1°Q. 2002
NET SALES	71.357	62.745	100,00	100,00
RAW MATERIALS	32.275	26.587	45,24	42,37
SERVICES	14.480	12.173	20,29	19,40
CAPITALIZED COSTS	25	78	0,04	0,12
GROSS PROFIT	24.627	24.063	34,51	38,35
LABOUR COST	8.603	7.859	12,06	12,53
	361	0	0,51	0,00
OTHER COSTS	307	0	0,43	0,00
EBITDA	16.078	16.204	22,53	24,30
D & A	6.849	6.667	9,60	10,63
NON-INCOME TAXES	413	0	0,58	0,00
OTHER PROFITS (COSTS)	0	(1.725)	0,00	(2,75)
EBIT	8.816	7.812	12,35	12,45
FINANCIAL INCOME	5.080	2.615	7,12	4,17
FINANCIAL LOSS	2.984	2.625	4,18	4,19
Financial Result	2.096	(10)	2,94	(0,02)
Pretax Continuing	10.912	7.802	15,29	12,43
EXTRAORDINARY RESULT	35	(850)	0,05	(1,35)
Pretax	10.947	6.952	15,34	11,08
Employees (N°)	1.270	1.209		

Net sales

Net Sales for the first quarter of 2004 increased by 13.7% to €71.4 million from €62.7 million for the same period of last year. Italian operations posted sales of €45.4m, up by 2.7%; Cimentas (Turkey) posted sales of €26m, up by 40%. Net Sales include €9.2 million from ready mix concrete business (€5.5m in Q1 2003).

Gross Operating Profit

Gross operating profit improved by 2.3%, increasing to € 24.6 million from € 24.1 million for the 1st quarter of 2003.

In order to provide more information on Group activity, some items have been classified differently: in particular, remuneration for board members and auditors are included in ' Services'.

Ebitda

Ebitda was €16,1 million, in line with last year.

For the first quarter 2004, Ebitda has been calculated in a different manner compared to 2003. At constant perimeter, Ebitda would have registered an increase of 2.5%.

Ebit

Group Ebit increased by 12.9% to €8.8m from the same period of last year.

Net Financial result

For the three months to March 2004, Group Net Financial Result reached €2.1 million.

Profit before tax

Profit before tax improved by 57% to €11 million from €7 million in the first quarter of 2003.

Labour Costs

The number of employees slightly increased from 1.233 as of December 31th 2003 to 1.270 as of March 31th 2004 (713 in Cimentas, 557 in Cementir). Breakdown by category is as follows: 35 managers, 661 executives, employees and intermediates, 574 workers.

Subsidiaries

Consolidated accounts include: subsidiaries operating in the cement sector (Cementir, Cimentas, Kars Cimento), ready-mix concrete sector (Calcestruzzi Piccolini, Cimbeton) as well as holding companies such as Cementir Delta, Intercem, Alfacem.

Treasury shares

On March 31th 2004 Cementir owned 2.533.226 treasury shares at an average price of € 2.81 per share, representing 1,59% of outstanding equity.

Net Financial Position

On March 31th 2004 Group Net financial position was €118.7 million, up by €6 millions from of December 31th 2003.

	Euro (000)		
	31/3/2004	31/12/2003	31/3/2003
NET CASH	188.692	189.535	114.086
LONG TERM DEBT	50.191	50.191	50.885
SHORT TERM DEBT	19.785	26.614	16.803
POSIZIONE FINANZIARIA NETTA	118.716	112.730	46.398

Outlook for 2004

We expect the positive performance achieved in the 1st quarter of 2004 to be repeated for the remainder of the year. In the first quarter, Group Net Sales and Group Ebit improved by 13.7% and 12.9%, respectively.

Amongst significant events occurred in the first quarter, we highlight the following: with reference to the fine imposed in 1994 by the European Commission because of antitrust behaviour (breach of art. 85 of CEE Treaty), the European Court of Justice rejected Cementir appeal, and ordered payment of €2.2 m to be made. As a consequence Cementir paid such fine on February 10th, 2004.

Rome, May 13th, 2004

*On behalf of the Board of Directors,
the Chairman*