

CEMENTIR CEMENTERIE DEL TIRRENO S.P.A.
 BOARD OF DIRECTORS REPORT ON GROUP OPERATIONS
 FOR THE 2ND QUARTER ENDING 30 JUNE 2004

Economic analysis: second quarter 2004

Cementir Group second quarter 2004 results are as follows:

PROFIT AND LOSS ACCOUNT	Euro (000)		Percentage of net sales (%)	
	II° Q 2004	II° Q 2003	II° Q. 2004	II°Q. 2003
NET SALES	79,718	79,304	100,00	100,00
RAW MATERIALS	31,836	36,130	39.93	45.56
EXTERNAL SERVICES	17,072	14,674	21.42	18.50
CAPITALIZED COSTS	157	35	0.20	0.04
GROSS PROFIT	30,967	28,535	38.85	35.98
LABOUR COST	7,722	8,041	9.69	10.14
OTHER REVENUES	524	0	0.66	0,00
OTHER COSTS	70	0	0.09	0,00
EBITDA	23,699	20,494	29.73	25.84
D & A	7,166	8,085	8.99	10.19
NON-INCOME TAXES	661	0	0.83	0.00
OTHER PROFITS (COSTS)	0	(1,520)	0.00	(1.92)
EBIT	15,872	10,889	19.91	13.73
FINANCIAL REVENUE	4,472	3,351	5.61	4.23
FINANCIAL COSTS	953	1,678	1.20	2.12
FINANCIAL RESULT	3,519	1,673	4.41	2.11
PRETAX CONTINUING	19,391	12,562	24.32	15.84
EXTRAORDINARY RESULT	(671)	(5,814)	(0.84)	(7.33)
PRETAX	18,720	6,748	23.48	8.51

Net sales

Net Sales for the second quarter of 2004 slightly increased to €79,7 millions from €79,3 millions in the same period of last year.

Gross Profit

Gross operating profit improved by 8.5% to around €31 millions from €28,5 millions in the second quarter of 2003.

Ebitda

In the second quarter of 2004, Ebitda increased by 15.6% to €23,7 millions (around €20,5 millions in the second quarter of 2003).

Ebit

Group Ebit increased by 45.8% to €15,9 millions from the same period of last year.

Labour Costs

The number of employees increased from 1.270 as of March 31th 2004 to 1.281 as of June 30th 2004 (720 in Cimentas, 561 in Cementir). Breakdown by category is as follows: 35 managers, 669 executives, 577 factory workers.

Economic analysis: half year 2004

Cementir Group half year results 2004 are as follows:

PROFIT AND LOSS ACCOUNT	Euro (000)		Percentage of net sales (%)	
	1° H 2004	1° H 2003	1° H 2004	1° H 2003
NET SALES	151.075	142.049	100,00	100,00
RAW MATERIALS	64.111	62.717	42,43	44,15
EXTERNALIZED SERVICES	31.552	26.847	20,89	18,90
CAPITALIZED COSTS	182	113	0,12	0,08
GROSS PROFIT	55.594	52.598	36,80	37,03
LABOUR COST	16.325	15.900	10,81	11,19
OTHER REVENUES	885	0	0,59	0
OTHER COSTS	377	0	0,25	0
EBITDA	39.777	36.698	26,33	25,84
D & A	14.015	14.752	9,28	10,39
NON-INCOME TAXES	1.074	0	0,71	0
OTHER PROFITS (COSTS)	0	(3.245)	0	(2,29)
EBIT	24.688	18.701	16,34	13,16
FINANCIAL REVENUES	9.552	5.681	6,32	4,00
FINANCIAL COSTS	3.937	4.018	2,60	2,83
FINANCIAL RESULT	5.615	1.663	3,72	1,17
PRETAX CONTINUING	30.303	20.364	20,06	14,33
EXTRAORDINARY RESULT	(636)	(6.664)	(0,42)	(4,69)
PRETAX	29.667	13.700	19,64	9,64
Employees (N°)	1.281	1.215		

Net sales

Net Sales for the first half of 2004 increased by 6.3% to €151,1 millions from €142,1 millions in the same period of last year. Italian operations posted sales of €99,5 m up by 1.1%; Cimentas (Turkey) posted sales of €51,6 m up by 18.1%. Net Sales include €18,9 millions from ready mix concrete business (€13,9m in H1 2003).

Gross Profit

Half year Gross operating profit improved by 5.7%, increasing to €55,6 millions from €52,6 millions of the same period of 2003.

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

Ebitda

Ebitda for half year 2004 was €39,8 millions, increasing by 8.4% from €36,7 millions of the same period of last year.

Ebitda from Italian operations declined by €3,1m to €9,7m mainly due to higher input costs, including energy and raw materials. Ebitda from Turkish operations grew by 160% to €10,1m thanks to the restructuring program undertaken since Cimentas was acquired in 2001 and to the increase in sales volumes and prices.

Ebit

Strong improvement of Group Ebit up by 32% to €24,7m.

Net Financial result

For the six months of 2004, Group Net Financial Result reached €5,6 millions from €1,7 millions in the same period of last year.

Profit before tax

Profit before tax reached €30 millions, up by 116% from €13,7 millions million of the same period of last year. The increase is also due to extraordinary items booked in 2003.

Labour Costs

The number of employees increased from 1.233 as of December 31th 2003 to 1.281 as of June 30th 2004 (720 in Cimentas, 561 in Cementir). Breakdown by category is as follows: 35 managers, 669 executives, 577 factory 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 June 30th 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 June 30th 2004 Group Net financial position was €111,6 millions (€112,7 millions as of December 31th 2003; €118,7 as of March 31th 2004).

	Euro (000)		
	30/6/2004	31/12/2003	31/3/2004
NET CASH	19,336	189.535	188,692
LONG TERM DEBT	49,718	50.191	50.191
SHORT TERM DEBT	33,002	26.614	19,785
POSIZIONE FINANZIARIA NETTA	111,616	112.730	118,716

Amongst significant events occurred in the first half of 2004, 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 €12.2 m to be made. As a consequence Cementir paid such fine on February 10th, 2004.

In the second quarter, Cementir paid dividends of around €9,4 millions and taxes for around €12 millions, €8,5 millions of which due to revaluation of tangible assets in 2003 (L. 342/2000).

Outlook for 2004

We expect the positive performance achieved in first six months of 2004 to be repeated for the remainder of the year. In the first quarter, Group Net Sales and Group Ebit improved by 6.3% and 32%, respectively.

Rome, July 30th, 2004

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