INTERIM FINANCIAL REPORT

31 DECEMBER 2009

cementirholding
GRUPPO CALTAGIRONE

Cementir Holding SpA
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Directors, officers and auditors

Honorary Chairman

Luciano Leone

Board of Directors

Chairman

Francesco Caltagirone Jr. [1]

Vice Chairman

Carlo Carlevaris

Directors

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Azzurra Caltagirone

Edoardo Caltagirone

Saverio Caltagirone

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Massimo Confortini [2-3-4]

Fabio Corsico

Mario Delfini [3]

Alfio Marchini

Walter Montevecchi

Riccardo Nicolini [1]

Enrico Vitali [2-3]

Board of Auditors

Chairman

Claudio Bianchi

Standing members

Giampiero Tasco

Carlo Schiavone

Manager responsible for financial reports

Oprandino Arrivabene

Independent Auditors

PriceWaterhouseCoopers SpA

[1] Member of the Executive Committee
[2] Member of the Internal Control
[3] Member of the Remuneration Commitee
[4] Lead Indipendent Director

Interim financial report at 31 December 2009

The 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 with Art. 154-ter (Financial Reporting) of Legislative Decree 58/1998, as amended. The following table reports performance for the year and the fourth quarter of the year, with comparative figures for the corresponding periods of 2008:

Results

(EUR '000)	Jan-Dec 2009	Jan-Dec 2008	Δ %	4th Quarter 2009	4th Quarter 2008	Δ %
REVENUES FROM SALES AND SERVICES	**822,473**	**1,092,186**	**-24.69%**	**192,497**	**231,831**	**-16.97%**
Change in inventories	520	9,664		8,407	(1,105)	
Other revenues[1]	14,150	15,137		5,793	4,445	
TOTAL OPERATING REVENUES	**837,143**	**1,116,987**	**-25.05%**	**206,697**	**235,171**	**-12.11%**
Raw material costs	(355,999)	(465,497)	-23.52%	(82,821)	(96,687)	-14.34%
Personnel costs	(147,918)	(172,019)	-14.01%	(35,682)	(43,751)	-18.44%
Other operating costs	(197,735)	(270,244)	-26.83%	(52,852)	(58,738)	-10.02%
TOTAL OPERATING COSTS	**(701,652)**	**(907,760)**	**-22.71%**	**(171,355)**	**(199,176)**	**-13.97%**
EBITDA	**135,491**	**209,227**	**-35.24%**	**35,342**	**35,995**	**-1.81%**
EBITDA Margin %	*16.47%*	*19.16%*		*18.36%*	*15.53%*	
Depreciation, amortisation, impairment losses and provisions	(83,354)	(81,085)	2.80%	(22,812)	(23,176)	-1.57%
EBIT	**52,137**	**128,142**	**-59.31%**	**12,530**	**12,819**	**-2.25%**
EBIT Margin %	*6.34%*	*11.73%*		*6.51%*	*5.53%*	
FINANCIAL INCOME (EXPENSE)	**(4,106)**	**(35,934)**	**88.57%**	**(2,645)**	**(22,615)**	**88.30%**
PROFIT BEFORE TAX	**48,031**	**92,208**	**-47.91%**	**9,885**	**(9,796)**	**200.91%**
PROFIT BEFORE TAX Margin %	*5.84%*	*8.44%*		*5.14%*	*-4.23%*	

[1] "Other revenues" includes the items of the income statement "Increases for internal work" and "Other operating revenues".

Sales volumes

('000)	Jan-Dec 2009	Jan-Dec 2008	Δ %	4th Quarter 2009	4th Quarter 2008	Δ %
Grey and white cement (metric tons)	9,641	10,461	-7.83%	2,339	2,345	-0.26%
Ready-mixed concrete (m^3)	3,074	4,056	-24.21%	792	923	-14.17%
Aggregates (metric tons)	4,079	4,539	-10.13%	1,073	1,225	-12.41%

Group employees

	31-12-2009	31-12-2008	30-09-2009
Number of employees	3,439	3,847	3,509

In 2009, revenues from sales and services amounted to EUR 822.5 million (EUR 1,092.2 million at 31 December 2008), while EBITDA came to EUR 135.5 million (EUR 209.2 million at 31 December 2008). EBIT amounted to EUR 52.1 million (EUR 128.1 million at 31 December 2008) and profit before tax totalled EUR 48.0 million (EUR 92.2 million at 31 December 2008).

The drop in revenues (-24.7% compared with 31 December 2008) is the result of the reduction in sales volumes across all sectors (cement, ready-mixed concrete and aggregates) combined with strong price competition. This decline was more marked in the industrial countries, where the Group has a larger presence, while sales volumes rose in Egypt, where the Group significantly increased its production capacity last year.

In an environment of persistently weak demand, mainly due to the contraction in the real estate market, the Group implemented a strategy to contain operating costs, which fell by a total of 22.7% from 31 December 2008.

Specifically, raw material costs fell from EUR 465.5 million to EUR 356.0 million in 2009 (-23.5%) as a result of reduced output and the decline in energy and transport costs, linked to low oil prices.

Despite the non-recurring reorganisation charge of EUR 6.2 million, personnel costs declined by EUR 24.1 million compared with 2008, thanks to the continuation of the corporate reorganisation begun last year, which led to a reduction in the number of Group employees (from 4,006 in mid-2008 to the current 3,439).

The decrease in other operating costs (down -26.8% compared with 31 December 2008) is the result of management’s constant search for efficiency along the entire production process, achieved by taking a variety of actions, including temporary plant stoppages and close monitoring of maintenance costs.

The reduction in costs only partially offset the impact of lower revenues on EBITDA, which went from EUR 209.2 million in 2008 to EUR 135.5 million in 2009, but proved crucial for limiting the loss of operating profitability. The ratio of EBITDA to revenues fell from 19.2% in 2008 to 16.5% in 2009. The effectiveness of the actions taken is shown in the gradual improvement in this indicator in 2009 (from 11.7% in the first quarter to 16.5% for the entire year), reflecting the upward trend in profitability.

Finally, financial management yielded a negative EUR 4.1 (EUR -35.9 million in 2008), leaving debt of EUR 381.3 at the end of the period. This result reflects the effectiveness of foreign exchange and commodity hedges, and the ability to manage debt and the related borrowing costs in times of crisis.

During the last quarter of 2009, revenues from sales and services amounted to EUR 192.5 (EUR 231.8 million at 31 December 2008), while EBITDA came to EUR 35.3 million (EUR 35.9 million at 31 December 2008). EBIT amounted to EUR 12.5 million (EUR 12.8 million at 31 December 2008) and profit before tax was a positive EUR 9.9 million (compared with a loss of EUR 9.8 million in the fourth quarter of 2008).

The decline in sales volumes for the fourth quarter was less pronounced than in the first nine months of the year, with the quarterly drop being much less than that for the year as a whole, particularly with regard to cement, of which 2,339 metric tons were sold, essentially the same as in the fourth quarter of 2008. However, considering that the worst performance for all of 2008 was posted in the fourth quarter, these results do not permit us to forecast a reversal of market trends in the next few months. We do expect demand for cement, ready-mixed concrete and aggregates to stabilise at current levels however.

The full benefits of the fall in energy and transport costs and the reduction in the Group's workforce as a result of restructuring were felt in the fourth quarter of 2009, producing a 13.9% reduction in operating costs and producing, with revenues from sales of EUR 192.5 million (EUR 231.8 million in the fourth quarter of 2008), EBITDA of EUR 35.3 million, in line with the figure for the fourth quarter of 2008.

Financial management yielded a negative EUR 2.6 million (EUR -22.6 million in the fourth quarter of 2008). This significant improvement is attributable both to the absence of the violent fluctuations that hit the financial markets in late 2008 and to the impact of debt transactions undertaken in 2009 to reduce the Group’s overall exposure to exchange rate risk.

Net financial position

(EUR '000)	31 Dec 2009	30 Sept 2009	31 Dec 2008
Cash and cash equivalents[2]	63,477	63,919	41,639
Non-current financial liabilities	(265,719)	(262,928)	(206,586)
Current financial liabilities	(179,051)	(207,585)	(251,485)
NET FINANCIAL POSITION	**(381.293)**	**(406,594)**	**(416,432)**

Careful management of cash flows improved the net financial position by EUR 35.1 million compared with 31 December 2008, despite having continued to pursue planned extraordinary investments close to EUR 38 million (mainly for the increasing capacity in China and Egypt) and distributing dividends of EUR 12.7 million, confirming the Group's ability to generate cash even in extremely challenging market conditions.

As can be seen in the changes in current and non-current liabilities, a considerable portion of the Group's short-term debt was renegotiated at medium and long-term maturities during the year to ensure that the Group will have the financial resources it needs should it find any further expansion opportunities and to match the debt repayment schedule with the new expected cash flow forecasts.

The net financial position improved by EUR 25.3 million in the last quarter of 2009 thanks to the positive cash flows generated by operations and careful management of the stock of working capital.

Directors' report and significant events

Despite the expansionary monetary policy pursued by the governments and central banks of the leading industrial countries, market demand remained weak and uneven in 2009. As noted before, there are no clear signs of a recovery in demand, prompting us to expect that demand will also be unpredictable in 2010. The Group will therefore continue to pursue its goal of improving operational efficiency by consolidating its presence in its key markets, increasing exports to new markets and containing production costs. In this context, we expect performance in 2010 to be substantially in line with that in 2009, unless there is a further deterioration in the already difficult general economic situation sparked by factors such as rising unemployment, an excessive increase in the sovereign debt of developing countries and the state of the credit system with regard to any exit strategies that may be adopted.

[2] "Cash and cash equivalents" includes the consolidated statement of financial position items "Cash and cash equivalents" and "Current financial assets".

As regards developments in the business plan, in the last quarter of 2009 work was completed on increasing production capacity in China with the construction of the new white cement plant near the Group's existing facility, with an annual capacity of 600 thousand metric tons.
The Group's extraordinary investment programme came to an end with the completion of the new plant in China, the Group will continue the reorganization effort aimed at boosting efficiency and profitability.

Rome, 11 February 2010

The Chairman of the Board of Directors
/s/ Francesco Caltagirone Jr.