INTERIM FINANCIAL REPORT

30 SEPTEMBER 2019

cementirholding
CALTAGIRONE GROUP

Corporate bodies

Board of Directors[1]
In office until approval of the 2019 financial statements

Executive Director – CEO and Chairman	Francesco Caltagirone Jr.
Non-Executive Directors	
	Carlo Carlevaris[2] *(independent)*
	Alessandro Caltagirone[3]
	Azzurra Caltagirone[3]
	Edoardo Caltagirone
	Saverio Caltagirone
	Fabio Corsico
	Mario Delfini
	Veronica De Romanis *(independent)*
	Paolo Di Benedetto *(independent)*
	Chiara Mancini *(independent)*
	Roberta Neri *(independent)*
	Adriana Lamberto Floristan *(independent)*

Audit Committee	*Chairman*	Paolo Di Benedetto *(independent)*
	Members	Mario Delfini
		Veronica De Romanis *(independent)*
		Adriana Lamberto Floristan *(independent)*
		Chiara Mancini *(independent)*
Remuneration and Nomination Committee	*Chairman*	Paolo Di Benedetto *(independent)*
	Members	Veronica De Romanis *(independent)*
		Chiara Mancini *(independent)*
		Mario Delfini

Executive responsible for preparing the Company accounting reports[4] — Giovanni Luise

Audit company — KPMG N.V.
for the 2019 – 2020[1] period

[1] Appointed by means of a resolution issued by the Shareholders' Meeting on 28 June 2019, formalised on 5 October 2019.
[2] *Senior Non-Executive Director* - Director fulfilling only the requirement of independence set forth in article 148, paragraph 3 of Legislative Decree no. 58 of 24 February 1998, as amended -
[3] *Vice Chairmen*.
[4] pursuant to Art. 154 of Legislative Decree no. 58/1998 at 30 September 2019.

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Interim Financial Report at 30 September 2019

Introduction

This Interim financial report of the Cementir Holding Group was prepared in compliance with the international accounting standards (IAS/IFRS) adopted by the European Union pursuant to Regulation (EC) no. 1606/2002 and it was drawn up pursuant to article 2.2.3. paragraph 3 of the Regulation issued by the organised Markets and managed by Borsa Italiana S.p.A. applicable to the issuers whose securities are traded in the STAR segment, taking into account the Notice no. 7587 of 21 April 2016 issued by Borsa Italiana.

As of 1 January 2019, the Group has adopted the new IFRS 16 accounting standard – “Leases”, which requires the recognition, under assets, of the right of use of leased assets and, under the balance sheet liabilities, of the lease liability, with related recognition in the Income Statement of the amortisation charges of the assets with rights of use and of the financial charges on lease liabilities.
The consolidation scope at 30 September 2019 was subject to changes compared with the same period of 2018, following the acquisition of an additional 38.75% stake in Lehigh White Cement Company (hereinafter “LWCC)” which was finalised on 29 March 2018. Due to this acquisition, the consolidation scope has changed since the Cementir Group has consolidated on a line-by-line basis the afore-mentioned company starting from 1 April 2018, while in the first quarter of 2018 it was consolidated according to the equity method.
It should be noted that the Group operations are seasonal by nature with a performance that in the first few months of the year is affected by meteorological conditions and system maintenance activities. Consequently, the results of the first nine months may not be considered representative of the performance over the entire year.

To be noted is the transfer, on 5 October 2019, of the registered office of the company to Amsterdam, Holland, resolved by the Shareholders' Meeting held on 28 June 2019. As the requirements and prerequisites set forth in the shareholder's meeting resolution of 28 June 2019 were met, the new Articles of Association became effective with the current denomination of the Company being established as Cementir Holding N.V. (hereinafter the “Company”). The fiscal residence remains in Italy with a branch and operating facility of the Company being established in Rome.
The shares of the Company continue to be traded on the Screen-based Share Market (MTA), STAR segment, under the new code ISIN NL0013995087 activated on 7 October 2019.
It must be noted that this interim report on operations is not subject to audit.

Results of operations of the Group in the first nine months of 2019

The consolidated financial results of the first nine months of 2019, compared with those pertaining to the same period of 2018, are the following:

Results for the period

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
REVENUE FROM SALES AND SERVICES	**906,124**	**893,079**	**1.46%**
Change in inventories	336	8,634	-96.11%
Other revenues[1]	11,928	12,097	-1.40%
TOTAL OPERATING REVENUES	**918,388**	**913,810**	**0.50%**
Raw materials costs	(346,637)	(361,857)	-4.21%
Personnel costs	(141,202)	(133,519)	5.75%
Other operating costs	(248,705)	(255,442)	-2.64%
TOTAL OPERATING COSTS	**(736,544)**	**(750,818)**	**-1.90%**
EBITDA	**181,844**	**162,992**	**11.57%**
EBITDA Margin %	*20.07%*	*18.25%*	
Amortisation, depreciation and provisions	(78,391)	(56,591)	38.52%
EBIT	**103,453**	**106,401**	**-2.77%**
EBIT Margin %	*11.42%*	*11.91%*	
Share of net profits of equity-accounted investees	308	653	-52.83%
Net financial income (expense)	(20,070)	31,762	-163.19%
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES	**(19,762)**	**32,415**	-160.97%
PROFIT (LOSS) BEFORE TAXES	**83,691**	**138,816**	**-39.71%**
PROFIT (LOSS) BEFORE TAXES / REVENUE %	*9.24%*	*15.54%*	

Sales volumes

('000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Grey and white cement (tons)	6,922	7,520	-7.95%
Ready-mixed concrete (m^3)	3,061	3,747	-18.29%
Aggregates (tons)	7,343	7,259	1.15%

Group Workforce

	30-09-2019	31-12-2018	30-09-2018
Number of employees	3,065	3,083	3,108

[1] "Other revenues" include the items of the Consolidated Income Statement "Increases in internal works" and "Other operating revenues".

In the first nine months of 2019, **sales volumes** of cement and clinker, for a total 6.9 million tons, showed a 7.9% decrease (-10.0% on a like-for-like basis) due to the negative performance in Turkey, partially offset by the favourable trend in the Nordic & Baltic region as well as in Belgium.

Sales volumes of ready-mixed concrete, 3.1 million cubic metres, decreased by 18.3% due essentially to the decline recorded in Turkey.

In the aggregates sector, sales volumes amounted to 7.3 million tons, up by 1.1% thanks to the positive performance in Denmark.

Revenue from sales and services of the Group, standing at Euro 906.1 million, were up by 1.5% compared with Euro 893.1 million recorded in the first nine months of 2018 (-2.2% on a like-for-like basis). This increase is due to the consolidation of LWCC which in 2018 was consolidated on a line-by-line basis starting from 1 April, to the positive performance in the Nordic and Baltic region (+3.9%), in Belgium (+7.2%) and in Egypt (+44%), offset by the negative performance in Turkey due to its precarious financial scenario.

It must be noted that, at 2018 constant exchange rate, revenues would have amounted to Euro 913.4 million.

Operating costs, amounting to Euro 736.5 million, declined by 1.9% compared with the first nine months of 2018 (Euro 750.8 million) thanks to the effects deriving from the application of IFRS 16 and the reduction in some expense items carried out in Turkey in order to address market developments.

Raw materials costs, amounting to Euro 346.6 million, declined by 4.2% compared with the same period of 2018 (Euro 361.9 million). On a like-for-like basis, the costs of raw materials showed a 9.5% contraction.

Personnel costs, standing at Euro 141.2 million, were up by 5.8% compared with the first nine months of 2018 (Euro 133.5 million) due to the LWCC impact; on a like-for-like basis, the increase was 3%.

Other operating costs, amounting to Euro 248.7 million, declined by 2.6% compared with Euro 255.4 million posted in the same period of 2018. The decline is primarily attributable to the effects resulting from the application of IFRS 16.

EBITDA stood at Euro 181.8 million, up by 11.6% compared with Euro 163.0 million recorded in the first nine months of 2018 (+9.3% on a like-for-like basis). The impact of the IFRS 16 application generated a positive Euro 18.9 million. With the exception of Turkey, where EBITDA reported a negative variance compared to 2018 of Euro 19.3 million, all the other regions had a positive trend, in particular Nordic & Baltic and Belgium / France.

At previous year exchange rate, EBITDA would have been equal to Euro 180.9 million. The **EBIT** amounted to Euro 103.5 million (Euro 102.9 million on a like-for-like basis) compared with Euro 106.4 million in the same period of the previous year. Amortisation/depreciation (including the IFRS 16 impact of Euro 18.3 million) contributed to these results for Euro 77.4 million (Euro 56.0 million for the same period of 2018). At 2018 exchange rates, the EBIT would have amounted to Euro 102.2 million.

The **results from the companies consolidated with the equity method** stood at Euro 0.3 million (Euro 0.7 million in the same period of 2018, including LWCC in the first quarter).

Net financial expense was Euro 20.1 million compared with the positive result of 31.7 million in the same period of 2018. To be noted is that in 2018, this result included the 24.5% revaluation of the fair value of the investment already held by the Group in LWCC by approximately Euro 39.4 million and the positive mark-to-market valuation of financial instruments for Euro 19.4 million. The results of 2019 were impacted by the negative measurement of some mark-to-market hedging instruments on currencies and interest rates, and by the return on cash available to the Group. The impact of the application of IFRS 16 was negative by Euro 1.2 million with reference to the interests on leasing liabilities.

Profit before taxes totalled Euro 83.7 million compared with Euro 138.8 million in the first nine months of 2018.

Results of operations of the Group in the third quarter of 2019

Results for the period

(Euro '000)	3rd quarter 2019	3rd quarter 2018	Change %
REVENUE FROM SALES AND SERVICES	**314,187**	**304,612**	**3.14%**
Change in inventories	(4,406)	1,483	-397.1%
Other revenues[2]	4,434	2,590	71.20%
TOTAL OPERATING REVENUES	**314,215**	**308,685**	**1.79%**
Raw materials costs	(115,109)	(117,159)	-1.75%
Personnel costs	(44,748)	(42,573)	5.11%
Other operating costs	(82,578)	(81,949)	0.77%
TOTAL OPERATING COSTS	**(242,435)**	**(241,681)**	**0.31%**
EBITDA	**71,780**	**67,004**	**7.13%**
EBITDA Margin %	*22.85%*	*22.00%*	
Amortisation, depreciation and provisions	(25,790)	**(19,088)**	35.11%
EBIT	**45,990**	**47,916**	**-4.02%**
EBIT Margin %	*14.64%*	*15.73%*	
Share of net profits of equity-accounted investees	250	74	237.84%
Net financial income (expense)	(4,516)	(3,141)	-43.78%
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES	**(4,266)**	**(3,067)**	**-39.09%**
PROFIT (LOSS) BEFORE TAXES	**41,724**	**44,849**	**-6.97%**

Sales volumes

('000)	3rd quarter 2019	3rd quarter 2018	Change %
Grey and white cement (tons)	2,601	2,599	0.07%
Ready-mixed concrete (m^3)	1,063	1,208	-11.99%
Aggregates (tons)	2,373	2,375	-0.10%

In the third quarter of 2019, **sales volumes** of cement and clinker, totalling 2.6 million tons, were in line with those of the same period of 2018.

Sales volume of ready-mixed concrete, totalling Euro 1.1 million cubic metres, was down by 12.0% due to the negative performance in Turkey. In the sector of aggregates, sales volume totalled 2.4 million tons, was in line with the volumes of the same period of 2018.

[2] "Other revenues" include the items of the Consolidated Income Statement "Increases in internal works" and "Other operating revenues".

Revenue from sales and services amounted to Euro 314.2 million, up by 3.1% compared with Euro 304.6 million in the third quarter of 2018. The increase was due to the positive performance recorded in Belgium (+9%), Egypt (+30%) and China (+18%), partially offset by a decline in the income recorded in Turkey (-12%).

Operating costs amounted to Euro 242.4 million (Euro 241.7 million in the third quarter of 2018).

EBITDA, standing at Euro 71.8 million, increased by 7.1% compared with the third quarter of 2018 (Euro 67.0 million); this positive change is attributable to the application of IFRS 16 for a total of Euro 6.6 million.

EBIT totalled Euro 46.0 million (Euro 47.9 million in the third quarter of 2018).

Results of the companies consolidated with the equity method stood at Euro 0.3 million (Euro 0.1 million in the same period of 2018).

Net financial expense was Euro 4.5 million (income of Euro 3.1 million in the third quarter of 2018).

Profit before taxes stood at Euro 41.7 million, a slight decline compared with the third quarter of 2018 (Euro 44.8 million) due to the performance recorded in Turkey.

Main financial data

(Euro '000)	30-09-2019	30-09-2018	31-12-2018
Net invested capital	1,554,502*	1,443,720*	1,383,799
Total Shareholders' equity	1,208,181*	1,104,124*	1,128,384
Net Financial Debt[3]	346,321	339,596	255,415

*Shareholders' equity at 30 September 2019 and 2018 did not include the calculation of taxes on the income for the period.

Net financial debt at 30 September 2019 stood at Euro 346.3 million, up by Euro 90.9 million compared with Euro 255.4 million at 31 December 2018. The application of IFRS 16 caused a negative impact of Euro 83.1 million; the remaining part of the variance is due to the annual cyclical pattern of the working capital. Compared with 30 September 2018, the variance, net of IFRS 16, showed an improvement of Euro 76.4 million. Including long-term financial receivables of Euro 1.0 million, not required as per the Consob communication, Net Financial Indebtedness amounted to Euro 345.3 million.

As at 30 September 2019, **Total Equity** totalled Euro 1,208.2 million (Euro 1,128.4 million as at 31 December 2018).

[3]Net financial debt was measured based on the provisions set forth in Consob Communication no. DEM/6064293 of 28 July 2006.

Results of operations by geographic area

Nordic & Baltic

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	425,622	409,646	3.9%
Denmark	*279,118*	*264,135*	*5.7%*
Norway / Sweden	*146,737*	*145,235*	*1.0%*
Other (1)	*44,693*	*42,380*	*5.5%*
Eliminations	*(44,926)*	*(42,104)*	*-*
EBITDA	97,258	83,709	16.2%
Denmark	*80,187*	*68,266*	*17.5%*
Norway / Sweden	*14,830*	*11,478*	*29.2%*
Other (1)	*2,241*	*3,965*	*-43.5%*
EBITDA / Revenue %	22.9%	20.4%	
Investments	32,228	17,241	

(1) Iceland, Poland, Russia and operating activities within the white cement sector in Belgium and France

Denmark

In the first nine months of 2019, revenue from sales stood at about Euro 279.1 million, up by 5.7% compared with 2018, thanks primarily to the increase in total volume of cement sold.

The grey cement volumes sold in the domestic market recorded a significant increase due to a greater activity in the market primarily in the segments of concrete products and precast units in addition to the acquisition of some important clients and favourable climate conditions occurring during the period. The volumes of white cement on the local market showed a steady growth, also.

The average sales price in the domestic market showed an increase in line with the level of inflation, thanks to new sales agreements and the favourable product mix.

Exports of white cement continued to steadily grow compared with 2018 thanks to increased exports to Poland, United Kingdom and Germany, conversely to the export of grey cement which has instead shown a downward trend due to lower sales to Iceland. Average prices of exports showed a positive trend thanks to the countries / clients mix and the favourable trend of the US dollar exchange rate.

Ready-mixed concrete in Denmark slightly declined compared to the same period of 2018 since this segment was affected by a generalised slowdown in activities and a decline in the number of large projects despite the dynamic activity shown in Copenhagen. Important projects are expected to start at the end of the year. The prices are increasing in line with the inflation.

In the first nine months of the year, EBITDA stood at Euro 80.2 million, up by about 11.9 million compared to the corresponding period of 2018 also due to the application of the international accounting standard IFRS 16 valued at approximately Euro 7.3 million.

Excluding this effect, the cement segment generated an increase EBITDA of approximately Euro 4.9 million thanks to the higher volumes and sales prices partially offset by higher costs incurred for the purchase of raw materials and fossil fuels. Fixed costs were affected by higher staff expenditure, in addition to higher administrative overheads compared to 2018.

The concrete segment generated an increase in EBITDA of approximately Euro 2 million also due to the application of the international accounting standard IFRS 16 and to higher sales prices, savings on the distribution logistics, lower maintenance and fixed production costs.

Total investments in the first nine months amounted to approximately Euro 25.9 million, attributable primarily to maintenance projects in the cement sector and to increased production efficiency. The introduction of IFRS 16 accounting standard has determined in the first nine months the recognition of investments for approximately Euro 14.1 million, included in the afore-mentioned Euro 25.9 million.

Norway and Sweden

In **Norway**, ready-mixed concrete sales were in line with the figures of the same period of the previous period. The demand in the Oslo and Bergen areas was supported by the development of important infrastructural projects that however are also producing a tougher competition in the involved areas. However, the benefits arising from these projects are slowly being phased out in the third quarter of the year pending the start-up of new projects. The change in prices was positive thanks to the product mix and positive market dynamics.

It should be noted that the Norwegian Crown depreciated by 1.9% versus the average exchange rate of the first nine months of 2018.

In **Sweden**, the volumes of ready-mixed concrete sales declined while aggregate sales were up compared to 2018. In the first few months of 2019, the sector benefited from favourable climate conditions and a very strong construction market; since April, a contraction in the concrete sector must be noted, due to strong competition and a slowdown in the residential construction sector which is still affected by greater uncertainties.

In the infrastructure sector, the sales volume is benefiting from some important projects, in particular related to hospitals and railways in the Malmoe area; although a slowdown was recently noted, the start-up of new projects is expected in the last part of the year. These projects should ensure a solid basis for the volume trend.

The average prices in local currency are up in both the concrete and aggregate sectors due to the inflation dynamics and the product mix.

Overall, in the first nine months of 2019, revenue amounted to Euro 146.7 million (Euro 145.2 million in 2018) while EBITDA stood at approximately Euro 14.8 million, up by about Euro 3.3 million compared with the first nine months of the previous year. The increase is to be partially attributed to the application of the IFRS 16, resulting in a Euro 2.9 million impact, in addition to an increase in sale prices partially offset by higher fixed production costs.

It should be noted that the Swedish Crown was depreciated by 3.2% versus the average exchange rate of the first nine months of 2018.

Investments made in the first nine months of 2019 amounted to Euro 6.0 million, concerning mostly machinery and transport means in Sweden. The introduction of the IFRS 16 accounting standard entailed the accounting treatment of investments for approximately Euro 1.6 million included in the aforementioned Euro 6.0 million.

Belgium and France

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	198,389	185,093	7.2%
EBITDA	48,596	38,483	26.3%
EBITDA / Revenue %	24.5%	20.8%	
Investments	14,322	7,166	

In the first nine months of 2019, the sales volume of grey cement recorded a steady growth compared with 2018 thanks to better climate conditions, positive developments in the construction sector and important projects that contributed to a positive sales trend in Belgium, France and Holland, despite a modest decline in the concrete segment recorded in Belgium and France.

Average prices showed a positive trend in the domestic market and to a lesser extent, in exports. The contribution margin benefited by both the afore-mentioned trends in prices and in product client mix on which the company is effectively working in order to improve profitability.

Ready-mixed concrete volumes showed a moderate contraction primarily due to competition, in addition to the March closure of a plant in Belgium, fewer working days compared with 2018 and to a further slowdown during the summer months. However, sale prices showed very positive dynamics in Belgium and to a lesser extent in France.

Sale prices of aggregates reflected a steady trend compared with the first nine months of 2018. The volumes were positively affected by the production efficiency of the plants, positive climate conditions and an upward trend in the market of prefabricated units for road constructions in Belgium, in addition to increased sales in Holland within the asphalt sector. In the first few months of 2018, a positive effect was noted on the sales volume due to extraordinary market conditions. In the north of France, a contraction in road construction and large infrastructural projects in general was recorded, whereas Belgium has posted a modest slowdown in the last few months. The domestic market prices have shown a positive development especially due to the product mix whereas export prices are in line, on average, with those of the previous year.

Overall, in the first nine months of 2019, revenue amounted to Euro 198.4 million (Euro 185.1 million in 2018) with the gross operating margin standing at approximately Euro 48.6 million (Euro 38.5 million in the same period of 2018). The effect arising from the application of IFRS 16 was positive by approximately Euro 3.2 million; the remaining incremental effect is to be primarily attributed to the aggregate and cement sectors: for the latter, it was due to higher volumes and prices, net of the increased maintenance and fixed costs for the reactivation of the second kiln at the Gaurain plant.

Investments made in the first nine months of 2019 amounted to Euro 14.3 million, concerning mostly the Gaurain cement plant. Investments calculated on the basis of the IFRS 16 standard, amounted to Euro 2.9 million.

North America

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	116,617	81,032	43.9%
EBITDA	17,389	11,817	47.2%
EBITDA / Revenue %	20.3%	14.6%	
Investments	2,940	3,470	

In the United States, the subsidiary LWCC, consolidated on a line-by-line basis only starting from the second quarter of 2018, contributed with 487 thousand tons in sales of white cement with revenue totalling Euro 106.8 million and EBITDA of Euro 18.6 million. The comparison with the previous year is not so meaningful since the company was consolidated only in the second and third quarter of 2018 (EBITDA totalling Euro 12.3 million). The market was characterised by unfavourable climate conditions in the states of Texas and New York, by strong competition and a slowdown in the growth of the residential and commercial sectors in Texas, in addition to the effects from hurricane Dorian in September in Florida and in the sector of exterior fittings for housing, the demand remains strong. Sales prices slightly increased compared with 2018, although under diversified regional conditions.

The other USA subsidiaries, active in the production of cement products and in the management of the terminal of Tampa, Florida, posted a decline in the gross operating margin of approximately Euro 750 thousand following extraordinary maintenance at the Tampa terminal and adverse climate conditions which have reduced the scale of the activities of Vianini Pipe, operating in the manufacture of cement products.

Overall, the Unites States revenue stood at approximately Euro 116.6 million (Euro 81 million in 2018) while the EBITDA totalled Euro 17.4 million (Euro 11.8 million in 2018). The impact of the IFRS 16 application was positive by approximately Euro 3.4 million.

Investments made in the first nine months of 2019 amounted to Euro 2.9 million and concerned primarily LWCC for approximately Euro 2.6 million.

Turkey

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	89,000	141,954	-37.3%
EBITDA	(7,994)	11,330	-170.6%
EBITDA / Revenue %	-9.0%	8.0%	
Investments	4,297	6,711	

Revenue, totalling Euro 89 million (Euro 141.9 million in the first nine months of 2018), significantly declined due to the depreciation of the Turkish Lira versus the Euro (-15% compared with the first nine months of 2018 and -4.6% since December of last year) and to the overall economic scenario. In September 2019, yearly inflation reached about 13% while a general slowdown of economic activities continued as a consequence of the financial crisis. The 2.5% GDP growth of 2018 turned negative in the first nine months of 2019 (-2%). The current recession has caused a strong contraction in the construction sector, already declining by about 2% in 2018 and continuing a strong downward trend in the current year.

This contraction in the construction sector, in addition to an over-capacity in the country in general, has caused a decline in the revenue from cement sales in the local currency by about 31% and in the sales volume of cement and clinker by about 30%. The companies of the Group have anyway maintained a conservative approach with a rationalisation of sales aimed at reducing risks in the credit management. The sales volume in the domestic market recorded a 35% decline (about 1 million tons) which can be attributed, in addition to the afore-described reasons, to negative climate conditions, stiff competition that creates a pressure on prices, and the suspension of various infrastructural works; conversely, exports of cement and clinker increased by about 100 thousand tons. The average prices of cement in the domestic market and in the local currency were in line, on average, with the corresponding previous period but showing very different trends at the various plants.

In local currency, revenue from ready-mixed concrete sales declined by approximately 39%. Also in this sector, sales volume showed an approximate 50% decline compared with 2018, with an approximate 15% increase in prices in the local currency. The decrease in volume compared with the first nine months of 2018 was also determined by the closure of four ready-mixed concrete production plants due to lower local demand.

As regards the sector of Waste Management, the subsidiary Sureko, operating in the sector of industrial waste management, posted an increase in revenues compared with the first nine months of 2018 thanks to higher volumes of waste disposed through landfill and higher volumes of waste collected for the preparation of the refuse derived fuel (RDF) alternative, while the sales of the RDF itself and the activities related to the trading of materials are contracting.

The Hereko division, active in the processing of urban solid waste in Istanbul, posted a sales increase in the solid recovered fuel (SRF) alternative while the other materials (plastic, glass, ferrous and non-ferrous materials) contracted and ended the period with a turnover slightly declining compared with 2018.

The subsidiary Quercia, operating in the United Kingdom, has also shown an increase in revenue due essentially to greater volumes related to landfill activities and, to a lesser extent, to the volumes related to ferrous and non-ferrous materials, following a decrease in alternative fuel production activities.

Overall, EBITDA of Turkey was negative by about Euro 8.0 million (positive by Euro 11.3 million in the first nine months of 2018) mainly due to the afore described lower volumes of cement and ready-mixed concrete sold in the domestic market and to the increase in the purchase prices of fuel and electricity. Maintenance costs, personnel and other fixed production costs, as well as general costs, showed a steady trend in local currency compared with the previous year. This was the result of efficiencies achieved in tackling the decline in sales.

Investments made by the Group in the first nine months of 2019 totalled Euro 4.3 million and concerned the plants at Izmir, subject to extraordinary maintenance, the Edirne plants and the subsidiary Neales in England. The application of the accounting standard IFRS 16 entailed the recognition of investments for a total of Euro 0.8 million.

Egypt

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	27,069	18,797	44.0%
EBITDA	4,858	2,349	106.8%
EBITDA / Revenue %	17.9%	12.5%	
Investments	1,296	297	

Revenue amounted to Euro 27.1 million (Euro 18.8 million in the first nine months of 2018) showing a steady increase thanks to the stabilised security situation in the Sinai peninsula.

The quantities of white cement sold in the domestic market were in line with the figures of the previous year despite the limited liquidity in the construction market and the competition from international operators. Average prices in local currency are recovering after the market tensions that emerged in the second half of 2018.Export volumes were also up by approximately 50% toward all the main destinations, in particular the United States and Saudi Arabia, with increased sales prices in USD, on average, compared with the same period of the previous year.

EBITDA totalled Euro 4.9 million (Euro 2.3 million in 2018) up thanks to higher sales prices in the domestic market and greater export volumes against higher variable costs (raw materials, fuels, electricity, packaging). The appreciation of the Egyptian sterling, compared to the first nine months of 2018 (+10%), contributed positively to the conversion into Euro.

Investments in the first nine months of 2019 totalled about Euro 1.3 million and related to plant maintenance.

Asia Pacific

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	69,992	65,205	7.3%
China	*38,639*	*33,293*	*16.1%*
Malaysia	*31,354*	*31,918*	*-1.8%*
Eliminations	-	*(7)*	
EBITDA	15,173	13,592	11.6%
China	*9,992*	*8,964*	*11.5%*
Malaysia	*5,181*	*4,628*	*11.9%*
EBITDA / Revenue %	21.7%	20.8%	
Investments	5,038	3,269	

China

Revenue totalled Euro 38.6 million (Euro 33.3 million in the first nine months of 2018) and showed a consistent growth compared with 2018 thanks to a significant increase in the white cement and clinker volumes sold in the domestic market, also following production difficulties encountered by some competitors, in addition to favourable price dynamics. Exports remained marginal.

Despite the recent agreements of the G20 in Japan, China and the USA, tariffs continued to be imposed on the traded products and there is no certainty about the future should these negotiations be suspended. This situation has negatively impacted the country economy, depressing manufacturing and international trading activities.

In general, the construction sector remains stable, including the price of grey cement, under government control, which is not affected by fluctuations, and this trend will remain unchanged until the end of the year, in line with the previous year.

The growth of the GDP in the first nine months of 2019 exceeded 6% confirming the strength of the Chinese economy and in line with the government estimates based on the stimulus supporting economic growth.

It is assumed that in the second part of the year benefits resulting from the reduction of vat by 3 percentage points on manufactured products will continue. The vat reduction was effective on April 1 and is receiving a positive response in the sector.

The government also continues to impose strict restrictions and environmental controls on the manufacturing and mining industry.

EBITDA, totalling Euro 10 million was up by approximately Euro 1 million compared with the same period of 2018 and has primarily benefited from the favourable trend in sales volume within the domestic market, although partially reduced by the greater variable costs (raw materials, fuels, electricity and packaging).

Investments in the first nine months of 2019 totalled about Euro 2.8 million.

Malaysia

Revenue amounted to about Euro 31.4 million (Euro 31.9 million in the first nine months of 2018). The white cement volumes within the domestic market recorded a satisfactory increase compared with the previous year with average prices up also due to the mix of customers and products.

Conversely, exports have shown a trend that is overall in line with 2018 even if with a different mix, with greater sales in cements and lower sales for clinker. As a geographic mix, the greater sales of cement in the Philippines were partially offset by lower sales in other markets (South Korea) whereas, as regards clinker, the decline in Australia was partially offset by greater sales in Vietnam. The average prices in foreign currencies are constantly rising due to the country mix and to contractual clauses.

EBITDA totalling Euro 5.2 million, is increasing compared with the corresponding period of 2018 (Euro 4.6 million); the benefits achieved in terms of a greater mix of sold cement and prices applied to the local market have been partially offset by the lower exports of clinker and the greater variable costs of production due primarily to inflation.

Investments in the first nine months of 2019 totalled about Euro 2.2 million.

Italy

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	52,075	55,228	-5.7%
EBITDA	6,556	1,712	282.9%
EBITDA / Revenue %	12.6%	3.1%	
Investments	2,076	2,090	

The Group includes the parent company Cementir Holding, the trading company Spartan Hive and other minor companies.

Revenue of the trading company Spartan Hive SpA in the first nine months of 2019 were slightly lower than those of the corresponding period of the previous year whereas EBITDA was up by Euro 4.3 million thanks to transactions carried out on cement, clinker, fuels, raw materials and distribution freights. Revenue from Cementir Holding derive from the provision of services toward other companies of the Group.

Investments

During the first nine months of 2019, the Group carried out aggregate investments for Euro 62.1 million: Euro 46.5 million in the cement sector; Euro 9.5 million in the ready-mixed concrete sector, Euro 2.5 million in the aggregate sector with all the other amounts divided among different business areas. The breakdown by activity class shows that Euro 57.1 million refers to tangible assets and Euro 5.0 million are intangible assets.

Observations from the Directors

Relevant facts pertaining to the first nine months

The results of the first nine months of 2019 at the Group level are in line with expectations, although affected by the performance of Turkey given the development of its local economic conditions, a consequence of the 2018 summer financial crisis.

Significant events occurring after the first nine months

To be noted is the transfer, on 5 October 2019, of the registered office of the company to Amsterdam, Holland, resolved by the Shareholders' Meeting held on 28 June 2019. Once the requirements and prerequisites set forth in the shareholder's meeting resolution of 28 June 2019 were met, the new Articles of Association became effective with the denomination of the Company being established as Cementir Holding N.V.

Business outlook

What was reported at the approval date of the 2018 annual results is confirmed, i.e. the achievement of a consolidated level of revenues of approximately Euro 1.2 billion and EBITDA between Euro 250 and 260 million, is expected.

These projections were formulated in consideration of the developments in the economic scenario of Turkey. They shall also be reviewed in the event of an even more negative development in the economic performance of this country.

Net financial indebtedness at the end of 2019 is expected to amount to Euro 245 million, including business investments for approximately Euro 70 million.

The figures above include the effects of the application of the IFRS 16 standard, estimated at about Euro 23 million, as a positive impact on the EBITDA, and at about Euro 80 million as an incremental impact from the net financial indebtedness.

Transactions with related parties

As regards transactions with related parties, as defined in the international accounting standard IAS 24, it should be noted that no atypical and/or unusual transactions were carried out. All contractual transactions, of both a financial and business nature, were carried out under normal market conditions.

It should also be noted that in the first nine months in question, the Company, based on the Consob Regulation applicable to transactions with related parties and adopted with resolution no. 17221 of 12 March 2010, did not conclude any major or relevant transactions, as defined in the Regulation itself, such as would require communications provided to the Supervisory Authority.

Own shares

At 30 September 2019, the Parent Company and its subsidiaries do not own, either directly or indirectly, shares or stakes in the parent company; they have not completed, over that period, purchases or sales of the same, except for transactions carried out for the purpose of a direct settlement of the redeemed shares within the context of the transaction for the transfer of the headquarters of the Company to Holland, subject to detailed disclosure in the communications issued and in particular in the communication of 1 August 2019. These communications are available on the Internet site of the Company www.cementirholding.com, in the section *Investor Relations>Press Releases*.

Corporate governance

For information on the Corporate Governance system and the ownership structure of the Company, see the "Report on Corporate Governance and ownership structures", published pursuant to article 123-bis of Legislative Decree no. 58 of 24 February 1998 (TUF), jointly with the 2018 report on operations, and available for consultation on the internet site of the Company www.cementirholding.it, in the section *Investor Relations>Corporate Governance*. The following updating communications are available for consultation on the Internet site of the Company www.cementirholding.com, in the section *Investor Relations>Press Releases*.

Alternative performance indicators

The Cementir Holding Group uses some alternative performance indicators in order to allow for a better assessment of its business performance as well as its equity and financial position. In compliance with the provisions of the Consob Communication no. 92543/2015 and the ESMA/2015/1415 guidelines, following is the meaning and contents of these indicators.

- EBITDA: this is an operating performance indicator calculated by combining "Amortisation/depreciation, impairment losses and provisions" with "EBIT";
- Net financial debt: represents an indicator of the financial structure and is determined, in compliance with the Consob Communication 6064293/2006, as a sum of the following items:
  - Current financial assets;
  - Cash and cash equivalents;
  - Current and non-current financial liabilities.
- Net invested capital: it is determined by the total amount of assets of a non-financial nature, net of non-financial liabilities.

Rome, 13 November 2019
Chairman of the Board of Directors
/s/ Francesco Caltagirone Jr.

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The Group Financial Officer (Executive responsible for preparing the Company accounting reports, pursuant to article 154 bis of the Consolidated Law on Finance (TUF) as at the reference date), Mr Giovanni Luise, hereby declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this document fully reflects the documented results, books and accounting records.