INTERIM FINANCIAL REPORT
30 SEPTEMBER 2020

cementir holding
GRUPPO CALTAGIRONE

Company officers

Board of Directors [1] In office until approval of 2022 financial statements	*Executive Director* *Chairman and CEO*	Francesco Caltagirone Jr.
	Non-Executive Director and Vice-Chairman[2]	Alessandro Caltagirone
	Non-Executive Director and Vice-Chairwoman[3]	Azzurra Caltagirone
	Non-Executive Directors	Edoardo Caltagirone Saverio Caltagirone Fabio Corsico Veronica De Romanis *(independent)* Paolo Di Benedetto *(independent)* Chiara Mancini *(independent)*
Audit Committee[4]	***Chairwoman***	Veronica De Romanis *(independent)*
	Members	Paolo Di Benedetto *(independent)* Chiara Mancini *(independent)*
Remuneration and Nomination Committee[5]	***Chairwoman***	Chiara Mancini *(independent)*
	Members	Paolo Di Benedetto *(independent)* Veronica De Romanis *(independent)*
Independent Auditors		KPMG Accountants N.V.[6]

[1] Appointed by resolution of the shareholders' meeting of 20 April 2020.
[2] Appointed by resolution of the Board of Directors dated 24 April 2020
[3] Appointed by resolution of the Board of Directors dated 24 April 2020
[4] Appointed by resolution of the Board of Directors dated 24 April 2020
[5] Appointed by resolution of the Board of Directors dated 24 April 2020
[6] The extraordinary meeting of 28 June 2019, in order to avoid situations of discontinuity in carrying out the statutory audit assignment previously entrusted to KPMG S.p.A. with duration until 2020 and in accordance with Dutch legislation, it has decided to entrust the task to an auditing company belonging to the KPMG network based in Amsterdam.

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INTERIM FINANCIAL REPORT AT 30 SEPTEMBER 2020

INTRODUCTION

This interim Directors' report on operations refers to the consolidated financial statements as at 30 September 2020 of the Cementir Group prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union, and with Part 9 of Book 2 of the Dutch Civil Code.

This report was prepared on the basis of the going concern assumption.

It is noted that this interim Directors' report is unaudited.

GROUP PROFILE

Cementir Holding N.V. (hereinafter "Cementir Holding or "Company") is a multinational group with its registered office in the Netherlands, operating in the building materials sector. Through its subsidiaries in 18 countries, the Cementir Group is world leader in white cement and is specialised in producing and distributing grey cement, ready-mixed concrete, aggregates and concrete products. The Group is also active in urban and industrial waste processing.

The company was formed in 1947 and is part of the Caltagirone Group. It has been listed on the Milan Stock Exchange since 1955 and is currently in the STAR segment.

The Group's international growth over the years was mainly driven by investments and acquisitions for over EUR 1.7 billion, which have transformed the company from a domestic to a multinational player with production sites and products marketed in more than 70 countries.

With about 3.3 million tonnes of installed capacity, Cementir Group is the world leader in the white cement segment. It is also the leading producer of cement and ready-mixed concrete in Scandinavia, the third largest producer in Belgium and one of the main international producers of cement in Turkey.

The company pursues a strategy which aims to achieve both geographical and product diversification and a growing integration of its operations.

IMPLICATIONS OF THE COVID-19 PANDEMIC SPREAD

Although the Covid-19 pandemic has impacted the various countries in which the Group operates differently, the priority of the Company's Management has always been the safety of personnel operating in all company sites, defining and adopting infection risk containment and prevention measures in line with directives issued by local authorities. Differentiated strategies were applied for the management of office staff and staff working in production plants.

In relation to the Covid-19 pandemic, each country promptly defined and adopted measures to contain and prevent the infection risk for its employees in accordance with the local directives issued. Differentiated strategies were applied for the management of office staff and staff working in production plants. The measures adopted provided, in some cases, for the temporary closure or restructuring of production activities in compliance with local directives.

The Cementir Group continued to reduce the number of business trips, a decision implemented from the end of January. As the pandemic evolved, remote working methods continued where necessary.

During the third quarter, careful monitoring of financial amounts related to working capital continued, such as the performance of receivables, collection flows, levels of stocks of raw materials, semi-finished and finished products and the liquidity level in general.

During July, the liquidity lines used in advance during the first quarter of the year were repaid.

There were no new temporary plant closures during the latter quarter in addition to those reported in the previous quarterly reports, which included:

- China in the period 24 January / 21 February
- Malaysia in the period 18 March / 17 April

The evolution of sales volumes, as reported in more detail in the following paragraphs, showed the following changes during the third quarter:

- Nordic & Baltic: activity levels showed an increase of around 5% compared to the same period last year.
- Belgium and France: CCB activities showed a similar increase in volumes.
- Turkey: economic support measures for the push on some large projects and supplies required following the recent earthquake in Elazig stimulated volumes, with an increase of around 50% compared to the same period last year.
- United States: volumes for the quarter returned to moderate growth compared to the previous year.
- China: as already noted in the previous report, activities in the country have steadily returned to the levels of the previous year.
- Malaysia: the company in Malaysia, greatly impacted by export activity to Australia and other countries in the area, showed a contraction compared to the third quarter of 2019 equal to around 5%.
- Egypt: activities resumed both for domestic market supplies and exports with an increase of about 10% compared to the third quarter of 2019.

Despite the aforementioned trend in volumes, the Group continued with the implementation of profitability protection measures by containing costs and deferring investment.

In relation to the receipt of government aid in the various countries, it should be noted that it was not material in income statement terms, limited as it was to around EUR 1.6 million and mainly relating to activities in support of labour costs; on the contrary, deferrals allowed by various governments for the payment of contributions and taxes resulted in benefits of approximately EUR 10.9 million, which will be reabsorbed by the end of the year.

There have been no breach situations of the covenants linked to financing granted to the Group nor of impairment in the values of the fixed assets and working capital of the Group itself.

In light of the situation described in this document, there are no changes to the strategic lines reported in the press releases issued following the approval of the business plan in November last year, other than a delay in the timing of investments.

GROUP PERFORMANCE

Consolidated earnings figures for the first nine months of 2020 are reported below, with comparative figures provided for the same period of 2019.

Financial highlights

(EUR '000)	Jan-Sept 2020	Jan-Sept 2019	Change %
REVENUE FROM SALES AND SERVICES	**896,770**	**906,124**	**-1.0%**
Change in inventories	(8,961)	336	n.s.
Increase for internal work and other income	10,573	11,928	-11.4%
TOTAL OPERATING REVENUE	**898,382**	**918,388**	**-2.2%**
Raw materials costs	(341,394)	(346,637)	-1.5%
Personnel costs	(139,176)	(141,202)	-1.4%
Other operating costs	(239,724)	(248,705)	-3.6%
TOTAL OPERATING COSTS	**(720,294)**	**(736,544)**	**-2.2%**
EBITDA	**178,088**	**181,844**	**-2.1%**
EBITDA Margin %	*19.86%*	*20.07%*	
Amortisation, depreciation, impairment losses and provisions	(80,413)	(78,391)	2.6%
EBIT	**97,675**	**103,453**	**-5.6%**
EBIT Margin %	*10.89%*	*11.42%*	
Share of net profits of equity-accounted investees	292	308	-5.2
Net financial income (expense)	(16,731)	(20,070)	16.6%
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY ACCOUNTED INVESTEES	**(16,439)**	**(19,762)**	**16.8%**
PROFIT (LOSS) BEFORE TAXES	**81,236**	**83,691**	**-2.9%**
PROFIT (LOSS) BEFORE TAXES / REVENUE %	*9.06%*	*9.24%*	

Sales volumes

('000)	Jan-Sept 2020	Jan-Sept 2019	Change %
Grey, white cement and clinker (metric tonnes)	7,702	6,922	11.3%
Ready-mixed concrete (m^3)	3,123	3,061	2.0%
Aggregates (metric tonnes)	7,041	7,343	-4.1%

Group employees

	30-09-2020	31-12-2019	30-09-2019
Number of employees	3,009	3,042	3,065

During the first nine months of 2020, cement and clinker **sales volumes**, reached 7.7 million tonnes, up by 11.3% compared to the same period of 2019. The increase is mainly attributable to performance in Turkey.

Sales volumes of ready-mixed concrete, equal to 3.1 million cubic metres, were up by 2.0% mainly due to the increase in Turkey and, to a lesser extent, in Denmark and Sweden.

In the aggregates segment, sales volumes amounted to 7.0 million tonnes, down by 4.1% as a result of the performance in Belgium.

Group revenue reached EUR 896.8 million, down 1.0% compared to EUR 906.1 million in the first nine months of 2019.

At constant 2019 exchange rates, revenue would have reached EUR 921.1 million, up by 1.6% on the previous year.

Operating costs, equal to EUR 720.3 million, showed a decrease of 2.2% compared to 2019 (EUR 736.5 million in the first nine months of 2019). The contraction is due to cost containment measures implemented to deal with the impact of the pandemic.

The **cost of raw materials** amounted to EUR 341.4 million (EUR 346.6 million in the first nine months of 2019), down due to the reduction in the unitary cost of raw materials.

Personnel costs amounted to EUR 139.2 million, down compared to EUR 141.2 million in the first nine months of 2019.

Other operating costs totalled EUR 239.7 million, compared to EUR 248.7 million in the same period in 2019.

EBITDA was EUR 178.1 million, down 2.1% on EUR 181.8 million in the first nine months of 2019. At constant exchange rates with the previous year, EBITDA would have reached EUR 178.4 million.

This amount includes non-recurring charges for EUR 5.6 million related to the disposal of some equipment in Turkey and the execution of a settlement agreement. Excluding non-recurring charges, EBITDA would have increased by 1% compared to 2019.

The EBITDA margin was 19.9% substantially in line with the 20.0% in the first nine months of 2019.

EBIT, taking into account amortisation, depreciation, impairment losses and provisions for EUR 80.4 million (EUR 78.4 million in the first nine months of 2019), amounted to EUR 97.7 million, down 5.6% compared to EUR 103.4 million in the first nine months of the previous year. Amortisation, depreciation, write-downs and provisions include EUR 0.4 million for impairment of fixed assets and EUR 0.6 million for provisions for risks. There are no inventory impairment losses or provisions for risks as a consequence of the Covid-19 pandemic.

At constant exchange rates with the previous year, EBIT would have reached EUR 96.3 million.

The **share of net profits of equity-accounted investees** was positive for EUR 0.3 million, unchanged from the first nine months of 2019.

Net financial expense was EUR 16.7 million (expense of EUR 20.1 million in the first nine months of 2019). The result includes the net negative impact of exchange rate changes of EUR 6.0 million compared to the negative change of EUR 3.4 million recorded last year and the impact of the measurement of some hedging derivatives.

Profit before taxes was EUR 81.2 million, a decline of 2.9% on EUR 83.7 million in the first nine months of 2019.

Industrial investments in the first nine months of 2020 amounted to EUR 39.0 million (EUR 42.6 million in the first nine months of 2019).

Investments accounted in accordance with the accounting standard IFRS16, in the first nine months of 2020, amounted to EUR 23.7 million (EUR 19.6 million in the first nine months of 2019).

GROUP PERFORMANCE IN THE THIRD QUARTER OF 2020

Profit (loss) for the period

(EUR '000)	3rd Quarter 2020	3rd Quarter 2019	Change %
REVENUE FROM SALES AND SERVICES	**326,409**	**314,187**	**3.9%**
Change in inventories	(3,694)	(4,406)	-16.1%
Increase for internal work and other income	3,205	4,434	-27.7%
TOTAL OPERATING REVENUE	**325,920**	**314,215**	**3.7%**
Raw materials costs	(123,911)	(115,109)	7.6%
Personnel costs	(43,979)	(44,748)	-1.7%
Other operating costs	(77,698)	(82,578)	-5.9%
TOTAL OPERATING COSTS	**(245,588)**	**(242,435)**	**1.3%**
EBITDA	**80,332**	**71,780**	**11.9%**
EBITDA Margin %	*24.61%*	*22.85%*	
Amortisation, depreciation, impairment losses and provisions	(25,844)	(25,790)	-0.2%
EBIT	**54,488**	**45,990**	**18.5%**
EBIT Margin %	*16.69%*	*14.64%*	
Share of net profits of equity-accounted investees	384	250	53.7%
Net financial income (expense)	(5,636)	(4,516)	-24.8%
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY ACCOUNTED INVESTEES	**(5,252)**	**(4,266)**	**-23.1%**
PROFIT (LOSS) BEFORE TAXES OF THE PERIOD	**49,236**	**41,724**	**18.0%**

Sales volumes

('000)	3rd Quarter 2020	3rd Quarter 2019	Change %
Grey, white cement and clinker (metric tonnes)	3,106	2,601	19.4%
Ready-mixed concrete (m^3)	1,209	1,063	13.7%
Aggregates (metric tonnes)	2,395	2,373	0.9%

In the third quarter of 2020, **sales volumes** of cement and clinker, equal to 3.1 million tonnes, were up 19.4%. The increase is mainly attributable to the performance in Turkey (+24.2%), a marked recovery compared to the same period of 2019.

Sales volumes of the ready-mixed concrete, equal to 1.2 million cubic metres, were up by 13.7% thanks to the positive trend in Turkey partly offset by the performance in the Nordic & Baltic region. In the aggregates sector, sales volumes amounted to 2.4 million tonnes, in line with the same period last year.

Revenue from sales was EUR 326.4 million, up 3.9% compared to EUR 314.2 million in the third quarter of 2019. The trend was positive in the various geographical areas with marked growth in Turkey (+24.4%) and Denmark.

Operating costs amounted to EUR 245.6 million (EUR 242.4 million in the third quarter of 2019), up 1.3%.

EBITDA reached EUR 80.3 million, up 11.9% on the third quarter of 2019 (EUR 71.8 million).

EBIT amounted to EUR 54.5 million (EUR 46.0 million in the third quarter of 2019).

The **share of net profits of equity-accounted investees** was EUR 0.4 million (EUR 0.3 million in the same period of 2019).

Net financial expense was EUR 5.6 million (expense of EUR 4.5 million in the third quarter of 2019).

Profit before taxes came to EUR 49.2 million, up on the third quarter of 2019 (EUR 41.7 million).

In the third quarter of 2020 **industrial investments** amounted to EUR 12.6 million (EUR 12.1 million in the third quarter of 2019).

Investments accounted in accordance with the accounting standard IFRS16, in the third quarter of 2020, amounted to EUR 8.0 million (EUR 12.1 million in the third quarter of 2019).

Financial highlights

(EUR '000)	30-09-2020	31-12-2019	30-09-2019
Net capital employed	1,372,147	1,421,196	1,554,502*
Total equity	1,153,620	1,181,567	1,208,181*
Net financial debt[1]	218,527	239,629	346,321

* Equity at 30 September 2019 and does not include the calculation of the taxes on earnings for the period.

Net financial debt as at 30 September 2020 was EUR 218.5 million, a decrease of EUR 127.8 million compared to EUR 346.3 million as at 30 September 2019. The debt position due to accounting standard IFRS 16 was equal to EUR 85.2 million compared to EUR 83.1 million at 30 September 2019. Net of this impact, cash flow from ordinary activities was positive at EUR 129.9 million.

The change in relation to the net financial debt at 31 December 2019 is equal to EUR 21.1 million.

Total equity as at 30 September 2020 amounted to EUR 1,153.6 million (EUR 1,181.6 million as at 31 December 2019).

[1] Net financial debt has been calculated in accordance with Consob Communication DEM/6064293 of 28 July 2006

Financial indicators

The following table provides the most significant indicators for a brief assessment of Cementir Holding Group performance and financial position. Return on Capital Employed allows a quick understanding of how operational performance of the Group has an impact of the overall profitability. The Other Financial Indicators highlight the ability of the company to meet its financial obligations.

Economic indicators	30-09-2020	2019	30-09-2019	Composition
Return on Capital Employed	10.64%	10.68%	9.67%	EBIT / (Equity + Net Financial Debt)

Capital ratios	30-09-2020	2019	30-09-2019	Composition
Equity Ratio	52.1%	51.8%	52.7%	Adjusted Equity/Total Assets
Net Gearing Ratio	19.0%	20.4%	28.8%	Net financial debt/ Adjusted Equity
Liquidity Ratio	1.51	1.35	1.34	Cash + Receivables / Current Liabilities
Cash Flow	0.24	0.46	0.18	Operating Cash Flow / Total Financial Debt
Finance Needs	218.5	239.6	346.3	Net financial debt

The capital ratios confirm the positive performance compared to September 2019 in terms of cash flow generation, debt reduction and financial strength.

PERFORMANCE BY GEOGRAPHICAL SEGMENT

Nordic and Baltic

(EUR '000)	Jan-Sept 2020	Jan-Sept 2019	Change %
Revenue	418,087	425,622	(1.8%)
Denmark	*289,506*	*279,118*	*3.7%*
Norway / Sweden	*126,884*	*146,737*	*(13.5%)*
Others (1)	*44,588*	*44,693*	*(0.2%)*
Eliminations	*(42,981)*	*(44,926)*	
EBITDA	110,336	97,258	13.4%
Denmark	*97,054*	*80,187*	*21.0%*
Norway / Sweden	*11,409*	*14,830*	*(23.1%)*
Others (1)	*1,873*	*2,241*	*(16.4%)*
EBITDA Margin %	26.4%	22.9%	

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

Denmark

Sales revenues in the first nine months of 2020 reached EUR 289.5 million, an increase of 3.7% compared to EUR 279.1 million in the first nine months of 2019, mainly due to the increase in domestic cement sales (around 6%) while ready-mixed concrete was slightly up on 2019.

There was an increase in activity in the country in almost all market segments, with the exception of the prefabricated sector. Thanks also to some significant infrastructure projects and favourable weather conditions in the first part of the year, the negative effects of the Covid-19 virus were contained and limited to the ready-mixed concrete sector, although some risk of activity contraction remains for the fourth quarter of 2020.

Export volumes of white cement, on the other hand, saw a limited fall of around 2% compared to 2019, due to different shipment timing to the United States and lower volumes to the United Kingdom offset by higher deliveries to Poland, Germany and Finland. Exports of grey cement were down 8% due to lower deliveries to Norway and Iceland, again here due to Covid-19 as well as the contraction in construction in Norway.

Volumes of ready-mixed concrete in Denmark saw a moderate increase compared to the same period in 2019, with differing trends in various regions of the country, despite limits on activity in the east of the country and in metropolitan areas due to the pandemic effects.

EBITDA in the first nine months of 2020 reached to EUR 97.1 million (EUR 80.2 million in the first nine months of 2019), an increase of EUR 16.9 million. The increase is largely attributable to the cement business (over EUR 16 million), the result of which benefited from the positive impact of volumes, lower fuel and electricity costs, production efficiencies, positive maintenance timing and the containment of personnel, general and administrative costs.

The improved result for ready-mixed concrete was determined to a limited extent by higher sales volumes and to a larger extent to higher prices, only partially offset by higher variable costs for the purchase of raw materials.

Norway and Sweden

In **Norway**, ready mixed concrete sales volumes fell by around 15% compared to the same period of the previous year. The country recorded a contraction in activities, both in the public and private sectors, linked to the trend in oil prices, as well as the effects of Covid-19, which led to a heavy reduction in volumes in the period from April to July, also causing the temporary closure of some plants. In the last two months there has been a recovery and the reduction in volumes has been more contained. There has also been a delay in the progress of some important infrastructure projects. This economic climate has also led to strong market competition.

It is important to underline that the Norwegian krone lost around 10% against the Euro compared to the average exchange rate for the first nine months of 2019.

In **Sweden**, volumes of ready-mixed concrete and aggregates are both increasing compared to the previous year (+5%). In the first nine months of 2020, the sector benefited from favorable weather conditions and robust construction market trends as some projects started earlier than expected. The drop in the residential sector recorded in 2019 has now seen a return, although some element of risk remains for the final part of the year, especially in the residential and commercial sectors, while the infrastructure segment should remain stable.

The Swedish krona overall remained constant compared to the same period in 2019.

In the first nine months of 2020, total sales revenue in Norway and Sweden reached EUR 126.9 million (EUR 146.7 million in 2019), while EBITDA decreased to EUR 11.4 million (EUR 14.8 million in the same period of 2019). The reduction is mainly attributable to Norway, due to lower sales volumes, higher raw material and cement costs, also due to the impairment loss of the currency, only partially offset by higher sales prices and savings on fixed costs following substantial optimisation plans to cope with the crisis. The result in Sweden instead recorded a modest increase compared to the same period in 2019 on both markets, mainly due to the higher volumes sold.

Belgium

(EUR '000)	Jan-Sept 2020	Jan-Sept 2019	Change %
Revenue	187,051	198,389	(5.7%)
EBITDA	41,350	48,596	(14.9%)
EBITDA Margin %	22.1%	24.5%	

In the first nine months of 2020, CCB's grey cement sales volumes fell by 5% compared to 2019. Volumes in the local market recorded only a modest contraction, while a more substantial fall was observed in the French market (around 4%) and the Dutch market (around 15%) where some negative effects on the cement market as a result of new local regulations on some chemical components should also be highlighted. This trend is essentially explained by the negative performance, equal to almost 30%, in the months of March, April and May caused by Covid-19 for all areas in this geographic segment. Sales returned, increasing in performance in the following months of June, August and September with increases between 7% and 10% compared to the same months of the previous year.

Ready-mixed concrete sales volumes fell by around 13% in Belgium and France in the first nine months of 2020, following Covid-19 and the postponement of some important projects in France. Ready-mixed concrete sales also rose in the months from June to September (on average +2.5% compared to 2019). In September the company acquired a new ready-mixed concrete plant in Northern France (Noyelles Les Seclins).

Sales volumes of aggregates dropped by 10% compared to the same months in 2019, falling following the contraction that occurred in both France and Belgium in the first months of the year due to Covid-19. The situation stabilised in the following months (in particular in June and September, when volumes grew by 6% and 3% respectively) compared to the same months in 2019.

Overall, in the first nine months of 2020 CCB group revenues were EUR 187 million (EUR 198.4 million in the same period in 2019) and the EBITDA was EUR 41.4 million (EUR 48.6 million in 2019).

The most significant fall was recorded in the cement sector (about EUR 4 million) where EBITDA was mainly affected by the drop in volumes, only partially offset by the positive effect of higher sales prices. On the variable cost side, higher costs for electricity but lower costs for raw materials are highlighted. In fixed costs, there were higher costs for production personnel due to inflationary dynamics.

In the ready-mixed concrete sector, the reduction was mostly in Belgium due to lower sales volumes and higher variable costs of raw materials only partially offset by savings on fixed and personnel costs following cost containment plans implemented following the Covid-19 crisis.

In the aggregates sector, the reduction was due to lower sales volumes only partially offset by higher selling prices and savings on fixed costs.

North America

(EUR '000)	Jan-Sept 2020	Jan-Sept 2019	Change %
Revenue	115,049	116,617	(1.3%)
EBITDA	15,762	17,398	(9.4%)
EBITDA Margin %	13.7%	14.9%	

White cement sales volumes were in line with 2019 (-1%); the most significant contraction was noted in April and May, mainly following the spread of Covid-19, which led to the delayed launch of some important projects in Florida and the postponement of others to 2021; in addition to this, strong local competition, occasional severe weather events (hurricanes and tropical storms) that periodically affected activities and the delayed departure of a supply to an important customer should be noted. In the following months there was a strong rebound in volumes, especially in the residential sector.

Volumes are down compared to last year in the areas of Waco (Texas), York (Pennsylvania) and Tampa (Florida) but higher than in 2019 in the Riverside (California) area, in particular in the surface coatings, walls and swimming pools segments.

Lower overall volumes resulted in slightly lower revenues compared to the corresponding nine months of the previous year, equal to EUR 104.7 million (EUR 106.8 million in 2019) and an EBITDA of EUR 14.8 million (EUR 18.6 million in 2019) also due to lower sales prices due to competition; variable costs include higher distribution costs as a result of rising costs and operational problems at some terminals, offset by savings in raw materials and fuels; savings are also noted in fixed costs, in particular for maintenance costs and general and administrative expenses.

The other US subsidiaries, which produce concrete products and operate the terminal in Tampa (Florida), saw an EBITDA of EUR 0.9 million, up in comparison to the previous year.

Total revenues from sales in United States reached EUR 115 million (EUR 116.6 million in the first nine months of 2019), with an EBITDA of EUR 15.8 million (EUR 17.4 million in 2019). In local currency the region margin was USD 17.8 million compared to USD 19.5 million in 2019.

Turkey

(EUR '000)	Jan-Sept 2020	Jan-Sept 2019	Change %
Revenue	100,354	89,000	12.8%
EBITDA	(5,360)	(7,994)	33.0%
EBITDA Margin %	-5.3%	-9.0%	

Revenue reached EUR 100.4 million, an increase of 13% compared to the first nine months of 2019 (EUR 89 million), despite the devaluation of the Turkish lira against the euro (-20% compared with the average exchange rate in the first nine months of 2019).

The increased demand led to a 50% increase in cement revenue and to a 44% increase in overall cement and clinker sales volumes. Sales volumes in the domestic market grew by 27% thanks in part to the launch of numerous projects in the Elazığ area, hit by the earthquake on 24 January. The areas of Trakya and Kars also benefited from a sharp increase in sales volumes, in part due to the launch of new infrastructure projects (high-speed railway lines for Trakya) and residential projects stimulated by the disbursement of subsidised rate loans. In other regions, such as Izmir, daily activities slowed more due to the Covid-19 epidemic; the restrictions were lifted in June but full recovery required further time to allow building permits to be formalised. Exports of cement and clinker more than doubled compared to the same period of 2019 (+425 thousand tonnes) thanks to opportunities in new markets in Africa, Eastern Europe and the Middle East.

Ready-mixed concrete volumes also increased by 34% compared to 2019. The increase in sales volume is attributable to the launch of some large-scale projects in the Aegean and Marmara regions, also thanks to subsidised finance projects, as well as the opening of new plants by the company.

In the waste management sector, the subsidiary Sureko, active in the processing of industrial waste, recorded 15% lower revenues in local currency compared to 2019, due to the fall in volumes of waste disposed in landfills and trade in materials, as well as due to strong competition and Covid-19; the volumes of waste collected for the production and sale of fuels derived from waste (RDF) remained substantially stable compared to the previous year.

In June, the Hereko division's fixed equipment was sold. This sale generated a one-off negative impact on EBITDA of EUR 3.1 million.

The British subsidiary Quercia recorded revenues down 9% in local currency due to the fall in volumes of waste disposed in landfills and lower volumes of material transferred to the plants for the production and sale of fuels derived from waste (SRF), also following unexpected technical problems in the plant, as well as due to the lockdown in the Manchester area; instead, the landfill tonnages suffered from three intense storms in Britain.

Overall EBITDA was negative for EUR 5.4 million improving in comparison to the previous year (negative for EUR 8 million in the first nine months of 2019).

In relation to the cement and ready-mixed concrete divisions, EBITDA showed a strong improvement compared to the previous year (loss of EUR 2.9 million compared to a loss of EUR 8 million in 2019), essentially thanks to higher sales volumes, higher sales prices and lower distribution costs in ready-mixed concrete partially offset by higher variable electricity costs, higher maintenance fixed costs and higher personnel costs in local currency also linked to bonuses.

Egypt

(EUR '000)	Jan-Sept 2020	Jan-Sept 2019	Change %
Revenue	31,279	27,069	15.6%
EBITDA	6,814	4,858	40.3%
EBITDA Margin %	21.8%	17.9%	

Revenues from sales amounted to EUR 31.3 million (EUR 27.1 million in the first nine months of 2019).

Sales volumes of white cement and clinker on the local market decreased 2.5% compared to 2019. Lockdown measures implemented by the Government to limit the spread of Covid-19 resulted in logistical limitations and a reduction in volumes of over 40% on the domestic market in the months of April and May, which was compounded by greater competitive pressure from international operators. The significant recovery, in particular from June to August, offset the lower activity of the previous months.

Overall sales benefited from higher export volumes, growing by around 11%.

EBITDA rose to EUR 6.8 million (EUR 4.9 million in the same months of 2019), thanks to higher overall sales volumes and lower fuel purchasing costs, compared to higher fixed costs mainly related to advancemaintenance compared to 2019. EBITDA also benefited from the revaluation of the Egyptian pound against the euro by around 7.5%.

Asia Pacific

(EUR '000)	Jan-Sept 2020	Jan-Sept 2019	Change %
Revenue	64,959	69,992	(7.2%)
China	*38,415*	*38,639*	*(0.6%)*
Malaysia	*26,755*	*31,354*	*(14.7%)*
Eliminations	*(211)*	-	
EBITDA	15,632	15,173	3.0%
China	*11,598*	*9,992*	*16.1%*
Malaysia	*4,034*	*5,181*	*(22.1%)*
EBITDA Margin %	24.1%	21.7%	

China

Revenues from sales reached EUR 38.4 million, in line with the first nine months of 2019, despite the significant reduction in activities in the first few months of the year due to Covid-19, rains and subsequent flooding that closed the port of Anqing for several days, as well as the always strong local competition.

In the first nine months of 2020, the company suffered a cement and white clinker sales volumes decrease of around 5.5%. Activities were halted between 24 January and 21 February, and plant production restarted on 27 March. Since March, in part due to measures taken by the Chinese central government and local administrations (increase in investment in infrastructure, reduction of rents and interest rates, deferral of tax and contribution payments), there has been a significant recovery in sales, which have been higher than last year since May.

EBITDA rose to EUR 11.6 million (EUR 10.0 million in the same period of 2019), mainly thanks to higher selling prices, lower variable costs for fuel and lower fixed maintenance costs and overheads following the plans to deal with the virus crisis. These positive effects were only partially offset by lower sales volumes and higher raw materials costs.

Malaysia

Sales revenue reached to EUR 26.8 million (EUR 31.4 million in 2019 corresponding quarter). Domestic white cement volumes declined by around 31% due to a negative trend starting in March, due to restrictions imposed by the Malaysian Government on sales and production, effective from 17 March to curb the spread of the Covid-19; despite the easing of the aforementioned restrictions, the local market is struggling to recover; the largest customers in the construction sector have resumed activities but costs related to health and safety measures, workforce shortages and delays in collections from daily management have slowed down a full recovery.

Total exports also fell by around 15% compared to 2019, due to lower clinker sales to Australia (-33 thousand tonnes), linked to timing issues with deliveries compared to the first nine months of 2019. Cement exports, on the other hand, increased by about 5% compared to the previous year, mainly due to the positive contribution of Cambodia; the growing trend of cement exports is highlighted, despite several export destination countries (Australia, Philippines, Vietnam, Korea, Thailand, Japan) implementing shut downs on activities at national level during this period to combat the spread of the virus throughout the world, as well as extraordinary weather events that sometimes impacted on activities.

At EUR 4 million, EBITDA declined compared to the first three months of 2019 (EUR 5.2 million). The main negative factor is the significant fall in sales volumes, both on the local market and exports and, secondly, higher general and personnel costs, partially offset by lower fuel costs and higher sales prices on the domestic market and exports due to inflationary dynamics.

INVESTMENTS

From January to September 2020, the Group made total investments of approximately EUR 62.6 million, of which approximately EUR 23.9 million attributable to the application of the accounting standard IFRS 16. The breakdown by asset class shows that EUR 60.1 million was invested in property, plant and equipment, while EUR 2.5 million was invested in intangible assets.

SIGNIFICANT EVENTS DURING THE FIRST NINE MONTHS

The first nine months of 2020 ended with EBITDA of EUR 178.1 million (EUR 181.8 million in the first nine months of 2019); the result was influenced by the spread of the Covid-19 pandemic in the first half of the year. In the following period, activity seems to have returned to levels similar to those of last year, with some exceptions as described in the previous paragraphs.

Cash flow generated by operating activities, control of working capital and investments made it possible to close the half year with a net financial debt of EUR 218.5 million, which includes the negative impact deriving from the application of the IFRS 16 accounting standard for EUR 85.2 million. Net financial debt showed a contraction of EUR 127.8 million compared to 30 September 2019.

During May, dividends of EUR 22.2 million were paid as per the resolution of the Shareholders' Meeting when the 2019 financial statements were approved.

It should be noted that on 2 July, the extraordinary shareholders' meeting authorised the Board of Directors to carry out a treasury share purchase programme with a duration of 18 months and a maximum investment of EUR 60 million.

As of 30 October, the purchase of treasury shares concerned a total of 96,086 shares (0.0604% of the share capital) for an equivalent value of EUR 545 thousand.

OTHER INFORMATION

Alternative performance indicators

In addition to conventional financial indicators under IFRS, the Cementir Holding group also uses a number of alternative performance indicators to enable better assessment of earnings and financial performance. In line with what is established in the ESMA/2015/1415 guidelines, here below please find the meaning and contents of those indicators.

- EBITDA: is an indicator of operating performance calculated by adding together “EBIT” and “Amortisation, depreciation, impairment losses and provisions”;
- Net financial debt: an indicator of financial structure calculated according to Consob Communication 6064293/2006, as the sum of the items:
    - Current financial assets
    - Cash and cash equivalents
    - Current and non-current financial liabilities
- Net capital invested: is calculated by the overall amount of non-financial assets, net of non-financial liabilities.

Litigation

The Company is responsible for leading the defence in proceedings, of which it is not a party in accordance with the terms and conditions set out in a settlement agreement with Italcementi S.p.A., relating to the sale of the shares of Cementir Italia S.p.A. (today Cemitaly S.p.A.), Cementir Sacci S.p.A. (today Italsacci S.p.A.) and Betontir S.p.A., finalised on 2 January 2018.

The main proceedings, relating to events in which the Company may be abstractly subject to compensation obligations based on the aforementioned settlement agreement, in relation to events prior to the transfer, are noted below.

Antitrust proceedings

On 7 August 2017, upon completion of an investigation, the Italian Competition Authority ("Authority”) found there to have been an agreement aimed at coordinating cement selling prices across the entire country and imposed an administrative fine on the producers involved, including Cemitaly. The Company paid Cemitaly the sum of EUR 5,118,076 as compensation, to extinguish the fine and the interest accrued.

Proceedings in relation to the Cemitaly plant in Taranto

On 28 September 2017, Cemitaly was notified of criminal proceedings brought against it, Ilva S.p.A. and Enel Produzione S.p.A. in relation to administrative offences under Articles 5, 6 and 25 undecies paragraph 2 letter F) of Legislative Decree 231/2001. According to investigator allegations, (i) Cemitaly was aware of the fact that the fly ash it bought from Enel Produzione did not comply with applicable legislation, as traces of substances not derived solely from burning coal were found; (ii) the blast-furnace slag supplied by Ilva to Cemitaly should be qualified and treated as waste, due to its alleged "mechanical" impurities (presence of ferrous metals, crushed stone, debris, etc.), such as to require treatments such as sieving and deferrization, both of which, according to the investigator, are outside "normal industrial practice". At the outcome of the hearing of 15 April 2019, the Public Prosecutor requested that the company and natural persons appeared before the court, limited to answering the charges relating to the fly ash purchased from Enel Produzione. The dispute relating to the slag is awaiting the request for dismissal. The preliminary hearing is set for November 20.

Other legal disputes

An administrative dispute is pending before the Court of Appeal of Turkey, brought by the Turkish company Cimentas AS, indirect subsidiary of Cementir Holding. The dispute relates to the order issued by the Turkish stock exchange's regulatory and supervisory body (Capital Market Board – CMB), requiring Cimentas AS to demand back from the concerned Cementir Group companies around 100 million Turkish lira (now equal to around EUR 13 million) by way of hidden profit distribution, allegedly generated by an intragroup company sale in 2009. On 29 January 2017, CMB served a summons to Cementir Holding to appear before the Court of Izmir, requesting that the company be ordered to pay to Cimentas AS an amount provisionally set at approximately 1 million Turkish lira. The Company duly appeared in court, arguing the total lack of foundation of the plaintiff's argument and requested that the civil proceedings be suspended until the administrative proceeding is finally settled. With a ruling of 1 July 2020, the Court of Appeal in Turkey declared lack of jurisdiction in relation to the case in question. We are awaiting CMB's decisions regarding its possible appeal against the measure before the Supreme Court.

Non-Financial Statement

In 2019, the Group Sustainability Committee was established which assists the Board of Directors in defining the sustainability strategy, proposes the main objectives and areas of intervention to be laid down in the Business Plan and provides indications and recommendations on policies, guidelines and related KPIs for sustainability objectives.

The Group Sustainability Committee is led by the Chairman of Aalborg Portland Holding and is made up of: Group Chairman and CEO, Chief Operating Officer, Group General Counsel, Group Chief Audit Officer, Chief Technical Officer, Chief Investor Relations, Head of the Nordic & Baltic area and Chairman of the subsidiary Compagnie des Ciments Belges.

In 2019, the Group defined a series of sustainability targets, including:

- a 30% reduction in CO_2 emissions per tonne of cement by 2030;
- an increase in the use of alternative fuels for the production of grey cement, up to 77% of the total by 2030;

- the obligation for all plants to operate with certified environmental management systems (ISO 14001), energy management (ISO 50001) and health and safety management (ISO 45001). In relation to Health and Safety matters, the Group is committed to constantly reducing the number and severity of accidents with a "zero accidents" target in all plants. With this in mind, by 2030 all the Group's plants will have a certified health and safety management system (ISO 45001);

To support the achievement of the aforementioned objectives, the 2020-2022 Business Plan provides for investments in sustainability for a total of EUR 100 million split between various projects. These include: the construction of 8 MW wind turbines to supply the Aalborg plant; heat recovery works in plants in Denmark and Turkey; district heating in Denmark which will allow expanded heat supply from the current 36 thousand to over 50 thousand households; investments in the furnace in Belgium that will increase the use of alternative fuels from the current 40% to 80%.

Implementation plans have been defined at individual plant level for all the aforementioned targets and intermediate annual targets have been included in the Top Management incentive system used by the Group.

Furthermore, the Group is directly involved in one of the most ambitious public CO_2 reduction projects ever promoted by a national government through the subsidiary Aalborg Portland. In the autumn of 2019, the Danish government declared its intentions to reduce, by 2030, the country's CO_2 emissions by 70% compared to 1990. In December 2019, the Danish prime minister appointed the Managing Director of Aalborg Portland as chairman of the "climate partnership for the Danish energy heavy industry", one of the 13 working groups set up by the Government to plan the necessary actions that Denmark will have to take to achieve the aforementioned target. The climate partnership led by Aalborg Portland, will be tasked with proposing actions for the industrial sector to improve energy consumption.

For more details, please see the specific document in the Non-Financial Statement.

This document is available to the public on the Company's website www.cementirholding.com, together with the 2019 Annual Report, of which this Directors' report forms an integral part.

Related-party transactions

With regard to related-party transactions, as defined by IAS 24, the Group did not conduct any atypical and/or unusual transactions. All business and financial dealings with related parties were conducted on terms equivalent to those that prevail in arm's length transactions.

The Group did not conduct any significant or material transactions concerning related-party transactions. Note 34 to the consolidated financial statements provide an analysis of transactions with related parties.

Treasury Shares

At 30 September 2020, the parent and its subsidiaries did not hold, either directly or indirectly, shares or quotas of the ultimate parent. They did not purchase or sell such shares during the year.

It should be noted that on 2 July, the extraordinary shareholders' meeting authorised the Board of Directors to carry out a treasury share purchase programme with a duration of 18 months and a maximum investment of EUR 60 million.

As of 30 October, the purchase of treasury shares concerned a total of 96,086 shares (0.0604% of the share capital) for an equivalent value of EUR 545 thousand.

Management and coordination

Cementir Holding NV sets its general and operational strategies independently. In particular, the Board of Directors of Cementir Holding NV has sole responsibility for reviewing and approving strategic, commercial and financial plans, and for overseeing the adequacy of organisational, administrative and accounting structures.

Protection of personal data

The Parent Company guarantees the protection of personal data in accordance with current laws.

During 2017, the Parent Company launched a Holding Group-wide project for compliance with the "General Data Protection Regulation" which came into force on 25 May 2018. As a result, the Company has adopted internal regulations and the relevant operational tools needed to ensure regulatory compliance at the date of entry into force of the EU regulation. In order to ensure full compliance with the legislation and review the system created also in light of Legislative Decree 101 of 10 August 2018, which came into force on 19 September 2018, Cementir Holding launched another project, now complete, to update and refine its privacy policy.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FIRST NINE MONTHS

On 12 October the Company granted a mandate to Banca Finnat Euramerica S.p.A. to execute the buy-back program of treasury shares.

As of 30 October, the purchase of treasury shares concerned a total of 96,086 shares (0.0604% of the share capital) for an equivalent value of EUR 545 thousand.

BUSINESS OUTLOOK

Although our fourth quarter 2020 performance could be impacted by Covid-19 pandemic, in light of the positive third quarter performance, we are confident to reach full year guidance of consolidated revenues of approximately EUR 1.2 billion and an EBITDA of between EUR 230 and 240 million. For the same reasons, net financial debt is expected to reach around EUR 160 million at the end of 2020 (previous guidance of EUR 180 million), including capex of around EUR 60 million. No substantial changes in the workforce are expected.

Rome, 09 November 2020

Chairman of the Board of Directors

signed: Francesco Caltagirone Jr.