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CALTAGIRONE GROUP

Cementir Holding: Board of Directors approves half-year 2015 consolidated results

- **Revenue: EUR 475.7 million (EUR 472.8 million in the first half 2014)**
- **EBITDA: EUR 73.1 million (EUR 78.4 million in the first half 2014)**
- **Strong improvement in net financial income to EUR 5.3 million (negative EUR 7.6 million in the first half 2014)**
- **Group net profit: EUR 23.9 million (EUR 20.5 million in the first half 2014)**
- **Net financial debt: EUR 312.0 million, an improvement on the EUR 326.3 million recorded at 31 March 2015**
- **Performance and financial targets for 2015 are confirmed**

Rome, 30 July 2015 – The Board of Directors of Cementir Holding SpA, chaired by Francesco Caltagirone Jr., has examined and approved the consolidated results for the first half of 2015.

Financial highlights

(millions of euros)	1st Half 2015	1st Half 2014	Change %	2nd Quarter 2015	2nd Quarter 2014	Change %
Revenue from sales and services	475.7	472.8	0.6%	271.0	266.2	1.8%
EBITDA	73.1	78.4	-6.7%	48.9	53.8	-9.0%
EBIT	31.0	37.6	-17.7%	27.9	33.1	-15.8%
Net financial income (expense)	5.3	(6.2)	184.9%	4.5	0.1	na
Profit (loss) before taxes	36.2	31.4	15.3%	32.4	33.2	-2.5%
Group net profit	23.9	20.5	16.2%			

Net financial debt

(millions of euros)	30-06-2015	31-03-2015	31-12-2014
Net financial debt	312.0	326.3	278.3

Sales volumes

('000)	1st Half 2015	1st Half 2014	Change %	2nd Quarter 2015	2nd Quarter 2014	Change %
Grey and white cement (metric tons)	4,532	4,907	-7.6%	2,680	2,807	-4.5%
Ready-mixed concrete (m^3)	1,783	1,797	-0.8%	981	935	4.9%
Aggregates (metric tons)	1,843	1,657	11.2%	1,053	969	8.7%

Group employees

	30-06-2015	31-03-2015	31-12-2014
Number of employees	3,070	3,038	3,053

In the first half of 2015 Cementir Holding achieved a Group net profit of EUR 23.9 million, up by more than 16% on the first half of 2014. The stable contribution of Scandinavian operations, the improvements in Italy and the strong net financial income performance were able to offset lower earnings in Turkey, Egypt and Malaysia.

Revenue from sales and services rose by 0.6% compared to the first half of 2014, driven by the good performance of Scandinavian operations, which offset the difficulties encountered in Turkey and Egypt and the substantial stability of revenues in the Far East and Italy. The appreciation of the major foreign currencies against the Euro also had a positive impact on revenue; at constant exchange rates, revenue would have amounted to EUR 464.4 million, a decrease of 1.8% on the previous year.

The **Scandinavian countries** posted growth in revenues of EUR 8.6 million (+3.7%) over the first half of 2014, driven by stronger revenues in Denmark and Sweden, which fully compensated for the weak performance of the Norwegian market. Specifically, Denmark recorded growth in the sales volumes of both cement (+4.8%) and ready-mixed concrete (+11.7%), thanks to the progress of public infrastructure projects, facilitated by mild winter temperatures, and the recovery of the residential building sector. In Sweden, sales volumes of ready-mixed concrete and aggregates rose respectively by 16.2% and 14.7% over the first half of 2014, driven by the significant recovery in the building sector in the Malmö region, where subsidiary operations are mostly located. In Norway, in contrast, sales volumes of ready-mixed concrete fell by 14.2%, due to the completion of a number of major infrastructure works and the downturn in the residential building sector.

In **Turkey**, revenue in local currency dropped by 11.6% compared to the first half of 2014, with sales volumes of both cement and ready-mixed concrete falling by 19.3% and 5.3% respectively; the decline was driven by weak domestic demand, aggravated by unfavourable winter conditions and political uncertainty in the country. However, the negative impact of Turkish revenue on the consolidated financial statements was curtailed by 8.5% when translated in Euros, due to the appreciation of the Turkish Lira against the Euro (+3.5% over to the average exchange rate for the first half of 2014).

In **Egypt**, revenue in local currency fell by 4.1% compared to the same period of the previous year, due to ongoing domestic instability, which continues to undermine economic growth. However, when stated in Euros, Egyptian operations contributed a positive EUR 2.8 million towards the growth in revenue posted in the consolidated financial statements, thanks to the appreciation of the Egyptian Pound against the Euro (+13.2% over the average exchange rate for the first half of 2014).

In the **Far East**, Malaysian and Chinese operations recorded different performance. In Malaysia, revenue in local currency grew by 16.3% over the first half of 2014, thanks to higher export volumes of white cement and clinker, primarily sold to Australia. When translated into Euros in the consolidated financial statements, the increase was even larger thanks to the appreciation of the Malaysian Ringgit against the Euro (+9.3% over the average exchange rate for the first half of the previous year). In contrast, revenue in local currency in China fell by 8.5%, due to the slowdown in domestic demand, which drove sales volumes of cement down by 3.6%. However, Chinese operations contributed a positive EUR 2 million approximately to consolidated revenue when translated into Euros, thanks to the sharp appreciation of the Chinese Yuan against the Euro (+17.9% over the average exchange rate in the first half of 2014).

Finally in **Italy**, revenue from sales remained stable with respect to 30 June 2014, as growth in sales volumes of cement and ready-mixed concrete was offset by the drop in sales prices. Domestic demand, however, showed signs of recovery.

Operating costs, amounting to EUR 409.1 million, were up by a total of EUR 23.3 million on the first half of 2014. However, at constant exchange rates, operating costs would have amounted to EUR 399.4 million, up EUR 13.7 million on the previous year, with EUR 9.6 million attributable to the negative exchange rate effect of the appreciation of the major currencies against the Euro. In particular, at constant exchange rates the cost of raw materials came to EUR 199.0 million, up EUR 7.5 million on the EUR 191.5 million recorded at 30 June 2014, primarily due to higher fuel consumption in relation to higher production output and changes in the fuel mix used in cement plants in Egypt and Denmark.

Personnel costs at constant exchange rates amounted to EUR 76.2 million, up EUR 0.6 million over 2014, mainly due to the impact of inflation on employee remuneration in high-inflation countries.

Other operating costs at constant exchange rates totalled EUR 124.1 million, up by EUR 5.6 million over the first half of 2014; the increase was driven by higher fixed production costs and charges connected with due diligence activities, of approximately EUR 1.2 million.

EBITDA, at EUR 73.1 million, was down by 6.7% on the first half of 2014, as a result of lower earnings in Turkey, Egypt and the Far East, stable performance in Scandinavia and growth in Italy. The EBITDA margin came to 15.4%, showing a slight drop in profitability compared to the same period of 2014. At constant exchange rates with the first half of 2014, EBITDA would have come to EUR 71.2 million, down by EUR 7.1 million on 30 June 2014, representing an EBITDA margin of 15.3% at constant exchange rates. EBITDA does not include a total of approximately EUR 4 million in net financial income from hedging transactions, as reported in the section on net financial income, but was affected by the charges incurred for due diligence activities.

Net of amortisation, depreciation and provisions totalling EUR 42.2 million, **EBIT** amounted to EUR 30.9 million (EUR 37.6 million at 30 June 2014).

Net financial income totalled EUR 5.2 million, a sharp increase on the expense recorded at 30 June 2014 (expense of EUR 6.2 million). The positive figure was driven by the revaluation of financial instruments held to hedge commodity, exchange rate and interest rate risk, by foreign exchange gains thanks to the appreciation of the major currencies against the Euro, and by a falling cost of debt. Approximately EUR 4 million were connected with exchange rate hedging transactions related to the purchase of raw materials and the sale of goods.

Profit before taxes and **profit for the period** totalled EUR 36.2 million and EUR 26.5 million respectively, showing a sharp improvement on the figures at 30 June 2014 (EUR 31.4 million and EUR 23.8 million).

Group net profit amounted to EUR 23.8 million (EUR 20.5 million at 30 June 2014).

Investments in the first half of 2015 totalled EUR 27.2 million, including EUR 15.8 million by Aalborg Portland group, EUR 9.0 million by Cimentas group, EUR 1.7 million by Cementir Italia group and EUR 0.7 million by Cementir Holding SpA. The breakdown by business segment shows that EUR 20.8 million was invested in the cement business, EUR 3.5 million in the ready-mixed concrete business, EUR 2.2 million in the waste management business and EUR 0.7 million in the IT systems of the holding company.

Net financial debt at 30 June 2015 amounted to EUR 312.0 million, an increase of EUR 33.7 million compared to 31 December 2014. The higher debt figure was primarily attributable to movements in working capital, the annual maintenance of plants, usually performed in the initial months of the year, and the distribution of EUR 15.9 million in dividends, paid out in May, representing EUR 3.2 million more than in 2014. However, despite the dividend payout, net financial debt in the second quarter of 2015 improved by EUR 14.2 million.

Total equity at 30 June 2015 amounted to EUR 1,120.1 million (EUR 1,123.3 million at 31 December 2014).

Performance in the second quarter of 2015

In the second quarter of 2015 **revenue from sales and services** totalled EUR 271.0 million, an increase of 1.8% on the EUR 266.2 million figure recorded for the second quarter of 2014. At constant exchange rates, revenue would have amounted to EUR 266.4 million, showing substantially no change on the figure for the same period of the previous year.

Performance in the second quarter of 2015 essentially continued the trends seen in the first quarter in Scandinavia, Italy, Turkey and China. In Scandinavia, revenue rose by 4.7% over the second quarter of 2014, driven by the stronger performance of Denmark and Sweden, which offset the drop in revenue posted by Norway. Domestic demand in Italy continued to show signs of recovery, driving revenue up by 3.5% over the second quarter figure for 2014. Turkey in the second quarter of 2015 continued to be impacted by falling domestic demand, particularly in the Izmir region, connected with delays in the start of certain infrastructure works, resulting in a drop in revenue in local currency of 10.5% compared with the second quarter of 2014. In China, revenue in local currency dropped by 13.8% on the second quarter of 2014, as a result of the downturn in domestic demand which started in the first quarter of the year. In contrast, in Malaysia and Egypt second quarter performance showed a turnaround on the first quarter of the year, with Malaysia recording growth in sales volumes of white cement, thanks to a recovery in exports to Australia, which made up for lost sales in the first quarter and boosted revenue in local currency by over 30% compared to the second quarter of 2014. In Egypt, despite continuing political and domestic uncertainty, the second quarter of 2015 posted an improvement on the first, thanks to recovery in both domestic market and export market demand, which drove revenue in local currency up by 2.3% over the second quarter figure for 2014.

Operating costs, amounting to EUR 212.0 million, rose by EUR 12.1 million over the second quarter of 2014, driven primarily by the higher cost of raw materials and the revaluation of foreign currencies against the Euro. At constant exchange rates, operating costs would have amounted to EUR 209.1 million, an increase of 4.6% on the previous year (up EUR 9.2 million).

EBITDA and **EBIT** amounted to EUR 48.9 million and EUR 27.9 million respectively, posting a drop of 9.0% and 15.8% on the second quarter of 2014. The EBITDA margin came to 18.0% (20.2% in the second quarter of 2014), showing a temporary decrease in the profitability of operations. At constant exchange rates, EBITDA and EBIT would have come to EUR 48.3 million and EUR 27.6 million respectively, representing a drop of 10.2% and 16.5% on the figures at 30 June 2015.

Net financial income totalled EUR 4.5 million (EUR 128 thousand in the second quarter of 2014) and was positively affected by the revaluation in the second quarter of 2015 of financial instruments held to hedge the risk of a rise in the mid-to-long term interest rate curve.

Profit before taxes amounted to EUR 32.4 million, down by 2.5% compared to the second quarter of 2014.

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Significant events in the half year

The Group is investing in facilities in Egypt to enable the use of petroleum coke as the main fuel source commencing as of 2016, thereby overcoming current fuel supply shortages and delivering savings.

Significant events after the close of the half year

On 9 July 2015, as part of plans to restructure the Group's equity investments, Cementir Holding SpA transferred a 12.8% shareholding in the Turkish subsidiary Cimentas AS to the Danish Aalborg Portland A/S group, wholly owned by Cementir Holding SpA. As a result of the transfer, Aalborg Portland group holds 97.8% of Cimentas group.

Outlook

Further improvements in Italian operations are expected over the second half of the year, while Scandinavian operations are expected to continue their positive performance. In Turkey, Egypt and the Far East, no significant improvement in market demand is forecast, although operating performance is expected to improve compared to the first half of 2015 as a result of targeted actions by management to improve industrial efficiency.

The Group therefore confirms the performance and financial targets for 2015, which set EBITDA at a target of approximately EUR 190 million and net financial debt at a target of approximately EUR 230 million.

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At today's meeting, the Board also approved the activities of the Control and Risks Committee over the first half of 2015.

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Massimo Sala, as the Manager responsible for financial reporting, certifies, pursuant to Article 154-bis (2) of the Consolidated Law on Financial Intermediation, that the accounting information contained in this press release corresponds with that contained in company documents, books and accounting records.

Disclaimer

This press release contains forward-looking statements. These statements are based on current expectations and projections of the Group regarding future events and, by their very nature, are exposed to inherent risks and uncertainties. These statements relate to events and depend on circumstances that may or may not occur or exist in the future. Accordingly, readers should not place undue reliance on them. Actual results may differ materially from those stated due to multiple factors, including: the volatility and deterioration of capital and financial markets, changes in commodity prices, changes in macroeconomic conditions and economic growth and other changes in business conditions, changes in atmospheric conditions, floods, earthquakes or other natural disasters, changes in the regulatory and institutional framework (both in Italy and abroad), production difficulties, including constraints on the use of plants and supplies and many other risks and uncertainties, most of which are outside the Group's control.

Attached are the consolidated statement of financial position and the consolidated income statement. They are provided to offer investors additional information on the performance and financial position of the Group. The half-year financial report is currently being audited by the Board of Statutory Auditors and the independent auditor, in their respective capacities.

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Consolidated statement of financial position

(EUR '000)	30 June 2015	31 December 2014
ASSETS		
Intangible assets with a finite useful life	40,260	40.780
Intangible assets with an indefinite useful life	401,765	407,661
Property, plant and equipment	753,061	768,709
Investment property	105,881	110,307
Equity-accounted investments	21,852	20,342
Available-for-sale equity investments	210	213
Non-current financial assets	780	769
Deferred tax assets	72,510	69,792
Other non-current assets	8,312	8,061
TOTAL NON–CURRENT ASSETS	**1,404,631**	**1,426,634**
Inventories	149,514	145,724
Trade receivables	203,843	178,084
Current financial assets	5,800	5,729
Current tax assets	7,913	5,875
Other current assets	20,049	17,508
Cash and cash equivalents	94,232	93,856
TOTAL CURRENT ASSETS	**481,351**	**446,776**
TOTAL ASSETS	**1,885,982**	**1,873,410**
EQUITY AND LIABILITIES		
Share capital	159,120	159,120
Share premium reserve	35,710	35,710
Other reserves	819,044	776,606
Profit attributable to the owners of the parent	23,851	71,634
Equity attributable to the owners of the parent	**1,037,725**	**1,043,070**
Profit attributable to non-controlling interests	2,696	7,091
Reserves attributable to non-controlling interests	79,715	73,140
Equity attributable to non-controlling interests	**82,411**	**80,231**
TOTAL EQUITY	**1,120,136**	**1,123,301**
Employee benefits	17,601	17,891
Non-current provisions	18,592	18,821
Non-current financial liabilities	245,190	255,754
Deferred tax liabilities	81,293	83,368
Other non-current liabilities	8,745	8,895
TOTAL NON-CURRENT LIABILITIES	**371,421**	**384,729**
Current provisions	1,299	1,327
Trade payables	162,615	181,587
Current financial liabilities	166,887	122,162
Current tax liabilities	13,661	12,693
Other current liabilities	49,963	47,611
TOTAL CURRENT LIABILITIES	**394,425**	**365,380**
TOTAL LIABILITIES	**765,846**	**750,109**
TOTAL EQUITY AND LIABILITIES	**1,885,982**	**1,873,410**

Consolidated income statement

(EUR '000)	1st Half 2015	1st Half 2014
REVENUE	**475,687**	**472,834**
Change in inventories	(568)	(16,732)
Increase for internal work	3,760	3,279
Other operating revenue	3,339	4,744
TOTAL OPERATING REVENUE	**482,218**	**464,125**
Raw materials costs	(205,314)	(191,476)
Personnel costs	(77,631)	(75,699)
Other operating costs	(126,149)	(118,571)
TOTAL OPERATING COSTS	**(409,094)**	**(385,746)**
EBITDA	**73,124**	**78,379**
Amortisation and depreciation	(41,895)	(40,047)
Provisions	(126)	(279)
Impairment losses	(148)	(459)
Total amortisation, depreciation, impairment losses and provisions	(42,169)	(40,785)
EBIT	**30,955**	**37,594**
Share of net profits of equity-accounted investees	1,692	1,137
Financial income	7,431	3,556
Financial expense	(6,856)	(11,612)
Foreign exchange rate gains (losses)	2,984	737
Net financial expense	3,559	(7,319)
NET FINANCIAL EXPENSE AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES	**5,251**	**(6,182)**
PROFIT (LOSS) BEFORE TAXES	**36,206**	**31,412**
Income taxes	(9,659)	(7,590)
PROFIT FROM CONTINUING OPERATIONS	**26,547**	**23,822**
PROFIT (LOSS) FOR THE PERIOD	**26,547**	**23,822**
Attributable to:		
Non-controlling interests	2,696	3,296
Owners of the parent	**23,851**	**20,526**

(EUR)		
Basic earnings per share	**0.150**	**0.129**
Diluted earnings per share	**0.150**	**0.129**

Consolidated statement of cash flows

(EUR '000)	30 June 2015	30 June 2014
Profit for the year	**26,547**	**23,822**
Amortisation and depreciation	41,895	40,047
(Reversals of impairment losses) Impairment losses	148	459
Share of net profits of equity-accounted investees	(1,692)	(1,137)
Net financial expense	(3,559)	7,319
(Profits) Losses on disposals	(715)	(175)
Income taxes	9,659	7,590
Change in employee benefits	(417)	331
Change in provisions (current and non-current)	(366)	(1,476)
Operating cash flows before changes in working capital	**71,500**	**76,780**
(Increase) decrease in inventories	(3,790)	9,057
(Increase) decrease in trade receivables	(26,051)	(25,260)
Increase (decrease) in trade payables	(17,682)	(26,051)
Change in other non-current and current assets and liabilities	(1,719)	(8,481)
Change in current and deferred taxes	(349)	1,193
Operating cash flows	**21,909**	**27,238**
Dividends collected	1,551	1,021
Interest collected	960	1,863
Interest paid	(4,758)	(5,788)
Other net expense paid	(220)	(11)
Income taxes paid	(13,919)	(8,977)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**5,523**	**15,346**
Investments in intangible assets	(929)	(1,429)
Investments in property, plant and equipment	(27,074)	(27,783)
Investments in equity investments and other non-current securities	-	-
Proceeds from the sale of intangible assets	-	-
Proceeds from the sale of property, plant and equipment	1,235	726
Proceeds from the sale of equity investments and non-current securities	-	-
Change in non-current financial assets	(11)	30
Change in current financial assets	3,699	(324)
Other changes in investing activities	-	-
CASH FLOWS USED IN INVESTING ACTIVITIES (B)	**(23,080)**	**(28,780)**
Change in non-current financial liabilities	(10,564)	(18,813)
Change in current financial liabilities	48,813	33,734
Dividends distributed	(16,931)	(13,819)
Other changes in equity	(4,093)	333
CASH FLOWS FROM FINANCING ACTIVITIES (C)	**17,225**	**1,435**
NET EXCHANGE RATE GAINS (LOSSES) ON CASH AND CASH EQUIVALENTS (D)	**708**	**(398)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**376**	**(12,397)**
Opening cash and cash equivalents	**93,856**	**110,726**
Closing cash and cash equivalents	**94,232**	**98,329**