cementirholding
CALTAGIRONE GROUP

Cementir Holding: Board of Directors approves consolidated results for the first nine months of 2015

- **Revenue: EUR 719.7 million (EUR 714.7 million in the first nine months of 2014)**
- **EBITDA: EUR 125.3 million (EUR 127.7 million in the first nine months of 2014)**
- **Strong improvement in net financial income to EUR 0.6 million (expense of EUR 3.1 million in the first nine months of 2014)**
- **Profit before taxes: EUR 63.6 million (EUR 63.7 million in the first nine months of 2014)**
- **Net financial debt: EUR 291.1 million, an improvement on the EUR 312.0 million recorded at 30 June 2015**
- **Performance and financial targets for 2015 are confirmed**

Rome, 10 November 2015 – The Board of Directors of Cementir Holding SpA, chaired by Francesco Caltagirone Jr., has examined and approved the consolidated results for the first nine months and the third quarter of 2015.

Financial highlights

(millions of euros)	Jan-Sept 2015	Jan-Sept 2014	Change %	3rd Quarter 2015	3rd Quarter 2014	Change %
Revenue from sales and services	719.7	714.7	0.7%	244.0	241.8	0.9%
EBITDA	125.3	127.7	-1.9%	52.2	49.3	5.8%
EBIT	63.0	66.8	-5.7%	32.0	29.2	9.7%
Net financial income (expense)	0.6	(3.1)	120.7%	(4.6)	3.1	-247.6%
Profit (loss) before taxes	63.6	63.7	-0.2%	27.4	32.3	-15.3%

Net financial debt

(millions of euros)	30-09-2015	30-06-2015	31-12-2014	30-09-2014
Net financial debt	291.1	312.0	278.3	322.2

Sales volumes

('000)	Jan-Sept 2015	Jan-Sept 2014	Change %	3rd Quarter 2015	3rd Quarter 2014	Change %
Grey and white cement (metric tons)	6,956	7,325	-5.0%	2,424	2,419	0.2%
Ready-mixed concrete (m^3)	2,711	2,635	2.9%	929	838	10.8%
Aggregates (metric tons)	2,860	2,536	12.8%	1,016	878	15.7%

Group employees

	30-09-2015	31-12-2014	30-09-2014
Number of employees	3,073	3,053	3,086

Despite having achieved the expected improvements in Scandinavia, during the year the Group has also faced a number of difficulties in the Turkish and Egyptian market arising from socio-political developments around the Mediterranean and Middle East that have had an adverse impact on the first nine months of 2015, which closed with operating results down on the same period last year. Nevertheless, in the third quarter there was a turnaround in the main industrial parameters. The profit before taxes of EUR 63.6 million was in line with 2014 thanks to the strong performance of net financial income.

Revenue from sales and services reached EUR 719.7 million (EUR 714.7 million at 30 September 2014), up 0.7% compared to 30 September 2014, as a result of the good performance of operations in the Scandinavian countries and Malaysia – which compensated for the difficulties encountered in Turkey, Egypt and China – and the substantial stability of revenue in Italy. The appreciation of some foreign currencies against the Euro also had a positive impact on revenue: at constant exchange rates, revenue would have amounted to EUR 715.4 million, up 0.1% on the previous year.

The **Scandinavian countries** posted growth in revenue of EUR 16.8 million (+4.9%) compared to the same period of 2014, driven by stronger earnings in Denmark and Sweden, which fully offset the weak performance in Norway. In **Denmark**, revenue increased by EUR 22.4 million as a result of higher sales volumes of cement and ready-mixed concrete (+5.9% and +15.4% compared to 30 September 2014), due to the recovery in the residential building sector and the rapid progress of public infrastructure projects, such as the Copenhagen metro system. In **Sweden**, revenue increased by EUR 8.8 million, thanks to the significant recovery in the building sector in the Malmö region, where the subsidiary operations are based, with sales volumes of ready-mixed concrete and aggregates up 26% and 17% compared to 30 September 2014. In **Norway**, in contrast, revenue in local currency fell 8.4% due to the contraction in the residential construction sector and the completion of a number of major infrastructure projects, causing a 12.3% reduction in sales volumes of ready-mixed concrete compared to 30 September 2014. In addition, the depreciation of the Norwegian Krone against the Euro (-6.6% compared to the average exchange rate for the first nine months of 2014) further reduced the contribution of revenue generated in Norway to the consolidated financial statements stated in Euro (EUR -14.4 million compared to 30 September 2014).

In **Malaysia**, revenue in local currency grew by 30.6% compared to 30 September 2014 due to the full use of the production capacity at the plant, which was increased in 2014 and generated a significant increase in sales volumes of white cement and clinker to export markets in Australia, Vietnam and South Korea. This effect was accentuated in the consolidated financial statements stated in Euros due to the appreciation of the Malaysian Ringgit against the Euro (+4.0% on the average exchange rate for the first half of the previous year) which brought the increase to EUR 7.2 million.

In **Turkey**, revenue in local currency dropped by 9.3% compared to 30 September 2014, mainly caused by the contraction in sales volumes of cement (-14.8%), resulting from weak demand both in the domestic market, aggravated by unfavourable winter conditions and political uncertainty in the country, and in the traditional export markets, caused by socio-political unrest in the Mediterranean and the Middle East. This trend was slightly accentuated by the depreciation of the Turkish Lira against the Euro (-1.4% compared to the average exchange rate for the first nine months of 2014), bringing the decrease in the revenue generated in Turkey to EUR 21.7 million in the consolidated financial statements stated in Euro.

In **Egypt**, revenue in local currency fell 3.5% compared to 30 September 2014, as a result of lower sales volumes of cement in export markets caused by political instability in the Mediterranean and Middle East. However, when stated in Euros, Egyptian operations contributed a positive EUR 3.6 million towards the growth in revenue posted in the consolidated financial statements, thanks to the appreciation of the Egyptian Pound against the Euro (+11.9% over the average exchange rate for the first nine months of 2014).

In **China**, revenue in local currency dropped by 4.9% against 30 September 2014, as a result of the contraction in domestic demand, only partially offset by the increase in export sales. However, when stated in Euros, Chinese operations contributed a positive EUR 3.9 million towards the growth in revenue posted in the consolidated financial statements, thanks to the appreciation of the Chinese Yuan against the Euro (+16.6% over the average exchange rate for the first nine months of 2014).

Lastly, in **Italy**, revenue from sales was in line with the first nine months of 2014.

Operating costs totalled EUR 603.7 million, an increase of 4.0% from EUR 580.8 million at 30 September 2014. At constant exchange rates, however, operating costs were EUR 599.4 million, up EUR 18.6 million on the previous year, with EUR 4.3 million attributable to the negative exchange rate effect of the already mentioned appreciation of other currencies against the Euro. In particular, at constant exchange rates, the cost of raw materials came to EUR 303.9 million, up EUR 12.0 million on the EUR 291.9 million recorded at 30 September 2014, primarily due to higher fuel consumption related 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 111.2 million, down 0.7% on 30 September 2014. Other operating costs at constant exchange rates totalled EUR 184.3 million, up EUR 7.3 million over the first nine months of 2014, mainly due to higher fixed production costs and around EUR 1.6 million of non-recurring charges connected with due diligence activities.

EBITDA, at EUR 125.3 million, was down 1.9% against 30 September 2014 (EUR 127.7 million) as a result of lower earnings in Turkey and Egypt, the improvements achieved in Scandinavia and Italy, and the stable contribution of the Far East. The EBITDA margin came to 17.4%, showing a slight drop in profitability compared to the same period of 2014 (17.9%). At constant exchange rates, EBITDA would have been EUR 125.6 million, down EUR 2.1 million on 30 September 2014, with an EBITDA margin of 17.5% at constant exchange rates.

Net of amortisation, depreciation and provisions totalling EUR 62.3 million, **EBIT** amounted to EUR 63.0 million (EUR 66.8 million at 30 September 2014).

Net financial income totalled EUR 0.6 million, a sharp increase on the previous year (expense of EUR 3.0 million). The positive figure was driven by the revaluation of financial instruments held to hedge commodity, exchange rate and interest rate risk, and the progressive decrease in the cost of money.

Profit before taxes came to EUR 63.6 million, in line with the previous year (EUR 63.7 million)

Net financial debt at 30 September 2015 amounted to EUR 291.1 million, a decrease of EUR 12.8 million compared to 31 December 2014, despite the distribution of EUR 15.9 million in dividends, paid out in May, representing EUR 3.2 million more than in 2014. In addition, the Group's net financial debt fell by EUR 20.9 million in the third quarter of 2015, mainly due to the positive movements in working capital.

Total equity at 30 September 2015 amounted to EUR 1,087.5 million (EUR 1,123.3 million at 31 December 2014), not including taxes on earnings for the period.

Performance in the third quarter of 2015

Revenue from sales and services for the third quarter of 2015 amounted to EUR 244.0 million (EUR 241.8 million in the third quarter of 2014); EBITDA totalled EUR 52.2 million (EUR 49.3 million in the third quarter of 2014); EBIT totalled EUR 32.0 million (EUR 29.2 million in the third quarter of 2014); and profit before taxes amounted to EUR 27.4 million (EUR 32.3 million in the third quarter of 2014).

Revenue from sales increased by EUR 2.2 million thanks to operational performance in the third quarter of 2015 that was substantially in line with the first six months of the year: Scandinavia and Malaysia saw improved results, Italy was stable, and Turkey, Egypt and China faced difficulties. In addition, at constant exchange rates, revenue from sales came to EUR 251.0 million, up EUR 9.2 million on the third quarter of 2014, with EUR 7 million attributable to the negative exchange rate effect mainly resulting from the depreciation of the Turkish Lira against the Euro (the average exchange rate for the third quarter of 2015 was down 11.3% compared to the same period 2014).

In particular, in the **Scandinavian countries** revenue increased by EUR 8 million in the third quarter of 2015, thanks to higher sales volumes of cement, ready-mixed concrete and aggregates in Denmark and Sweden, which compensated for the weakness of the Norwegian market.
In **Malaysia**, revenue was up EUR 3.4 million compared to the third quarter of 2014, thanks to the increase in sales of white cement and clinker to export markets, with sales prices generally rising.
In **Italy**, revenue was in line with the third quarter of 2014, as a result of improved ready-mixed concrete sales volumes, which offset the fall in cement sales volumes.
In **Turkey**, however, revenue in local currency fell 4.5% against the third quarter of 2014 due to weak domestic demand, which caused a drop of around 5% in cement sales volumes, only partially offset by an increase in ready-mixed concrete sales volumes.
In **Egypt**, revenue from sales in local currency fell around 2% against the third quarter of 2014 due to a decrease in cement sales volumes, mainly to export markets in the Mediterranean and Middle East.
Lastly, in **China**, revenue in local currency was stable on the third quarter of 2014 thanks to the increase in exports, while demand in the domestic market continued to show signs of slowing down.

Operating costs amounted to EUR 194.6 million, slightly lower than the EUR 195.0 million recorded in the third quarter of 2014, benefiting from the positive exchange rate effect mainly resulting from the appreciation of the Euro against the Turkish Lira during the third quarter of 2015: at constant exchange rates, operating costs were EUR 199.9 million, an increase of EUR 4.9 million on the third quarter of 2014. In particular, the cost of raw materials and other operating costs, net of exchange rate effects, amounted to EUR 104.9 and EUR 60.1 million, with increases of 4.4% and 3.0% respectively compared to the third quarter of 2014, mainly caused by higher production costs associated with the increased volume of operations in Denmark, Sweden and Malaysia. However, personnel costs at constant exchange rates amounted to EUR 34.9 million, down EUR 1.3 million on the third quarter of 2014.

EBITDA and **EBIT** amounted to EUR 52.2 million and EUR 32.0 million respectively, with increases of 5.8% and 9.7% on the same period of the previous year as a result of the increase in revenue recorded in the third quarter of 2015. The EBITDA margin came to 21.4%, with an improvement in profitability of about 1 percentage point compared to the third quarter of 2014 (when it stood at 20.4%). At constant exchange rates, EBITDA was EUR 54.3 million, with an EBITDA margin of 21.6% at constant exchange rates.
Net financial expense totalled EUR 4.6 million (income of EUR 3.1 million in the third quarter of 2014), driven by foreign exchange losses resulting from the depreciation of a number of currencies against the Euro in the third quarter of 2015 that were largely unrealised, especially for the Turkish Lira, and write-downs of the financial instruments held to hedge commodity, exchange rate and interest rate risk.

Profit before taxes amounted to EUR 27.4 million, down 15.3% compared to the third quarter of 2014.

Significant events in the first nine months

In July, 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.

Furthermore, 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 reducing production costs.

With regard to Waste Management operations, in the first nine months of 2015 the investments in the United Kingdom and Turkey were completed and the waste treatment facilities are gradually being brought to full capacity. The industrial waste treatment operations in Turkey are already at break even, and the urban waste treatment operations in the UK and Turkey are both handling increased volumes, although results are still being affected by the start-up phase and the low price of recycled plastics caused by the fall in oil prices. In addition, earnings in Turkey have also been affected by the delay in setting tariff regulation policies for the disposal of solid urban waste.

Outlook

No particular changes are forecast in the fourth quarter of 2015 compared to the first nine months of the year. We expect to see continued positive performance in Scandinavia and Malaysia, stability in the Italian market and difficulties in Turkey, Egypt and China, as well as the completion of the investment in Egypt to enable the use of petroleum coke.

Management is implementing all necessary actions to restore industrial efficiency, with a view to achieving 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.

* * *

In today's meeting the Board of Directors also deliberated on the Group's Anti-Corruption Policy, which aims to strengthen the commitment of the Company and its subsidiaries to adopting measures to combat corruption, in line with the values and principles set out in the Code of Ethics.

* * *

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 raw material 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.

The consolidated income statement figures for the first nine months of 2015 and the third quarter of 2015 are attached.

Media Relations
Tel. +39 06 45412365
Fax +39 06 45412300
ufficiostampa@cementirholding.it

Investor Relations
Tel. +39 06 32493481
Fax +39 06 32493274
invrel@cementirholding.it

Group website: www.cementirholding.it

Consolidated earnings

(EUR'000)	Jan-Sept 2015	Jan-Sept 2014	Change %	3rd Quarter 2015	3rd Quarter 2014	Change %
REVENUE FROM SALES AND SERVICES	**719,720**	**714,670**	**0.7%**	**244,033**	**241,836**	**0.9%**
Change in inventories	(221)	(17,202)	98.7%	347	(470)	173.8%
Other revenue*	9,504	10,967	-13.3%	2,405	2,944	-18.3%
TOTAL OPERATING REVENUE	**729,003**	**708,435**	**2.9%**	**246,785**	**244,310**	**1.0%**
Raw materials costs	(307,106)	(291,922)	5.2%	(101,792)	(100,446)	1.3%
Personnel costs	(111,821)	(111,902)	-0.1%	(34,190)	(36,203)	-5.6%
Other operating costs	(184,771)	(176,928)	4.4%	(58,622)	(58,357)	0.5%
TOTAL OPERATING COSTS	**(603,698)**	**(580,752)**	**4.0%**	**(194,604)**	**(195,006)**	**-0.2%**
EBITDA	**125,305**	**127,683**	**-1.9%**	**52,181**	**49,304**	**5.8%**
EBITDA Margin %	*17.41%*	*17.87%*		*21.38%*	*20.39%*	
Amortisation, depreciation, impairment losses and provisions	(62,340)	(60,898)	2.4%	(20,171)	(20,113)	0.3%
EBIT	**62,965**	**66,785**	**-5.7%**	**32,010**	**29,191**	**9.7%**
EBIT Margin %	*8.75%*	*9.34%*		*13.12%*	*12.07%*	
NET FINANCIAL INCOME (EXPENSE)	**632**	**(3,052)**	**120.7%**	**(4,619)**	**3,130**	**-247.6%**
PROFIT (LOSS) BEFORE TAXES	**63,597**	**63,733**	**-0.2%**	**27,391**	**32,321**	**-15.3%**
PROFIT (LOSS) BEFORE TAXES Margin %	*8.84%*	*8.92%*		*11.22%*	*13.36%*	

* "Other revenue" includes the consolidated income statement captions "Increase for internal work" and "Other operating revenue".