cementirholding
GRUPPO CALTAGIRONE

PRESS RELEASE

Cementir Holding: Board of Directors approves consolidated half-year 2017 results

- **Revenue: EUR 631.4 million (EUR 481.0 million in the first half 2016) up 31.3%**
- **EBITDA: EUR 85.1 million (EUR 72.0 million in the first half 2016**
- **Group net profit: EUR 15.5 million (EUR 11.0 million in the first half 2016)**
- **Net financial debt: EUR 613.2 million, an improvement on the EUR 646.4 million recorded at 31 March 2017**
- **Performance and financial targets for 2017 are confirmed**

Rome, 27 July 2017 – The Board of Directors of Cementir Holding SpA, chaired by Francesco Caltagirone Jr., has examined and approved the consolidated results for the first half and second quarter 2017.

Financial highlights

(millions of euros)	1st Half 2017	1st Half 2016	Change %	Like-for-like basis	
				1st Half 2017	Change %
Revenue from sales and services	631.4	481.0	31.3%	473.9	-1.5%
Total operating revenue	647.2	485.3	33.4%	491.0	1.2%
EBITDA	85.1	72.0	18.2%	68.5	-4.9%
EBITDA/Revenue from sales and services %	*13.5%*	*15.0%*		*14.5%*	
EBIT	35.8	31.8	12.6%	31.7	-0.3%
Net financial income (expense)	(11.2)	(10.2)	-9.7%		
Profit (loss) before taxes	24.6	21.6	13.9%		
Group net profit (loss)	15.5	11.0	40.4%		

Net financial debt

(millions of euros)	30-06-2017	31-03-2017	31-12-2016
Net financial debt	613.2	646.4	562.4

Sales volumes

('000)	1st Half 2017	1st Half 2016	Change %	Like-for-like basis 1st Half 2017	Like-for-like basis Change %
Grey and white cement (metric tons)	6,365	4,749	34.0%	4,635	-2.4%
Ready-mixed concrete (m^3)	2,423	2,140	13.3%	1,910	-10.7%
Aggregates (metric tons)	4,648	1,695	174.2%	1,940	14.5%

Group employees

	30-06-2017	31-03-2017	31-12-2016	Like-for-like basis 30-06-2017
Number of employees	3,613	3,591	3,667	2,887

"Results in the first half 2017 were up thanks to the effect of the acquisitions concluded in the second half 2016, which added EUR 16.6 million to EBITDA, despite adverse changes in exchange rates. On a like-for-like basis, the improvement in EBITDA in Egypt, Italy, China and Norway partially compensated lower earnings in Turkey and, to a lesser extent, in Denmark and Malaysia, as well as the depreciation of foreign currencies against the Euro – mainly the Egyptian pound and the Turkish lira." commented Francesco Caltagirone Jr., Chairman and Chief Executive Officer.

Sales **volumes** of cement and clinker in the first half 2017, equal to 6.4 million tons, increased by 34.0%; on a like-for-like basis they were down 2.4% due to poor performance in Turkey and Malaysia, while Denmark, Egypt and China performed positively and Italy was stable in terms of cement volumes.
Sales volumes of ready-mixed concrete, equal to 2.4 million cubic metres, were up 13.3%; on a like-for-like basis they were pulled down by the fall in sales in Turkey, which was only partially offset by strong performance in Denmark, Norway and Sweden.
In the aggregates sector, sales volumes were up by over 174% thanks in particular to the contribution of the Belgian business (CCB). On like-for-like basis there were in any case improvements in Denmark and Sweden.
Group **revenue from sales and services** totalled EUR 631.4 million, up 31.3% compared to EUR 481.0 million in the first half 2016 due to the change in the scope of consolidation, which resulted in an increase in revenue of about EUR 157.5 million, of which EUR 33.9 million relative to Cementir Sacci and EUR 123.6 million relative to the Compagnie des Ciments Belges group.
On a like-for-like basis revenue fell slightly compared to the first half 2016 due to the negative impact of exchange rates, the drop in revenue in Turkey and – to a lesser extent – in Malaysia, which were not offset by the strong revenue performance in Denmark, Norway, Sweden, China and Italy.

The impact on revenue of the depreciation of the major foreign currencies compared to the euro was negative at EUR 39.1 million, so at constant exchange rates revenue would have been EUR 670.5 million.

Operating costs, amounting to EUR 562.2 million, were up by EUR 148.8 million on the first half 2016, deriving mainly from the change in the scope of consolidation (EUR 139.6 million) and after a positive exchange rate effect of EUR 31.3 million.

The **cost of raw materials** was EUR 260.3 million (EUR 206.4 million in the first half 2016), up due to the change in the scope of consolidation (EUR 52.1 million). On like-for-like basis, the figure saw a slight increase (+0.9%) despite a positive exchange-rate impact of EUR 20.8 million, due to the generalised increased in the cost of fuels and raw materials, in particular in Norway and Sweden due to higher volumes produced.

Personnel costs were EUR 107.6 million, up by EUR 29.2 million mainly because of the change in the scope of consolidation (EUR 23.8 million). On like-for-like basis the increase was 6.9%. Despite savings of EUR 3.3 million due to positive exchange rate effects, the increase in costs mainly derives from inflation connected to the cost of labour in high-inflation countries, the increase in production personnel costs to meet higher demand in the Scandinavian countries and, furthermore, EUR 2.1 million in extraordinary costs were incurred for early contract terminations.

Other operating costs were EUR 194.3 million, up by EUR 65.7 million compared to the first half 2016 mainly because of the change in the scope of consolidation (EUR 63.8 million), benefitting from savings of EUR 7.2 million due to the positive exchange rate effect against the increase in fixed production costs above all in Denmark, Norway and Egypt.

EBITDA was EUR 85.1 million, up 18.2% on EUR 72.0 million in the same period of 2016. The acquisitions had a beneficial impact of EUR 16.6 million on EBITDA: the EBITDA of the Belgian group CCB was EUR 19.5 million, while Cementir Sacci posted negative EBITDA of EUR 2.9 million.

However, on a like-for-like basis, EBITDA was down 4.9% as a result of lower earnings in Turkey and, to a lesser extent, in Denmark and Malaysia, as well as the depreciation of foreign currencies against the Euro – mainly the Egyptian pound and the Turkish lira – partially offset by growth in Egypt, Italy, China and Norway.

The impact on EBITDA of the depreciation of the major foreign currencies compared to the euro was negative EUR 10.8 million, so at constant exchange rates with last year EBITDA would have been EUR 95.9 million.

The EBITDA margin came to 13.5%, showing a slight drop in profitability compared to the same period of 2016 (15.0%); at constant exchange rates the EBITDA margin would have been 14.3%.

Net of amortisation, depreciation and provisions totalling EUR 49.2 million (EUR 40.2 million in the first half 2016), **EBIT** amounted to EUR 35.8 million (EUR 31.8 million in the first half 2016). At constant exchange rates with last year, EBIT would have been EUR 43.7 million, up EUR 11.9 million on the first half 2016. The increase in amortisation, depreciation and provisions derives from the change in the scope of consolidation.

The **share of net profits of equity-accounted investees** was EUR 2.2 million (EUR 2.1 million in the same period of 2016).

Net financial expense, in the first half 2017, was EUR 13.4 million (EUR 12.4 million in the first half 2016) due to higher borrowing costs incurred as a result of the increased level of average debt to finance the acquisitions in July and October 2016 and the unfavourable foreign currency trend. These negative effects were partly offset by the increased mark-to-market value of financial instruments held to hedge interest-rate and commodity risk, and the returns on the cash held by the Group.

Profit before taxes and **profit for the period** totalled EUR 24.6 million and EUR 18.6 million respectively (EUR 21.6 million and EUR 15.7 million in the first half 2016).

Group net profit, once non-controlling interests were accounted for, amounted to EUR 15.5 million (EUR 11.0 million in the first half 2016).

Net financial debt at 30 June 2017 was EUR 613.2 million, up EUR 50.8 million compared to 31 December 2016. The change 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. However, net financial debt improved by EUR 33.2 million in the second quarter of 2017 due also to significant results from the management of working capital.

Total equity at 30 June 2017 amounted to EUR 1,015.8 million (EUR 1,060.3 million at 31 December 2016).

Performance in the second quarter of 2017

Sales **volumes** of cement and clinker in the second quarter of 2017 increased by 40.7%; on a like-for-like basis they were essentially stable, with performance varying by geographical area: strong performance in Denmark and Egypt was accompanied by a drop in Malaysia and China, while Turkey saw a slight fall.

Sales volumes of ready-mixed concrete, equal to 1.3 million cubic metres, were up 8.7%; on a like-for-like basis they were pulled down by the fall in sales in Turkey.

In the aggregates sector, sales volumes were up by over 165% thanks in particular to the contribution of the Belgian business (CCB) and good performance in Sweden and Denmark.

Revenue from sales and services totalled EUR 351.5 million, up 29.9% compared to EUR 270.6 million in the second quarter of 2016 as a result of the change in the scope of consolidation, which had an effect of EUR 89.2 million (of which EUR 19.0 million from Cementir Sacci and EUR 70.2 million from the CCB group). On a like-for-like basis, revenue fell 3% compared to the second quarter 2016, due to the negative impact of exchange-rate movements. The positive trend of revenue in Denmark, Italy and Sweden offset the fall recorded in Turkey and Malaysia and the reduction in revenue expressed in euros in Egypt. Revenue in Norway and the United Kingdom was essentially stable. The impact on revenue of the depreciation of the major foreign currencies compared to the euro was negative at EUR 22.2 million. At constant exchange rates, revenue would have amounted to EUR 303.8 million, an increase of 38% on the second quarter of the previous year.

Operating costs, amounting to EUR 292.8 million, were up by EUR 77.1 million on the second quarter of 2016, deriving mainly from the change in the scope of consolidation (EUR 73.2 million).

EBITDA and **EBIT** amounted to EUR 62.0 million and EUR 36.8 million respectively, up by 22.5% and 20% compared to the second quarter of 2016. The impact of the movement in foreign exchange rates on EBITDA and EBIT was EUR 5.8 million and EUR 4.3 million, respectively. At constant exchange rates, EBITDA would have been EUR 67.8 million and EBIT would have been EUR 41.1 million.

On a like-for-like basis, the fall in EBITDA came almost exclusively in Turkey and, to a lesser extent, in Norway. There was an improvement in EBITDA in Italy, United States, Egypt and the United Kingdom.

Net financial expense was EUR 6.0 million (EUR 3.0 million in the second quarter of 2016); the trend in financial expense in the second quarter of 2017 substantially reflects the dynamic described for the half year.

Profit before taxes came to EUR 30.8 million, up on the second quarter of 2016 (EUR 27.6 million).

Performance by geographical area

Nordic & Baltic and USA

(EUR'000)	1st Half 2017	1st Half 2016	Change %
Revenue from sales	410,560	259,549	58.2%
Denmark	*174,641*	*160,858*	*8.6%*
Norway / Sweden	*102,065*	*87,798*	*16.2%*
Belgium / France	*123,883*	*-*	*n.m.*
Other (1)	*32,008*	*29,453*	*8.7%*
Eliminations	*(22,037)*	*(18,560)*	
EBITDA	68,329	48,057	42.2%
Denmark	*39,127*	*40,133*	*-2.5%*
Norway / Sweden	*7,313*	*6,959*	*5.1%*
Belgium / France	*19,531*	*-*	*n.m.*
Other (1)	*2,358*	*965*	*144.4%*
EBITDA Margin %	16.6%	18.5%	
Investments	29,712	12,331	

(1) Poland, Russia, Iceland, United Kingdom, United States

Denmark

The country's economy is gradually improving, with 1.8% GDP growth in 2017 driven by consumer spending and private investment. The real-estate market also remains buoyant, with price increases only expected to slow partially as a result of a significant increase in new-build housing. Public investment is expected to increase moderately also in the next two years, albeit subject to marked cyclical fluctuations.

The Group's sales volumes of grey cement on the domestic market increased by 5.4% compared to the first half 2016, driven above all by the residential sector against substantially stable average sales prices, while white cement volumes – albeit not significant, have fallen by 10.5% against steadily rising prices. Export sales volumes were up for white cement (+20%) due to higher deliveries to the United States and France, and for grey cement (+15%), especially to Norway and the Faroe Islands. Overall, grey and white cement sales – including exports – were up 9.7%. Sales volumes of ready-mixed concrete were up 1% with prices slightly up.

Revenue from sales was EUR 174.6 million, compared to EUR 160.9 million in 2016.

EBITDA fell 2.5% as in the cement sector the positive impact of cement volumes and sales prices was offset by higher fixed costs, mainly personnel and maintenance costs. The ready-mixed concrete sector made slight progress.

The main investments included the upgrade of the calciner in the grey cement kiln for EUR 7.7 million in the cement sector and two new ready-mixed concrete plants, located in Ribe (Jutland peninsula, southern Denmark) for around EUR 1.6 million, and in Odense, in the south of the country, for about EUR 0.8 million.

Norway and Sweden

In **Norway** the recovery in GDP is expected to continue in the current year, thanks in part to government initiatives to stimulate economic activity. The construction sector continues to perform well, driven by the real-estate sector. However, concerns over the excessive increases in property prices and in household debt suggest the introduction of prudential measures that will imply a gradual slowdown in demand in the residential sector.

In Norway the Group's ready-mixed concrete sales volumes increased 9.4% thanks to a particularly mild winter and the significant upturn in construction activity in all regions where the Group is present, except for the south of the country, with average prices in local currency up 2%.

In **Sweden**, levels of economic activity are expected to remain lively also in 2017 (+2.5%). Robust internal demand, the increase in the workforce and the increase productivity of productive factors remain the key drivers of growth. The residential sector will be affected by measures introduced by the government to cool the property market, while public investment in infrastructure is expected to grow during the year in progress.

In Sweden, the Group's sales volumes of ready-mixed concrete increased 12.5%, driven in particular by the residential market in the Malmö, Helsingborg and Lund areas in the south of Sweden, where the Group's subsidiaries have a greater presence. Meanwhile aggregate sales saw an increase of 15.5%, driven by a major motorway project awarded at the end of 2016.

Overall, revenue and EBITDA reflected the positive trend in sales in both Norway and Sweden, despite an increase in variable costs of raw materials.

The Norwegian krone gained around 2.6% compared to the average exchange rate of the first half 2016, increasing the contribution of this revenue to the consolidated financial statements translated into euros, while the Swedish Krone fell by around 3.2% in the same period.

Belgium and France

In Belgium the performance of the economy will be bolstered by the upturn in private investment, benefitting from the improvement in household confidence and real interest rates being held at the current low levels. The construction sector remains dynamic, with growth in public investment expected to increase in 2018, also as a result of the municipal elections.

The Group entered the Belgian market by acquiring Compagnie des Ciments Belges in late October 2016, operating in the production and sale of cement, ready-mixed concrete and aggregates. It also has production facilities in France and exports to neighbouring countries.

The Group’s cement sales volumes improved in the first six months of 2017 compared to the previous year, although the figures were still not included in the consolidation, and were better than expected with an increase in sales prices in both Belgium and France.

Sales volumes in the ready-mixed concrete sector were up, especially in Belgium as a result of the good weather. Sales prices fell slightly in Belgium, while in France they were affected by a harsher competitive environment.

In the aggregates segment, the Group’s sales volumes increased both in Belgium – destined mainly to the ready-mixed concrete and asphalt market – and in France, thanks to ongoing road construction projects. Prices fell slightly in Belgium compared to 2016, but were up in France due to a different sales mix.

Overall, revenue in the first half 2017 totalled EUR 123.9 million and EBITDA was EUR 19.5 million.

Investments in the first six months of 2017 by the Belgian group mainly related to the cement plant in Gaurain (EUR 2.1 million), to some ready-mixed concrete plants in Northern France (EUR 2.5 million) as well as to initiatives relating to the production of aggregates (EUR 1.2 million).

Other

In the **United Kingdom**, revenue in local currency earned by the Group in the waste management sector saw an improvement compared to the first half 2016 due to the increase in waste volumes processed by the subsidiary Quercia (+48%), spread across sales of RDF alternative fuel, disposal in landfill and recycled ferrous materials and plastics. The revenue of the subsidiary Neales decreased. EBITDA improved thanks in part to savings on fixed costs.

In the **United States**, the Group’s subsidiaries reported a moderate increase in revenue from sales of concrete products and an increase in production costs, due to an operating problem at the terminal in

Tampa (Florida), which was resolved in mid February. The costs incurred relative to the restructuring of the terminal were reimbursed by the insurance company.

EBITDA increased mainly due to the improvement of waste management in the United Kingdom and the positive trend of activities in the United States.

Eastern Mediterranean

(EUR'000)	1st Half 2017	1st Half 2016	Change %
Revenue from sales	109,352	142,886	-23.5%
Turkey	*88,979*	*116,884*	*-23.9%*
Egypt	*20,373*	*26,002*	*-21.6%*
Eliminations	-	-	
EBITDA	13,915	24,766	-43.8%
Turkey	*5,473*	*18,889*	*-71.0%*
Egypt	*8,442*	*5,877*	*43.6%*
EBITDA Margin %	12.7%	17.3%	
Investments	3,686	5,448	

Turkey

The result of April's referendum was favourable to the current leader President Erdogan and should lead to a normalisation of the political scenario. GDP is expected to increase 3% in 2017, fuelled both by the recovery in household consumer spending and private investment, as well as measures to support the economy that will also have positive repercussions on the construction sector.

Revenue fell to EUR 89.0 million compared to EUR 116.9 million in the first half 2016, partly due to the depreciation of the Turkish lira against the euro (-21% compared to the average exchange rate in the first half 2016).

In local currency revenue fell by 10.4% as a result of the 8.8% reduction in the Group's sales volumes of cement and clinker on the domestic market, due to adverse weather conditions, lower market demand, delays in a number of important construction projects and strong competition, as well as the uncertain domestic political situation up to April. Sales volumes of exported cement and clinker were in line with the first half 2016 and prices in dollars were down due to strong competition on the markets.

Domestic cement prices in local currency were slightly down (-2%) but are recovering compared to the first quarter and may be sustained in the second half by the start of anticipated infrastructure projects in the regions of Eastern Anatolia, Marmara (motorway bridges, canal bridges and canals) and Egea (residential, commercial and infrastructural investments) – all of which are regions where the Group has plants.

In the ready-mixed concrete sector, sales volumes fell by 29% due to the deferral of a number of projects, with prices up 5.7% in local currency.

In the waste management sector, the subsidiary Sureko – which operates in the treatment of industrial waste – saw an improvement in revenue and profitability compared to the first half 2016 due to the increase in volumes sent to landfill, sales volumes of alternative fuel (RDF), greater supplies of alternative fuel to the Group's cement production facilities (Edirne and Izmir), and an increase in volumes received for temporary storage, despite a decrease in recycled ferrous materials (+55% in total).
The Hereko division, which processes Istanbul's solid urban waste, underwent a reorganisation in an effort to improve profitability and product quality, ending the half-year with significantly improved results.
The overall decrease in EBITDA is attributable mainly to the effect deriving from the depreciation of the Turkish lira and the above-mentioned fall in cement sales volumes and prices, partially offset by a reduction in electricity and raw materials prices despite an increase in fuel costs, and from savings on fixed costs (employees, maintenance and general expenditure) where management concentrated its efforts to recover profitability.
Investments totalling about EUR 1.1 million were made to increase the use of alternative fuel at the Izmir plant.

Egypt

Following the significant depreciation of the Egyptian pound in November 2016, an intense programme of reforms has been launched in Egypt, helping to attract foreign capital and having positive effects on the economy. Growth in 2017 is forecast at 4.2%, against a background of high inflation and continued restrictive monetary and fiscal policies. There will be no significant expansion of the construction sector, due in part to higher production costs and higher costs to purchase materials, tied to the persistent weakness of the local currency.
Revenue from sales totalled EUR 20.4 million (EUR 26.0 million in the first half 2016), down due to the depreciation of the Egyptian pound against the euro as, in early November 2016, the Egyptian Central Bank announced the decision to leave the Egyptian pound to float freely.
In fact, revenue in local currency increased 63% thanks to higher sales volumes of white cement on the domestic market (+11.9%) due to the increase in average sales prices in local currency (+21%) and the increase in export volumes (+10.5%), especially to the United States (offsetting lower volumes in Russia and Saudi Arabia, with the latter penalised by the stoppage of infrastructure programmes due to the fall in the oil price), with average sales prices in dollars falling in all principal markets. Overall cement sales – including exports – were up 11.8%.
EBITDA was EUR 8.4 million (EUR 5.9 million in the first half 2016), up thanks mainly to the reduction in the cost of fuel deriving from the full usage of petroleum coke in the production process instead of fuel oil, as well as the reduction in other variable and fixed costs due to the depreciation of the local currency.

Asia Pacific

(EUR'000)	1st Half 2017	1st Half 2016	Change %
Revenue from sales	37,772	38,485	-1.9%
China	*20,660*	*18,544*	*11.4%*
Malaysia	*17,176*	*20,044*	*-14.3%*
Eliminations	*(65)*	*(103)*	
EBITDA	8,324	8,789	-5.3%
China	*4,497*	*3,763*	*19.5%*
Malaysia	*3,827*	*5,026*	*-23.9%*
EBITDA Margin %	22.0%	22.8%	
Investments	684	1,001	

China

After a slowdown in the early months of the year, there are new signs of recovery in the Chinese economy thanks to the beneficial impact of previous fiscal and monetary stimuli. The real-estate sector has grown at a sustained pace, fuelled by the upward trend in home prices both in small and large cities, despite the oversupply of housing. However levels of activity in the sector are expected to slow down gradually over the coming months, in line with the authorities' plan to reabsorb existing economic and financial imbalances.

In local currency, revenue from sales increased 13.7% compared to the first half of the previous year thanks to the increase in the volumes of white cement and clinker sold on the domestic market (+7%), plus a favourable trend in prices (+9% in local currency). More stringent environmental controls by the local Chinese authorities have resulted in "stop and go" situations for many plants involved in the production of white cement, especially in northern China. Exports, not significant in the half-year and mainly directed to South Korea and Hong Kong, were down 12% with falling prices.

EBITDA of EUR 4.5 million (EUR 3.8 million in the first half 2016) benefitted from the positive trend in sales volumes and prices on the domestic market, partially offset by the increase in variable costs connected to the higher quantities produced and the price of raw materials and fuel, plus the increase in fixed costs.

Malaysia

The Malaysian economy continues to benefit from a favourable cycle, with growth estimates for 2017 revised upwards by the leading international forecasters (+4.4%). On the other hand, the residential sector remains weak as it grapples with an excess of unsold properties which is slowing investment in new homes. Levels of industry activity will not recover properly until 2018.

Australia is forecast to achieve growth of 2.4% in 2017, driven by exports, public infrastructure spending and residential investment, facilitated by low interest rates and favourable conditions for accessing credit.

Sales volumes of white cement and clinker were down 22% overall compared to the first half of the previous year. In particular, sales volumes of cement on the domestic market fell 2%, against a background of slightly higher average prices in local currency.

Exports of cement and clinker fell by around 24% mainly due to the deferral of a clinker delivery to Australia and lower volumes in India, Vietnam and South Korea, due to a number of operational problems at the plant that resulted in lower availability of finished product. Clinker export prices are down 7.5% while cement prices are up 5.5% in both cases due to the effect of the mix of countries and exchange rates.

EBITDA fell to EUR 3.8 million compared to EUR 5.0 million in the first half of the previous year, due to lower sales volumes and to a lesser extent to fixed costs for maintenance and operating costs at the plant.

Central Mediterranean

(EUR'000)	1st Half 2017	1st Half 2016	Change %
Revenue from sales	87,780	45,327	93.7%
Italy	*87,780*	*45,327*	*93.7%*
EBITDA	(5,500)	(9,622)	42.8%
Italy	*(5,500)*	*(9,622)*	*42.8%*
EBITDA Margin %	-6.3%	-21.2%	
Investments	4,252	2,181	

Italy

Italy's GDP growth forecasts for 2017 are gradually improving (+1.3%), reflecting the acceleration in economic activity in the early part of the year, as well as more favourable developments in foreign demand and in markets in energy raw materials. Investments in residential construction has been rising since 2015 and will continue to grow, albeit at a very slow place. Public investments are expected to increase only marginally due to the continuance of highly restrictive fiscal policy and persistent delays in the selection and execution of projects.

Revenue from sales in the first half 2017 include EUR 33.9 million in revenue from Cementir Sacci. On a like-for-like basis, revenue from sales would in any case have been up thanks to recovering average prices, while cement sales volumes are in line with the previous half-year against the background of a substantially stable domestic market.

Ready-mixed concrete sales volumes were down 5% on a like-for-like basis, with prices falling.

The EBITDA figure includes the EUR 2.4 million negative EBITDA of Cementir Sacci. On a like-for-like basis, it benefitted from the increase in average sales prices of cement and lower fixed costs, which were only partially offset by higher variable costs (raw materials and fuel) with savings on electricity.

In the Central Mediterranean area, the main investments related to incremental maintenance of the cement production plants of the subsidiary Cementir Italia, the construction of a new ready-mixed concrete plant in Moriassi, and investments by the newly acquired Cementir Sacci, mainly in the

Tavernola and Cagnano plants, in the latter case to make it able to use waste-derived alternative fuels (Solid Recovered Fuel –SRF). In addition, around EUR 1.5 million was invested in IT, particularly in a long-term project to standardise, improve and transform the Group's processes, also in view of the integration of the newly acquired companies.

Significant events in the half year

On 28 April 2017, the **refinancing** was completed of a bridge loan worth a total of EUR 330 million, as part of the loan agreement signed in October 2016 with a pool of banks, made available to finance the acquisitions of CCB and the Sacci business division, to refinance existing credit lines, and to service working capital requirements. The term of the bridge loan, initially set for April 2018, has been extended with the same pool of banks to October 2021, with bullet repayment. The conditions of the loan have been aligned with those of the term loan under the same agreement.

Significant events after the close of the half year

No significant events have occurred after the close of the half year.

Outlook

The Group's results in the first half 2017 were in line with management expectations, thanks to the good performance in the Nordic & Baltic area, China and Italy, and the achievement of targets in Egypt. Work on integrating companies acquired in 2016 are progressing according to schedule.
We expect the second half of the year to be characterised by continued strong performance of activities in the Nordic & Baltic area, China and Egypt, and by improved results in Malaysia and Turkey.
Uncertainties remain in the second half of the year over the movements of some foreign currencies, especially the Turkish lira and the Egyptian pound, and a number of markets, including Turkey. Despite these uncertainties, the Group believes it can confirm its earnings and financial targets for the year 2017: EBITDA of around EUR 215 million and a net financial debt of about EUR 530 million at the end of 2017.

* * *

At today's meeting, the Board of Directors also approved the activities of the Control and Risks Committee over the first half 2017.

Today, the Board also approved the 231 Model update in relation to the introduction of the offenses provided for under Italian Law 186/2014 (Self-laundering), Italian Law 68/2015 (Crimes against the environment) and Italian Law 69/2015 (Anti-corruption).

* * *

The results of the first half 2017 will be presented to the financial community in a conference call to be held tomorrow, Friday 28 July, at 10.00 am (CET). The telephone numbers to call are:

Italy: +39 02 805 88 11	USA: +1 718 7058794
UK: + 44 1 212 81 8003	USA (freephone): 1 855 2656959

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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.

The consolidated financial statements are attached. 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.

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.

*In addition to conventional financial indicators under IFRS, the Cementir Holding Group also uses a number of **alternative performance indicators** to allow a better assessment of earnings and financial performance. In line with Consob Communication 92543/2015 and the ESMA Guidelines (ESMA/2015/1415), the meaning and content of the indicators used in this press release are provided below.*

- *EBITDA: 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 liabilities.*

***CEMENTIR HOLDING** is an Italian multinational company that produces and distributes grey and white cement, ready-mixed concrete, aggregates and concrete products. Cementir Holding is part of the Caltagirone Group and has been listed on the Italian Stock Exchange (Borsa Italiana) since 1955, currently in the STAR segment. Through its subsidiaries Aalborg Portland, Cimentas and Cementir Italia, Cementir Holding operates in 17 countries across 5 continents.*

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CEMENTIR HOLDING GROUP

Consolidated statement of financial position

(EUR '000)	30 June 2017	31 December 2016
ASSETS		
Intangible assets with a finite useful life	73,266	70,372
Intangible assets with an indefinite useful life	365,679	375,142
Property, plant and equipment	1,041,066	1,067,126
Investment property	93,505	98,823
Equity-accounted investments	22,735	22,893
Available-for-sale equity investments	1,956	571
Non-current financial assets	2,623	2,970
Deferred tax assets	81,327	73,274
Other non-current assets	11,242	11,075
TOTAL NON–CURRENT ASSETS	**1,693,399**	**1,722,246**
Inventories	173,851	163,822
Trade receivables	279,619	236,498
Current financial assets	3,213	3,491
Current tax assets	9,412	8,368
Other current assets	34,775	56,994
Cash and cash equivalents	196,290	244,025
TOTAL CURRENT ASSETS	**697,160**	**713,198**
TOTAL ASSETS	**2,390,559**	**2,435,444**
EQUITY AND LIABILITIES		
Share capital	159,120	159,120
Share premium reserve	35,710	35,710
Other reserves	738,461	730,597
Profit (loss) attributable to the owners of the parent	15,504	67,270
Equity attributable to the owners of the parent	**948,795**	**992,697**
Profit (loss) attributable to non-controlling interests	3,114	18,079
Reserves attributable to non-controlling interests	63,875	49,527
Equity attributable to non-controlling interests	**66,989**	**67,606**
TOTAL EQUITY	**1,015,784**	**1,060,303**
Employee benefits	39,191	41,520
Non-current provisions	21,915	24,617
Non-current financial liabilities	717,057	744,606
Deferred tax liabilities	143,077	146,262
Other non-current liabilities	9,710	10,084
TOTAL NON-CURRENT LIABILITIES	**930,950**	**967,089**
Current provisions	3,096	3,484
Trade payables	253,969	263,443
Current financial liabilities	95,687	65,349
Current tax liabilities	21,443	16,769
Other current liabilities	69,630	59,007
TOTAL CURRENT LIABILITIES	**443,825**	**408,052**
TOTAL LIABILITIES	**1,374,775**	**1,375,141**
TOTAL EQUITY AND LIABILITIES	**2,390,559**	**2,435,444**

CEMENTIR HOLDING GROUP

Consolidated income statement

(EUR '000)	1st Half 2017	1st Half 2016
REVENUE	**631,387**	**481,006**
Change in inventories	1,077	(3,174)
Increase for internal work	5,422	4,557
Other operating revenue	9,336	2,947
TOTAL OPERATING REVENUE	**647,222**	**485,336**
Raw materials costs	(260,280)	(206,362)
Personnel costs	(107,593)	(78,387)
Other operating costs	(194,282)	(128,597)
TOTAL OPERATING COSTS	**(562,155)**	**(413,346)**
EBITDA	**85,067**	**71,990**
Amortisation and depreciation	(48,968)	(40,058)
Provisions	(70)	(38)
Impairment losses	(211)	(74)
Total amortisation, depreciation, impairment losses and provisions	(49,249)	(40,170)
EBIT	**35,818**	**31,820**
Share of net profits of equity-accounted investees	2,225	2,138
Financial income	6,593	1,404
Financial expense	(17,510)	(16,109)
Foreign exchange rate gains (losses)	(2,515)	2,350
Net financial income (expense)	(13,432)	(12,355)
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES	**(11,207)**	**(10,217)**
PROFIT (LOSS) BEFORE TAXES	**24,611**	**21,603**
Income taxes	(5,993)	(5,853)
PROFIT FROM CONTINUING OPERATIONS	**18,618**	**15,750**
PROFIT (LOSS) FOR THE PERIOD	**18,618**	**15,750**
Attributable to:		
Non-controlling interests	3,114	4,709
Owners of the parent	**15,504**	**11,041**

(EUR)		
Basic earnings per share	**0.097**	**0.069**
Diluted earnings per share	**0.097**	**0.069**

CEMENTIR HOLDING GROUP

Consolidated statement of cash flows

(EUR '000)	1st Half 2017	1st Half 2016
PROFIT (LOSS) FOR THE PERIOD	**18,618**	**15,750**
Other comprehensive income (expense):		
Items that will never be reclassified to profit (loss)	**-**	**-**
Items that may be reclassified to profit (loss)		
Foreign currency translation differences - foreign operations	(44,600)	(22,108)
Financial instruments	(776)	-
Taxes related to equity	229	-
Total items that may be reclassified to profit (loss)	**(45,147)**	**(22,108)**
Total other comprehensive income (expense)	**(45,147)**	**(22,108)**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD	**(26,529)**	**(6,358)**
Attributable to:		
Non-controlling interests	(565)	(2,087)
Owners of the parent	**(25,964)**	**(4,271)**

Consolidated statement of changes in equity

(EUR '000)	Share capital	Share premium reserve	Other reserves			Profit (loss) attributable to the owners of the parent	**Equity attributable to the owners of the parent**	Profit (loss) attributable to non-controlling interests	Reserves attributable to non-controlling interests	**Equity attributable to non-controlling interests**	**Total Equity**
			Legal reserve	Translation reserve	Other reserves						
Equity at 1 January 2016	**159,120**	**35,710**	**31,825**	**(298,690)**	**1,053,228**	**67,477**	**1,048,670**	**7,624**	**74,811**	**82,435**	**1,131,105**
Allocation of 2015 profit (loss)					67,477	(67,477)	-	(7,624)	7,624	-	-
Distribution of 2015 dividends					(15,912)		(15,912)		(1,387)	(1,387)	(17,299)
Other changes							-		4,869	**4,869**	4,869
Total owner transactions	**-**	**-**	**-**	**-**	**51,565**	**(67,477)**	**(15,912)**	**(7,624)**	**11,106**	**3,482**	**(12,430)**
Change in translation reserve				(108,016)			**(108,016)**		(36,237)	(36,237)	**(144,253)**
Net actuarial gains (losses)					725		**725**		161	161	**886**
Total other comprehensi income (expense)	**-**	**-**	**-**	**(108,016)**	**725**	**-**	**(107,291)**	**-**	**(36,076)**	**(36,076)**	**(143,367)**
Change in other reserves					(40)		(40)		(314)	(314)	**(354)**
Total other transactions	**-**	**-**	**-**	**-**	**(40)**	**-**	**(40)**	**-**	**(314)**	**(314)**	**(354)**
Profit (loss) for the year						67,270	**67,270**	18,079		**18,079**	**85,349**
Equity at 31 December 2016	**159,120**	**35,710**	**31,825**	**(406,706)**	**1,105,478**	**67,270**	**992,697**	**18,079**	**49,527**	**67,606**	**1,060,303**

(EUR '000)	Share capital	Share premium reserve	Other reserves			Profit (loss) attributable to the owners of the parent	**Equity attributable to the owners of the parent**	Profit (loss) attributable to non-controlling interests	Reserves attributable to non-controlling interests	**Equity attributable to non-controlling interests**	**Total Equity**
			Legal reserve	Translation reserve	Other reserves						
Equity at 1 January 2017	**159,120**	**35,710**	**31,825**	**(406,706)**	**1,105,478**	**67,270**	**992,697**	**18,079**	**49,527**	**67,606**	**1,060,303**
Allocation of 2016 profit (loss)					67,270	(67,270)	-	(18,079)	18,079	-	-
Distribution of 2016 dividends					(15,912)		(15,912)			-	(15,912)
Other changes							-			-	-
Total owner transactions	**-**	**-**	**-**	**-**	**51,358**	**(67,270)**	**(15,912)**	**(18,079)**	**18,079**	**-**	**(15,912)**
Change in translation reserve				(40,921)			(40,921)		(3,679)	(3,679)	**(44,600)**
Net actuarial gains (losses)							-			-	**-**
Fair value on financial instruments					(547)		(547)			-	**(547)**
Total other comprehensi income (expense)	**-**	**-**	**-**	**(40,921)**	**(547)**	**-**	**(41,468)**	**-**	**(3,679)**	**(3,679)**	**(45,147)**
Change in other reserves					(2,026)		(2,026)		(52)	(52)	**(2,078)**
Total other transactions	**-**	**-**	**-**	**-**	**(2,026)**	**-**	**(2,026)**	**-**	**(52)**	**(52)**	**(2,078)**
Profit (loss) for the period						15,504	**15,504**	3,114		**3,114**	**18,618**
Equity at 30 June 2017	**159,120**	**35,710**	**31,825**	**(447,627)**	**1,154,263**	**15,504**	**948,795**	**3,114**	**63,875**	**66,989**	**1,015,784**

CEMENTIR HOLDING GROUP

Consolidated statement of cash flows

(EUR '000)	30 June 2017	30 June 2016
Profit (loss) for the period	**18,618**	**15,750**
Amortisation and depreciation	48,968	40,058
(Reversals of impairment losses) Impairment losses	83	378
Share of net profits of equity-accounted investees	(2,225)	(2,138)
Net financial income (expense)	13,432	12,355
(Gains) Losses on disposals	(406)	(118)
Income taxes	5,993	5,853
Change in employee benefits	(2,457)	(603)
Change in provisions (current and non-current)	(3,187)	(2,515)
Operating cash flows before changes in working capital	**78,819**	**69,020**
(Increase) decrease in inventories	(9,901)	7,667
(Increase) decrease in trade receivables	(42,419)	(29,299)
Increase (decrease) in trade payables	(10,506)	(16,179)
Change in other non-current and current assets and liabilities	24,008	(3,548)
Change in current and deferred taxes	(1,070)	(4,811)
Operating cash flows	**38,931**	**22,850**
Dividends collected	1,123	2,245
Interest collected	1,781	1,032
Interest paid	(10,020)	(4,517)
Other net income (expense) collected (paid)	(8,018)	(6,268)
Income taxes paid	(12,744)	(11,624)
CASH FLOWS FROM OPERATING ACTIVITIES (A)	**11,053**	**3,718**
Investments in intangible assets	(7,044)	(634)
Investments in property, plant and equipment	(31,111)	(21,776)
Investments in equity investments and other non-current securities	(1,389)	-
Proceeds from the sale of intangible assets	-	53
Proceeds from the sale of property, plant and equipment	1,292	614
Proceeds from the sale of equity investments and non-current securities	-	-
Change in non-current financial assets	347	329
Change in current financial assets	537	262
Other changes in investing activities	-	-
CASH FLOWS USED IN INVESTING ACTIVITIES (B)	**(37,368)**	**(21,152)**
Change in non-current financial liabilities	(27,549)	(15,952)
Change in current financial liabilities	34,490	28,345
Dividends distributed	(15,912)	(16,662)
Other changes in equity	(4,357)	1,557
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (A)	**(13,328)**	**(2,712)**
NET EXCHANGE RATE GAINS (LOSSES) ON CASH AND CASH EQUIVALENTS (D)	**(8,092)**	**(919)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(47,735)**	**(21,065)**
Opening cash and cash equivalents	**244,025**	**136,768**
Closing cash and cash equivalents	**196,290**	**115,703**