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GRUPPO CALTAGIRONE

PRESS RELEASE

Cementir Holding: Board of Directors approves 2017 results and guidance for 2018

- **Revenue: EUR 1,140.0 million (EUR 1,027.6 million in 2016), up 10.9%**
- **EBITDA: EUR 222.7 million (EUR 197.8 million in 2016), up 12.6%**
- **EBIT: EUR 140.6 million (EUR 94.7 million in 2016)**
- **Group net profit: EUR 71.5 million (EUR 67.3 million in 2016)**
- **Net financial debt: EUR 536.6 million (EUR 562.4 million at 31 December 2016)**
- **Guidance for 2018: EBITDA of around EUR 235 million and net financial debt to EUR 260 million**
- **Proposed dividend: EUR 0.10 per share (in line with last year)**

Rome, 8 March 2018 – The Board of Directors of Cementir Holding SpA, chaired by Francesco Caltagirone Jr., has examined and approved the draft financial statements for the year ended 31 December 2017.
Following the agreement for the sale of Cementir Italia SpA and its wholly owned subsidiaries Cementir Sacci SpA and Betontir SpA (the "Cementir Italia Group") finalised on 2 January 2018, the Group has recorded the effects of the sale as discontinued operations, in accordance with IFRS 5.

Financial highlights

(millions of euros)	**Year 2017 (1)**	**Year 2016 Published**	**Change %**	**Year 2016 (1)**
Revenue from sales and services	1,140.0	1,027.6	10.9%	925.8
EBITDA	222.7	197.8 **(*)**	12.6%	208.5 **(*)**
EBITDA/Revenue from sales and services %	*19.5%*	*19.3%*		*22.5%*
EBIT	140.6	94.7	48.5%	135.6
Net financial income (expense)	(13.9)	23.9	-158.1%	24.3
Profit (loss) before taxes	126.7	118.6	6.8%	159.8
Profit (loss) from continuing operations	110.3	85.3	29.2%	118.9
Profit (loss) from discontinued operations	(33.1)	-		(33.6)
Profit (loss) for the year	77.2	85.3	-9.6%	85.3
Group net profit	71.5	67.3	6.2%	67.3

(1) The figures shown do not include Cementir Italia Group, which was recognised as "discontinued operations". The 2017 figures also include the contribution of the Compagnie des Ciments Belges S.A. group (CCB), acquired on 25 October 2016.
(*) Includes EUR 15 million from the effect of the bargain-price acquisition of CCB (Bargain Price IFRS 3).

Sales volumes

(millions of euros)	Year 2017 (1)	Year 2016 Published	Change %	Year 2016 (1)
Grey and white cement sales volumes ('000 tons)	10,282	10,110	1.7%	8,254
Ready-mixed concrete ('000 m^3)	4,948	4,420	11.9%	4,308
Aggregates ('000 tons)	9,335	4,462	109.2%	4,462

Net financial debt

(millions of euros)	31-12-2017	30-09-2017	30-06-2017	31-12-2016
Net financial debt	536.6	630.3	613.2	562.4

Group employees

	31-12-2017 (1)	31-12-2017 (2)	31-12-2016
Number of employees	3,021	3,620	3,667

(1) The figures shown do not include Cementir Italia Group.
(2) The figures shown include the contribution of the Cementir Italia Group. The 2017 figures benefitted from the acquisitions completed in the second half of 2016: CCB Group, acquired on 25 October 2016, and Cementir Sacci, acquired on 29 July 2016.

"The year 2017 ended with EBITDA of EUR 222.7 million, an increase on the EUR 197.8 million of the previous year, thanks to the 12-month consolidation of the CCB Group and the improvement in China, United Kingdom, Norway and Sweden, which substantially offset the lower earnings in Turkey, Egypt and Malaysia. Also, the depreciation of the Turkish lira and the Egyptian pound had a negative impact on Group results.

The cash flow generated by operations and control of working capital allowed the Group to end the year with net financial debt of EUR 536.6 million, which was better than forecast" commented Francesco Caltagirone Jr., Chairman and Chief Executive Officer.

Performance in 2017

Sales volumes of cement and clinker, equal to 10.3 million tons, saw an increase of 1.7%, thanks to the change in the Belgian consolidation and the good performance in Denmark, Turkey, Egypt and Malaysia.

Sales volumes of ready-mixed concrete, equal to 4.9 million cubic metres, were up 11.9% due to the acquisitions in 2016 and to strong performance in Denmark, Norway and Sweden, despite the fall in sales in Turkey.

In the aggregates segment, sales volumes amounted to 9.3 million tons, up by over 109% thanks to the contribution of Compagnie des Ciments Belges and good performance in Sweden and Denmark.

Group **revenue from sales and services** was EUR 1,140.0 million, up 10.9% compared to EUR 1,027.6 million in 2016 due to the change in the scope of consolidation: specifically, in 2017, the revenue of the CCB group amounted to EUR 233.6 million (EUR 38.7 million in 2016, consolidated as of 25 October 2016).

On a like-for-like basis, revenue increased 1.7% compared to 2016, despite the negative impact of exchange rates, above all in Turkey and Egypt. The strong performance of operations in Denmark, Norway and Sweden, with an increase in sales volumes of cement, ready-mixed concrete and aggregates, and in China (above all due to higher sales prices on the local market) offset the fall in revenue expressed in Euro in Turkey and Egypt.

It should be noted that the impact on revenue of the depreciation of the major foreign currencies compared to the euro was negative at EUR 78.6 million. At constant 2016 exchange rates, revenue would have amounted to EUR 1,218.6 million, 18.6% higher than the previous year.

Operating costs, amounting to EUR 947.3 million, were up by EUR 76.8 million on 2016, deriving mainly from the change in the scope of consolidation and after a positive exchange rate effect of EUR 62.4 million.

The **cost of raw materials** was EUR 444.2 million (EUR 432.7 million in 2016), up due to the change in the scope of consolidation, the general increase in fuel purchase prices and higher production volumes of cement in Denmark, Turkey and Egypt, and of ready-mixed concrete in Denmark, Sweden and Norway, despite a positive exchange rate effect of EUR 40.7 million.

Personnel costs were EUR 174.7 million, up by EUR 7.8 million mainly because of the change in the scope of consolidation and benefitted from a positive exchange rate effect of EUR 6.7 million. The increase in personnel costs was mainly driven by higher production volumes in Scandinavian countries, labour-cost inflation, the increase in personnel costs at the parent and in extraordinary costs for early contract terminations (EUR 3.2 million).

Other operating costs were EUR 328.4 million, up by EUR 57.6 million compared to the same period of the previous year mainly because of the change in the scope of consolidation, benefitting from positive exchange rate effect of EUR 14.9 million.

EBITDA was EUR 222.7 million, up 12.6% on EUR 197.8 million in 2016. The figure benefitted from the change in the scope of consolidation with EBITDA of the CCB Group amounting to EUR 43.9 million (EUR 8.8 million in 2016). In addition, EBITDA benefitted from non-recurring income of EUR 10.1 million due to the revaluation of non-core building lands in Turkey. It is noted that the 2016 figure also included EUR 15.1 million in non-recurring income linked to the negative difference (badwill) between the acquisition price and the preliminary determined fair value of purchased assets net of any liabilities.

In addition to the above-mentioned effects deriving from the change in the scope of consolidation and non-recurring items, EBITDA improved in China, United Kingdom, Norway and Sweden but fell in Turkey, Denmark and Malaysia, also because of the depreciation of foreign currencies against the Euro, mainly the Egyptian pound and the Turkish lira.

The impact on EBITDA of the depreciation of the major foreign currencies compared to the euro was negative EUR 19.5 million, so at constant exchange rates with the previous year EBITDA would have been EUR 242.2 million.

The EBITDA margin came to 19.5%, showing a slight improvement in profitability compared to 2016 (19.3%).

Net of amortisation, depreciation, impairment losses and provisions totalling EUR 82.1 million (EUR 103.2 million in 2016), **EBIT** amounted to EUR 140.6 million (EUR 94.7 million in 2016).

The fall in amortisation, depreciation, impairment losses and provisions relates to the change in the consolidation and includes write-downs of trade receivables of EUR 2.2 million, depreciation of plant and machinery of EUR 3.5 million, and provisions for restructuring costs in Belgium of EUR 3.3 million. The impact of the depreciation of the major foreign currencies compared to the euro was negative at EUR 12.3 million; at constant exchange rates EBIT would have been EUR 152.9 million.

The **share of net profits of equity-accounted investees** was EUR 4.8 million (EUR 5.1 million in 2016).

Net financial expense was EUR 18.7 million (income of EUR 18.8 million in 2016) and reflects losses from exchange-rate differences of EUR 5.2 million (gains of EUR 32.3 million in 2016) and higher borrowing costs incurred as a result of the increased level of average debt to finance the acquisitions in 2016. These negative effects were partly offset by the increased mark-to-market value of some financial instruments held to hedge exchange-rate, interest-rate and commodity risk, and the returns on the cash held by the Group. It should be noted that 2016 benefitted from over EUR 32.3 million in exchange-rate gains.

Profit before taxes amounted to EUR 126.7 million (EUR 118.6 million in 2016).

Profit from continuing operations totalled EUR 110.3 million (EUR 85.3 million in 2016), after taxes amounting to EUR 16.4 million, down on the previous year (EUR 33.2 million). Taxes in 2017 benefitted from the release of deferred tax liabilities following the reductions in tax rates in Belgium and the United States, both approved in December 2017, for EUR 21.5 million and EUR 2.2 million, respectively.

Loss from discontinued operations, net of tax totalled EUR 33.1 million, due to the sale of the Cementir Italia group; for further details refer to the notes of the consolidated financial statements.

Profit attributable to the owners of the parent, once non-controlling interests were accounted for, amounted to EUR 71.5 million (EUR 67.3 million in 2016). The decrease in profit attributable to non-controlling interests (EUR 5.7 million compared to EUR 18.1 million in 2016) was mainly due to the decrease in profits of the Egyptian company Sinai White Portland Cement, of which the Group owns 66.4%.

Investments totalled EUR 92.1 million in 2017: EUR 60.0 million was invested in the cement business, EUR 17.5 million in the ready-mixed concrete business, EUR 8.5 in the aggregates business, EUR 1.6 million in the waste management business, EUR 4.3 million in the IT systems of the parent, and EUR 0.2 million in other activities.

Net financial debt at 31 December 2017 was EUR 536.6 million, down EUR 25.8 million compared to EUR 562.4 million at 31 December 2016. This improvement was due to cash flows from operating activities, despite investments worth EUR 92.1 million, the distribution of EUR 15.9 million in dividends, and a number of extraordinary transactions. These transactions included the acquisition of five ready-mixed concrete plants in northern France (EUR 2.6 million), the acquisition of a minority interest in the Egyptian subsidiary Sinai White Portland Cement Company (EUR 7.5 million), and the adjustment of the total price for the acquisition of CCB, which was paid in July (EUR 10.5 million). The proceeds of EUR 315 million from the sale of the Cementir Italia group were received on 2 January 2018.

Total equity at 31 December 2017 amounted to EUR 1,015.7 million (EUR 1,060.3 million at 31 December 2016).

Performance by geographical segment[1]

Nordic & Baltic and USA

(EUR'000)	2017	2016	Change %
Revenue from sales	829,081	586,151	41.4%
Denmark	*358,793*	*341,117*	*5.2%*
Norway / Sweden	*211,789*	*185,711*	*14.0%*
Belgium / France	*240,373*	*38,731*	*520.6%*
Other (A)	*65,469*	*59,707*	*9.6%*
Eliminations	*(47,343)*	*(39,115)*	
EBITDA	161,749	143,546	12.7%
Denmark	*95,832*	*115,098 (*)*	*-16.7%*
Norway / Sweden	*18,093*	*16,761*	*7.9%*
Belgium / France	*44,866*	*8,738*	*413.5%*
Other (A)	*2,958*	*2,949*	*0.3%*
EBITDA Margin %	19.5%	24.5%	
Investments	64,843	41,555	

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

(*) It includes EUR 15.1 million of non recurring income

Denmark

Despite the slowdown in growth in the third quarter of 2017, driven by the sharp correction in private consumption, the fundamentals of the economy remained solid. The Gross Domestic Product posted a growth rate of 2% in 2017, in line with 2016. The real estate market continued to grow, sustained by rising incomes and very low interest rates. Housing prices continued to rise faster than general inflation, but the risks of a shock in the housing market are limited by credit restrictions.

[1] Starting 1 January 2016, the Group's operations are organised into four Regions: Nordic & Baltic and USA (Denmark, Norway, Sweden, Iceland, Belgium, France, United Kingdom, Poland, Russia and United States), Eastern Mediterranean (Turkey and Egypt), Asia Pacific (China, Malaysia and Australia) and Central Mediterranean (Italy).

In 2017, revenue from sales amounted to EUR 358.8 million, up 5.2% as a result of an increase in sales volumes of grey and white cement totalling 4.4%. On the domestic market, sales volumes of grey cement increased 2.8% mainly due to the residential, commercial and public sector with average sales prices showing a slight increase while volumes of white cement – albeit insignificant – saw a decline of 13% against steadily rising prices. Exports were up for both white cement (+7%) as a result of higher deliveries in France and Poland, and for grey cement (+11%), mainly destined for Norway and Iceland. Sales volumes of ready-mixed concrete were instead up slightly compared to the same period of 2016, despite the lower volumes for the Copenhagen Metro project, which is nearing completion, with prices slightly up. EBITDA was EUR 95.8 million, down on EUR 115.1 million in 2016, which included non-recurring income connected to assets acquired in Belgium for EUR 15.1 million. In the cement sector, there was a decrease due to higher costs for the purchase of fuel caused by the increased prices on the international market, extraordinary costs for leaving personnel and higher management fees charged by the parent, despite the positive effect of higher sales volumes of cement, lower costs for the purchase of clinker from third parties compared to the previous year, and lower costs to purchase electricity; the ready-mixed concrete sector instead showed a slight improvement due to the positive effect of sales prices and volumes, which was only partially offset by higher variable costs (especially raw materials) and fixed costs (in particular staff due to higher production volumes).
The main investments in the Denmark included, in the cement sector, the upgrade of the calciner in the grey cement kiln for EUR 8 million and, in the ready-mixed concrete sector, the construction of two new plants, located in Odense, in the south of the country, costing about EUR 4.2 million, and in Ribe (Jutland peninsula, southern Denmark) costing around EUR 1.6 million.

Norway and Sweden

The Norwegian economy grew as expected in 2017 (+1.9%). The growth was driven by private consumer spending and the strong increase in investments in the “non-oil” sector. Government investment, together with work on new housing and low interest rates, helped to support the construction sector.
In **Norway** the Group’s ready-mixed concrete sales volumes increased 10% 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 1.8%.
In **Sweden**, levels of economic activity remained lively also in 2017 (around +2.5%). Good corporate health strengthened the labour market, with the unemployment rate reaching its lowest level since 2008.
In Sweden, the Group’s sales volumes of ready-mixed concrete increased 12.2%, 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, in view of an approximately 10% growth in the country’s construction market; aggregate sales increased by over 12%.

Overall revenue from sales were up 14% to EUR 211.8 million, while EBITDA was EUR 18.1 million, up 7.9%. The Norwegian krone remained almost stable compared to the average exchange rate of 2016, while the Swedish krona fell by around 2% in the year.
Capital expenditure in 2017 totalled EUR 6.4 million and referred mainly to extraordinary maintenance work on production plants, upgrading transport vehicles (pumps and cement mixers) and the new lease of the Larvik / Tønsberg plant in Norway for around EUR 2.1 million.

Belgium and France

Economic growth in **Belgium** accelerated in 2017 compared to the previous year thanks to private investment and support for export demand. The construction sector was only marginally affected by the slight contraction in expected real estate investments but recovered thanks to the increase in purchasing power and the high level of confidence of households.
The Group entered the Belgian market by acquiring Compagnie des Ciments Belges S.A. (CCB) 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 (Netherlands and Germany).
In 2017, the Group's cement sales volumes were up compared to the previous year, although the data were not yet included in the scope of consolidation, in particular in Belgium.
Sales volumes in the ready-mixed concrete sector were up, especially in Belgium as a result of the good weather. It should be noted that the Group acquired five ready-mixed concrete plants in northern France in the first quarter of 2017.
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.
Overall, revenues from sales amounted to EUR 240.4 million with EBITDA of EUR 44.9 million.
Investments in 2017 totalled EUR 15.8 million and related mainly to extraordinary maintenance on the Gaurain plant, the acquisition of five ready-mixed concrete plants in northern France (EUR 2.6 million), the construction of the Rochefort terminal in France (EUR 1.1 million), and interventions in the aggregates sector, including the acquisition of land in Antoing, Belgium, for future use as a quarry.

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

In the **United Kingdom**, the Group's waste management revenue in local currency saw an improvement compared to 2016 as a result of the increase in volumes of processed waste at the subsidiary Quercia (over 40%), while revenue of the subsidiary Neales suffered a moderate decline due to the loss of several important contracts. EBITDA was up to EUR 0.3 million (negative EUR 0.6 million in 2016).
In the **United States**, the Group's subsidiaries reported an 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 solved in mid-February. EBITDA was slightly up compared to the same period of the

previous year. It should be noted that the costs incurred relative to the restructuring of the terminal were almost entirely reimbursed by the insurance company.
Overall in Poland, Russia, Iceland, United Kingdom and United States, EBITDA was substantially stable at EUR 3.0 million.
In the waste management sector in the United Kingdom, EUR 0.4 million was invested. Lastly, investments totalling EUR 0.2 million were made in the United States.

Eastern Mediterranean

(EUR'000)	2017	2016	Change %
Revenue from sales	229,585	260,162	-11.8%
Turkey	*193,142*	*214,913*	*-10.1%*
Egypt	*36,443*	*45,249*	*-19.5%*
Eliminations	-	-	
EBITDA	43,202	45,434	-4.9%
Turkey	*31,555*	*32,060*	*-1.6%*
Egypt	*11,647*	*13,373*	*-12.9%*
EBITDA Margin %	18.8%	17.5%	
Investments	13,405	16,491	

In the Eastern Mediterranean, the Group operates in the production and sale of grey cement and ready-mixed concrete, as well as in waste management in Turkey, and the production and sale of white cement in Egypt.

Turkey

According to the most recent estimates, Turkey's GDP growth in 2017 will be around 7% – a rapid improvement from +3.2% in 2016. The bounce was driven by expansionary fiscal policies, government guarantees of lending to the economy and the consolidation of foreign demand. The construction sector benefited from government stimulus measures, especially in the infrastructure segment.
Group revenue fell to EUR 193.1 million (EUR 214.9 million in 2016) due partly to the depreciation of the Turkish lira against the euro (-23% compared to the average exchange rate for the same period of 2016). Revenue in local currency increased by 10.8%. The Group's cement and clinker sales volumes saw a significant improvement in the second half of 2017, meaning that volumes for the year were up 4.6% compared to the previous year, both in the domestic market and in exports, after the early part of the year was affected by adverse weather conditions, delays on some key construction projects, strong competition and the uncertain political situation in the country.
Domestic cement prices in local currency were up, sustained by the start of anticipated infrastructure projects in the regions of Eastern Anatolia, Marmara (motorway bridges, canal bridges and canals) and the Aegean (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 17% due to the deferral of a number of projects due to political uncertainty, adverse weather conditions and the increase in steel prices, up 9% in local currency. Three new ready-mixed concrete plants will be launched in the first quarter of 2018 to support the market position of the Trakya plant.
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 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 in particular), and an increase in volumes received for temporary storage, despite a decrease in recycled ferrous materials and packaging.
Hereko division, which processes Istanbul's solid urban waste, underwent a reorganisation in an effort to improve profitability and product quality. This led to a reduction in processed volumes (approximately 75%) but the accounting period ended with a notable improvement in results.
EBITDA was EUR 31.6 million (EUR 32.1 million in 2016) and included non-recurring revenue of EUR 10.1 million due to the revaluation of non-core lands. The decrease, net of non-recurring items, was attributable to the depreciation of the Turkish lira and, on the cost side, a considerable increase in fuel costs on international markets and, to a lesser extent, in electricity costs. In addition, greater volumes of clinker were purchased from third-party suppliers and there was a rise in maintenance costs on cement plants, despite management efforts to recover profitability.
Investments made in 2017 amounted to EUR 10.2 million. Of this, EUR 8.1 million was in the cement sector, relating to works to upgrade and improve kilns and plants in order to cut nitrogen oxide emissions at Edirne and Elazig and to increase the use of alternative fuels at Izmir. A further EUR 1.1 million was in the ready-mixed concrete sector, mainly relating to extraordinary maintenance work and EUR 1 million was invested in the waste management sector.

Egypt

In 2017, Egypt continued to reap the benefits of its stabilisation and a broader reform programme that was launched more than a year ago. The building and energy sectors remained the principal drivers of growth, albeit hindered by double-digit inflation rates. The various social housing projects carried out by the government continued to be pursued intensively, as did infrastructure projects that benefited from foreign capital inflows as a result of the improvement in the degree of confidence of foreign investors.
In Egypt, revenue from sales totalled EUR 36.4 million (EUR 45.2 million in 2016), down due to the depreciation of the Egyptian pound against the euro (-83% compared to the average exchange rate in 2016) as, in early November 2016, the Egyptian Central Bank announced the decision to leave the Egyptian pound to float freely.
Revenue in local currency increased 47.2% thanks to higher sales volumes of cement on the domestic market (+10.2%) with an increase in average sales prices in local currency and the increase in export

volumes (+4.6%), especially to Saudi Arabia, Russia and Jordan, with average sales prices in dollars falling in all principal markets. Overall cement sales – including exports – were up 7.3%.

EBITDA amounted to EUR 11.6 million (EUR 13.4 million in 2016), down due to the effect of the currency devaluation mentioned above, equal to approximately EUR 9.6 million. The positive effect of higher prices on the domestic market and the more profitable sales mix was partially mitigated by the increase in fuel costs on the international markets and by the increase in plant maintenance costs.

Investments in 2017 totalled EUR 3.2 million, mainly relating to extraordinary maintenance operations and the purchase of strategic spare parts.

Asia Pacific

(EUR'000)	2017	2016	Change %
Revenue from sales	83,002	80,887	2.6%
China	*44,129*	*41,774*	*5.6%*
Malaysia	*38,966*	*39,269*	*-0.8%*
Eliminations	*(93)*	*(156)*	
EBITDA	19,100	20,983	-9.0%
China	*11,166*	*10,536*	*6.0%*
Malaysia	*7,933*	*10,447*	*-24.1%*
EBITDA Margin %	23.0%	25.9%	
Investments	3,252	2,322	

In the Asia Pacific area the Group operates in China and Malaysia through its two white cement production plants, and in Australia through import terminals.

China

China recorded economic growth of 6.9% in 2017, slightly up from +6.7% in 2016. The impact of economic stimulus measures on domestic demand, together with the rebound in exports, contributed to this slight uptick. However, the general slowdown seen since 2010 resumed in the second half of 2017, due to the restrictive effects of government policies. The tightening of the conditions for access to credit has slowed down growth in the residential sector and limited the local ability to finance infrastructure projects.

Revenue from sales was EUR 44.1 million, up 5.6% compared to 41.8 million in 2016. In local currency, revenue from sales were up over 9% compared to the previous year thanks to the increase in the volumes of white cement sold on the domestic market (+12%), plus a favourable trend in prices (+9% in local currency). Exports were insignificant in the period and mainly directed to South Korea and Hong Kong, down 29% with falling dollar prices.

EBITDA of EUR 11.2 million (EUR 10.5 million in 2016) benefitted from the positive trend in prices on the domestic market, only partially offset by the increase in variable costs connected to the higher price of fuel on international markets, plus the increase in fixed costs for employees and maintenance.

Investments in 2017 totalled approximately EUR 0.7 million, mainly for a new packaging line for cement bags.

Malaysia

The Malaysian economy accelerated significantly during 2017, ending the year with growth of 5.9% (4.2% in 2016). Growth was widespread, driven by a solid recovery in exports. Private consumption was driven up by higher wages, while gross fixed capital formation more than tripled its growth rate compared to last year. The construction sector showed a slight slowdown compared to 2016, due to the relative weakness of the residential and non-residential private segments.

In Australia, GDP decelerated slightly in 2017 compared to the previous year (+2.2% against +2.6% in 2016), mainly due to the negative contribution of net exports. The construction investment sector was held back by the residential segment, which was hit by a sharp drop in maintenance and renovation spending, tighter bank lending conditions, and higher taxation on foreign home purchasers.

Group sales volumes of white cement and clinker were up 4% overall compared to the same period of the previous year. Sales volumes of cement on the domestic market were insignificant but fell 4%, against a background of slightly higher average prices in local currency. However, exports of cement and clinker increased by about 5%, mainly due to higher volumes in Vietnam, Australia, Philippines and Japan, although exports to Singapore and South Korea were lower. Export prices of clinker and cement are generally decreasing due to the product mix and strong competition on international markets.

EBITDA fell to EUR 7.9 million compared to EUR 10.4 million in the previous year, because higher sales volumes were more than offset by higher costs for fuel, electricity and raw materials costs, higher fixed costs for production employees, maintenance and operating costs at the plant following technical problems in the kiln in the first half of the year, plus the effect of the fall in the exchange rate (6% compared to the average exchange rate in 2016).

Investments in Malaysia in 2017 totalled approximately EUR 2.5 million, mainly relating to extraordinary plant maintenance and the increased clinker storage capacity at the port of Lumut (approximately EUR 800 thousand).

Central Mediterranean

(EUR'000)	2017 [2]	2016	Change %
Revenue from sales	183,418	112,582	62.9%
Italy	*183,418*	*112,582*	*62.9%*
EBITDA	(4,974)	(12,138)	59.0%
Italy	*(4,974)*	*(12,138)*	*59.0%*
EBITDA Margin %	-2.7%	-10.8%	
Investments	10,635	11,459	

[2] The 2017 figures benefit from the contribution of Cementir Sacci, acquired on 29 July 2016

The Group finalised the agreement to sell the Italian operations (Cementir Italia SpA and its wholly-owned subsidiaries Cementir Sacci SpA and Betontir SpA) on 2 January 2018.
After growth of 0.9% in 2016, Italian GDP closed 2017 with an increase of 1.5% thanks to good export performance and an increase in investments, supported in turn by better demand expectations and new tax incentives. The construction sector's contribution to growth remained modest, as shown by the very slow property market, the failure to recover house prices, and the slow recovery in public investment.
Revenue from sales totalled EUR 183.4 million (EUR 112.6 million in 2016) and included the revenue of Cementir Sacci of EUR 70.1 million (EUR 21.8 million in 2016). Cement sales volumes increased 35.5% compared to 2016 as a result of the 12-month consolidation of Cementir Sacci SpA but fell 9.6% on like-for-like basis, with average prices rising. Sales volumes of ready-mixed concrete were up 13% compared to 2016 (-2.6% on like-for-like basis).
EBITDA was negative EUR 5.0 million (negative EUR 12.1 million in 2016) and includes the EBITDA of Cementir Sacci of EUR -2.5 million (EUR -3.0 million in 2016).
In Italy, a total of EUR 10.6 million was invested in 2017, of which EUR 5.2 million in the cement sector, mainly at the Maddaloni, Spoleto and Cagnano plants, and EUR 1.1 million in the ready-mixed concrete sector, in particular in the new Moriassi plant (COCIV consortium). In addition, Cementir Holding made investments worth EUR 4.4 million, mainly in Group information technology.

Guidance for 2018

In 2017 the Group proceeded to integrate the CCB Group and continued to pursue initiatives to improve efficiency, in line with trends in the reference markets.
In 2018, the Group will be working on the integration of Lehigh White Cement Company.
With the new industrial perimeter (thus excluding the Italian companies sold and including the contribution of Lehigh White Cement Company), the Group expects to record consolidated revenue of about EUR 1.25 billion and EBITDA of around EUR 235 million, including Lehigh White Cement Company's contribution of approximately EUR 10 million from the second quarter of 2018.
These forecasts were drawn up assuming a depreciation of exchange rates, in particular of the Egyptian pound and the Turkish lira.
Net financial debt is expected at EUR 260 million at the end of 2018, after capital expenditure of about EUR 80 million, the payment of USD 106.6 million for the acquisition of LWCC and the collection of the payment for the sale of 100% of the share capital of Cementir Italia Spa.

Key events of the year

On the operational front, the integration of the CCB group with the Group's organisational structure and IT platform are proceeding according to plan and should be finished by the end of the second quarter 2018.

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.

The **procedure to adjust the price paid for the acquisition of CCB** was concluded in July, resulting in the disbursement of EUR 10.5 million.

In August, Aalborg Portland Holding A/S acquired an **additional stake in the Egyptian company Sinai White Cement Company** for a total of EUR 7.5 million, taking its interest from 57.1% to 66.4%; the transaction strengthened the Group's presence in the white cement sector in Egypt, of significant interest for the Group.

On 19 September, Cementir Holding SpA signed an agreement with Italcementi SpA, a wholly-owned subsidiary of HeidelbergCement AG, for the **sale of 100% of the share capital of Cementir Italia SpA**, including its wholly-owned subsidiaries Cementir Sacci SpA and Betontir SpA (Cementir Italia group), for EUR 315 million on a cash and debt-free basis. The sale of the shares, which was subject to authorisation from the Italian Antitrust Authority, was completed on 2 January 2018.

Other significant events included the incorporation of a trading company called Spartan Hive SpA in April 2017.

Lastly, in July 2017 a company was incorporated in Belgium, called Aalborg Portland Belgium, for the sale of white cement.

* * *

The Board of Directors has also decided to submit a proposal to the Shareholders' Meeting, scheduled for 19 April 2018 in a single call, for the payment of a **dividend** of EUR 0.10 per share (in line with 2016), for a total dividend payment of EUR 15.9 million, using the reserve for retained earnings accrued in the financial years ending until 31 December 2007. The dividend will be payable as of 23 May 2018 (ex-dividend date of 21 May 2018), with a record date of 22 May 2018.

The Board of Directors has approved the **Non-Financial Disclosure of the Cementir Holding Group** in accordance with Legislative Decree 254/16, the **Corporate Governance and Ownership Report** as per article 123-bis of Legislative Decree 58/1998, and the **Report on Remuneration** as per article 123-ter of

Legislative Decree 58/1998 and article 84-quater of the Issuer Regulations. These reports, together with the Annual Report 2017, will published by the deadline set by current laws and made available at the registered office, on the corporate website *www.cementirholding.it* in the section Investor Relations/Corporate Governance, and from the authorised storage system managed by Spafid Connect SpA at the address www.emarketstorage.com.

The Board also reviewed the work in 2017 of the Control and Risks Committee and the Supervisory Body as per Legislative Decree 231/2001.

In keeping with international best practice and the recommendations of the Corporate Governance Code, the Board of Directors has reviewed the performance and procedures of the Board itself and its committees, assessing their size and composition, also in consideration of professional experience, management expertise, gender, and years of service.

In compliance with the recommendations of the Corporate Governance Code, the Board of Directors has also approved its own guidelines on the size and composition of the Board of Directors, to be submitted to Shareholders for their next Shareholders' Meeting, whose agenda will include the appointment of the Board of Directors for the three-year period 2018-2020.

* * *

Massimo Sala, as the manager responsible for preparing the Company's financial reports, 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.

*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;*
    - *financial liabilities (current and non-current).*

The separate and consolidated financial statements are attached. They are provided to offer investors additional information on the performance and financial position of the Company and the Group. The draft financial statements are currently being audited by the Board of Statutory Auditors and the independent auditor, in their respective capacities.

***CEMENTIR HOLDING** is an international manufacturer of grey and white cement, ready-mixed concrete, aggregates and concrete products, exporting to over 70 countries worldwide. The global leader in white cement, the Group employs approximately 3,000 people in 18 countries on 5 continents.*

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CEMENTIR HOLDING GROUP

Consolidated statement of financial position (EUR '000)	31 December 2017	31 December 2016[1]
ASSETS		
Intangible assets with a finite useful life	128,462	124,641
Intangible assets with an indefinite useful life	346,641	375,142
Property, plant and equipment	759,840	1,039,469
Investment property	95,094	98,823
Equity-accounted investments	22,470	22,893
Available-for-sale equity investments	221	571
Non-current financial assets	2,176	2,970
Deferred tax assets	47,356	80,870
Other non-current assets	8,296	11,075
TOTAL NON-CURRENT ASSETS	**1,410,556**	**1,756,454**
Inventories	126,727	163,822
Trade receivables	160,629	236,498
Current financial assets	1,067	3,491
Current tax assets	7,060	8,368
Other current assets	18,511	48,517
Cash and cash equivalents	214,528	244,025
TOTAL CURRENT ASSETS	**528,522**	**704,721**
ASSET HELD FOR SALE	**418,251**	**-**
TOTAL ASSETS	**2,357,329**	**2,461,175**
EQUITY AND LIABILITIES		
Share capital	159,120	159,120
Share premium reserve	35,710	35,710
Other reserves	689,887	730,597
Profit (loss) attributable to the owners of the parent	71,471	67,270
Equity attributable to the owners of the parent	**956,188**	**992,697**
Profit (loss) attributable to non-controlling interests	53,775	49,527
Reserves attributable to non-controlling interests	5,695	18,079
Equity attributable to non-controlling interests	**59,470**	**67,606**
TOTAL EQUITY	**1,015,658**	**1,060,303**
Employee benefits	34,598	41,520
Non-current provisions	29,426	35,267
Non-current financial liabilities	696,090	744,606
Deferred tax liabilities	127,544	154,240
Other non-current liabilities	5,020	10,084
TOTAL NON-CURRENT LIABILITIES	**892,678**	**985,717**
Current provisions	2,869	3,484
Trade payables	204,204	263,443
Current financial liabilities	62,776	65,349
Current tax liabilities	16,420	16,769
Other current liabilities	44,850	66,610
TOTAL CURRENT LIABILITIES	**331,119**	**415,155**
LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD FOR SALE	**117,874**	**-**
TOTAL LIABILITIES	**1,341,671**	**1,400,872**
TOTAL EQUITY AND LIABILITIES	**2,357,329**	**2,461,175**

[1] Figures at 31 December 2016 have been restated following the determination of fair value of the identifiable assets acquired and liabilities assumed completed during 2017.

CEMENTIR HOLDING GROUP

Consolidated income statement

(EUR '000)	2017	2016[2]
REVENUE	**1,140,006**	**925,806**
Change in inventories	623	986
Increase for internal work	7,344	7,660
Other operating revenue	22,071	24,395
TOTAL OPERATING REVENUE	**1,170,044**	**958,847**
Raw materials costs	(444,161)	(369,611)
Personnel costs	(174,748)	(139,619)
Other operating costs	(328,438)	(241,115)
TOTAL OPERATING COSTS	**(947,347)**	**(750,345)**
EBITDA	**222,697**	**208,502**
Amortisation and depreciation	(72,590)	(62,094)
Provisions	(3,865)	(3,158)
Impairment losses	(5,677)	(7,684)
Total amortisation, depreciation, impairment losses and provisions	(82,132)	(72,936)
EBIT	**140,565**	**135,566**
Share of net profits of equity-accounted investees	4,785	5,127
Financial income	13,468	3,412
Financial expense	(26,916)	(16,289)
Foreign exchange rate gains (losses)	(5,249)	32,016
Net financial income (expense)	(18,697)	19,139
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES	**(13,912)**	**24,266**
PROFIT (LOSS) BEFORE TAXES	**126,653**	**159,832**
Income taxes	(16,393)	(40,891)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**110,260**	**118,941**
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	**(33,094)**	**(33,592)**
PROFIT (LOSS) FOR THE YEAR	**77,166**	**85,349**
Attributable to:		
Non-controlling interests	5,695	18,079
Owners of the parent	**71,471**	**67,270**
(EUR)		
Basic earnings per share	**0.449**	**0.423**
Diluted earnings per share	**0.449**	**0.423**

[2] The 2016 figures have been restated following the reclassification of the Italian operating companies among assets held for sale in the caption "Profit (loss) from discontinued operations, net of tax".

CEMENTIR HOLDING SPA

Statement of financial position

(EUR)	31 December 2017	31 December 2016
ASSETS		
Intangible assets	5,396,129	2,749,176
Property, plant and equipment	580,075	418,725
Investment property	23,000,000	23,000,000
Investments in subsidiaries	293,840,578	495,747,996
Non-current financial assets	179,783,886	329,685,497
Deferred tax assets	53,594,934	50,200,188
TOTAL NON-CURRENT ASSETS	**556,195,601**	**901,801,582**
Trade receivables	12,314,532	19,550,866
- Trade receivables - third parties	*279,609*	*421,861*
- Trade receivables - related parties	*12,034,923*	*19,129,005*
Current financial assets	44,166,815	259,686,618
- Current financial assets - third parties	*935,453*	*899,099*
- Current financial assets - related parties	*43,231,362*	*258,787,519*
Current tax assets	4,287,824	4,758,111
Other current assets	1,251,720	1,320,830
- Other current assets - third parties	*925,723*	*809,134*
- Other current assets - related parties	*325,997*	*511,696*
Cash and cash equivalents	4,021,623	5,709,512
- Cash and cash equivalents - third parties	*4,021623*	*3,999,714*
- Cash and cash equivalents - related parties	-	*1,709,798*
TOTAL CURRENT ASSETS	**66,042,514**	**291,025,937**
ASSETS HELD FOR SALE	**313,016,102**	**-**
TOTAL ASSETS	**935,254,217**	**1,192,827,518**
EQUITY AND LIABILITIES		
Share capital	159,120,000	159,120,000
Share premium reserve	35,710,275	35,710,275
Other reserves	269,317,103	292,220,629
Profit (loss) for the year	-123,242,525	-5,880,637
TOTAL EQUITY	**340,904,853**	**481,170,267**
Employee benefits	1,767,290	448,080
Other non-current provisions	45,000	-
Non-current financial liabilities	504,601,717	635,927,167
- Non-current financial liabilities - third parties	*504,601,717*	*635,927,167*
- Non-current financial liabilities - related parties	-	-
Deferred tax liabilities	4,238,995	4,238,995
TOTAL NON-CURRENT LIABILITIES	**510,653,002**	**640,614,242**
Trade payables	2,445,200	3,020,217
- Trade payables - third parties	*2,432,390*	2,465,918
- Trade payables - related parties	*12,810*	554,299
Current financial liabilities	36,774,453	26,468,158
- Current financial liabilities - third parties	*36,774,453*	*26,468,158*
- Current financial liabilities - related parties	-	-
Current tax liabilities	416,992	-
Other current liabilities	5,494,790	41,554,634
- Other current liabilities - third parties	*5,221,901*	*3,882,733*
- Other current liabilities - related parties	*272,889*	*37,671,901*
TOTAL CURRENT LIABILITIES	**45,131,435**	**71,043,009**
LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD FOR SALE	**38,564,927**	**-**
TOTAL LIABILITIES	**555,784,437**	**711,657,252**
TOTAL EQUITY AND LIABILITIES	**935,254,217**	**1,192,827,518**

CEMENTIR HOLDING SPA

Income statement

(EUR)	2017	2016
REVENUE	**27,792,003**	**20,942,421**
- Revenue - related parties	*27,792,003*	*20,942,421*
Increase for internal work	1,525,283	905,102
Other operating revenue	323,000	246,000
- Other operating revenue - third parties	*323,000*	*246,000*
TOTAL OPERATING REVENUE	**29,640,286**	**22,093,523**
Personnel costs	(15,614,691)	(8,714,313)
- Personnel costs - third parties	*(15,614,691)*	*(8,714,313)*
Other operating costs	(12,664,520)	(12,797,928)
- Other operating costs - third parties	*(1,790,262)*	*(10,623,928)*
- Other operating costs - related parties	*(10,874,258)*	*(2,174,000)*
TOTAL OPERATING COSTS	**(28,279,211)**	**(21,512,241)**
EBITDA	**1,361,075**	**581,282**
Amortisation, depreciation, impairment losses and provisions	(1,542,656)	(1,142,704)
EBIT	**(181,581)**	**(561,422)**
Financial income	18,904,243	4,055,810
- Financial income - third parties	*9,858,843*	*793,466*
- Financial income - related parties	*9,045,400*	*3,262,344*
Financial expense	(141,430,246)	(11,411,549)
- Financial expense - third parties	*(18,455,887)*	*(8,966,209)*
- Financial expense - related parties	*(122,974,359)*	*(2,445,340)*
NET FINANCIAL INCOME (EXPENSE)	**(122,526,003)**	**(7,355,739)**
PROFIT (LOSS) BEFORE TAXES	**(122,707,584)**	**(7,917,161)**
Income taxes	(534,941)	2,036,524
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**(123,242,525)**	**(5,880,637)**
PROFIT (LOSS) FOR THE YEAR	**(123,242,525)**	**(5,880,637**