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Testo del comunicato

Vedi allegato.

PRESS RELEASE

Cementir Holding: Board of Directors approves consolidated results for the first half of 2018

- **Revenue: EUR 588.5 million (EUR 556.9 million in the first half 2017) up 5.7%**
- **EBITDA: EUR 96.0 million (EUR 87.7 million in the first half 2017) up 9.5%**
- **Group net profit: EUR 77.6 million (EUR 15.5 million in the first half 2017)**
- **Net financial debt: EUR 395.3 million (EUR 387.1 million at 31 March 2018)**
- **Performance and financial targets for 2018 are confirmed**

Rome, 26 July 2018 – 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 2018.

Financial highlights

Note that in the first half of 2018 the results of industrial operations in Italy are no longer consolidated and that those recently acquired in the United States are consolidated line-by-line from the second quarter 2018 onwards.

(millions of euros)	1st Half 2018	1st Half 2017 Restated (1)	Change %	1st Half 2017 Published	Change %
Revenue from sales and services	588.5	556.9	5.7%	631.4	-6.8%
EBITDA	96.0	87.7	9.5%	85.1	12.8%
EBITDA/Revenue from sales and services %	*16.3%*	*15.7%*		*13.5%*	
EBIT	58.5	51.2	14.3%	35.8	63.3%
Net financial income (expense)	35.5	(10.7)	n.m.	(11.2)	n.m.
Profit (loss) from continuing operations	80.1	27.7	188.9%	18.6	330.0%
Profit (loss) from discontinued operations	-	(9.1)		-	
Group net profit	77.6	15.5	400.5%	15.5	400.5%

(1) The 2017 figures have been restated following reclassification of amounts related to Italian operating companies held for sale under "Profit (loss) from discontinued operations".

Sales volumes

('000)	1st Half 2018	1st Half 2017 Restated (1)	Change %	1st Half 2017 Published	Change %
Grey and white cement (metric tons)	4,921	4,930	-0.2%	6,187	-20.5%
Ready-mixed concrete (m^3)	2,539	2,367	7.2%	2,423	4.8%
Aggregates (metric tons)	4,884	4,648	5.1%	4,648	5.1%

Net financial debt

(millions of euros)	30-06-2018	31-03-2018	31-12-2017
Net financial debt	395.3	387.1	536.6

Group employees

	30-06-2018	31-03-2018	31-12-2017 Restated	31-12-2017 Published	30-06-2017 Published
Number of employees	3,099	2,966	3,021	3,620	3,613

"Results in the first half 2018 are better than those in the first half of 2017 even on a like-for-like basis; without the effect of the acquisition of Lehigh White Cement Company. The improved EBITDA in Turkey, Belgium and China compensated for the worse results in Egypt due to the curfew introduced in February and resulting stop to all transport activities until May, and the worse results in Norway, Malaysia and Denmark. Results were also negatively impacted by harsh weather conditions in the first quarter of the year in Scandinavian countries and Belgium and by Ramadan in Turkey and Egypt" commented Francesco Caltagirone Jr., Chairman and Chief Executive Officer*".*

Sales volumes of cement and clinker in the first half of 2018, equal to 4.9 million tons, were essentially unchanged compared to the first half of 2017, despite the change in the scope of consolidation. On a like-for-like basis, sales of cement and clinker dropped (-3.8%) due to the worse performance of Egypt and Turkey, which suffered slowdowns in the second quarter because of June elections and Ramadan.
Sales volumes of ready-mixed concrete, 2.5 million m^3, grew 7.2% driven by the excellent performance of Turkey and to a lesser extent of Denmark, despite the drop in sales in Norway and stability in Belgium and Sweden.
In the aggregates segment, sales volumes amounted to 4.9 million tons, up by 5.1% thanks to the positive trend in Belgium and Denmark.
Group **revenue from sales and services** totalled EUR 588.5 million, up 5.7% compared to EUR 556.9 million in the first half of 2017 due to the change in the scope of consolidation, which resulted in an increase

in revenue of about EUR 36.1 million relative to Lehigh White Cement Company ("LWCC), consolidated line-by-line as of 1 April 2018.

On a like-for-like basis, revenue was essentially stable in the semester despite the EUR 36.7 million negative exchange-rate effect. The positive revenue trend in Turkey, Malaysia, Belgium, Denmark and China offset the contraction in sales in Egypt between February and May due to security reasons in the Sinai peninsula, in Norway due to poor weather conditions in the first quarter, and in the United Kingdom to a lesser extent.

Operating costs, amounting to EUR 509.1 million, were up by EUR 28.4 million on the first half of 2017, (EUR 480.8 million) deriving from the change in the scope of consolidation (EUR 36.9 million) and after a positive exchange rate effect EUR 30.9 million.

The **cost of raw materials** was EUR 244.7 million (EUR 219.0 million in the first half 2017), up due to the change in the scope of consolidation (EUR 25 million). On a like-for- like basis, the cost of raw materials was essentially stable thanks to a positive exchange rate effect of EUR 19.2 million and the reduction in volumes in Egypt and Norway, which was almost completely offset by the general increases in the price of fuel on international markets.

Personnel costs, totalling EUR 90.9 million, have remained just about unchanged compared to first half 2017 (EUR 90.9 million). On a like-for-like basis there has been a drop in personnel costs of EUR 3.1 million, mainly caused by the positive exchange effect for about EUR 4 million which compensated the workforce changes (mostly concentrated in Turkey and the Asia-Pacific region) and labour-cost inflation.

Other operating costs were EUR 173.5 million, against EUR 170.9 million in the first half of 2017, benefiting from a positive exchange rate effect of EUR 7.7 million. The change in the scope of consolidation had an effect of EUR 8.8 million.

EBITDA was EUR 96.0 million, up 9.5% on EUR 87.7 million in the first half of 2017. On the one hand, the result benefited from the contribution of LWCC for EUR 6.4 million and the improvements in Turkey, Belgium and China; on the other, it suffered the worse results in Egypt due to the curfew introduced in February and the resulting stop to all transport activities until May, and the worse results in Norway, Malaysia and Denmark.

The impact on EBITDA of the depreciation of the major foreign currencies compared to the euro was negative for EUR 7.9 million; so at constant exchange rates with 2017 EBITDA would have been EUR 103.9 million.

The EBITDA margin came to 16.3%, showing an improvement in industrial profitability compared to the same period of 2017 (15.7%);

EBIT, considering amortisation, depreciation and provisions totalling EUR 37.5 million (EUR 36.5 million in the first half 2017), amounted to EUR 58.5 million compared to EUR 51.2 million in the first half 2017, benefiting EUR 4.4 million from the contribution of LWCC. At constant exchange rates with the previous year, EBIT would have been EUR 64.3 million, with an unfavourable exchange rate effect for EUR 5.8 million.

The **share of net profits of equity-accounted investees** was EUR 0.6 million (EUR 2.2 million in the same period 2017), no longer including the contribution of LWCC as of the second quarter 2018, as LWCC has been consolidated on line-by-line basis.

Net financial income was EUR 34.9 million (expense of EUR 12.9 million in the first half of 2017). That result includes EUR 38.9 million of fair value remeasurement of the 24.5% share already held by the Group in LWCC, as required by international accounting standards, recognised in the second quarter with the line-by-line consolidation of LWCC. It also benefits from the increase in the mark-to-market value of the financial instruments held to hedge commodities, interest rates and currencies, partially offset by losses from exchange rate differences for EUR 4.5 million.

Profit before taxes was EUR 94.0 million (EUR 40.5 million in the first half of 2017).

Profit from continuing operations totalled EUR 80.1 million (EUR 27.7 million in the first half of 2017), after taxes amounting to EUR 13.9 million (EUR 12.8 million in the same period 2017).

Profit from discontinued operations was zero, whereas in the first half of 2017 it showed a loss of EUR 9.1 million, due to the Cementir Italia group.

Profit attributable to the owners of the parent, once non-controlling interests were accounted for, amounted to EUR 77.6 million (EUR 15.5 million in the first half 2017).

Net financial debt at 30 June 2018 was EUR 395.3 million, down EUR 141.3 million compared to 31 December 2017. That change can mainly be attributed to collection of EUR 315 million for the sale of the Cementir Italia group, partially absorbed by payment of USD 106.6 million (about EUR 87 million) to purchase 38.75% of Lehigh White Cement Company, to movements in net working capital, to annual plant maintenance, usually carried out in the first half of the year, and the distribution of EUR 15.9 million of dividends in May.

Total equity at 30 June 2018 amounted to EUR 1,108.4 million (EUR 1,015.7 million at 31 December 2017).

Performance in the second quarter of 2018

In the second quarter of 2018, **sales volumes** of cement and clinker, equal to 2.8 million tons, dropped 3.1%. On a like-for-like basis, the reduction in volumes suffered from the worse performance in Turkey due to June elections, and to a lesser extent in Denmark and Egypt.

Sales volumes of ready-mixed concrete, 1.4 million m^3, grew 7.3% driven by the excellent trend in Turkey, Denmark and Sweden despite the drop in volumes in Belgium, whereas they were stable in Norway.

In the aggregates segment, sales volumes amounted to 2.7 million tons, up 2.4% thanks to the positive trend in Belgium and Denmark.

Revenue from sales and services was EUR 346.1 million, up 11.4% compared to EUR 310.6 million in the second quarter 2017 due to the change in the scope of consolidation (EUR 36.1 million). On a like-for-like basis, revenue remained stable compared to the second quarter 2017, due to the negative impact of exchange rates. The positive revenue trend in Denmark, Malaysia, China, Norway, Sweden and Belgium offset the drop in Euro revenue in Turkey and the drop recorded in Egypt and the United Kingdom, whereas the currency trend impact was negative.

The impact on revenue of the depreciation of the major foreign currencies compared to the Euro was negative at EUR 23.7 million. At constant 2017 exchange rates, revenue would have amounted to EUR 369.9 million, an increase of 19% on the second quarter of the previous year.

Operating costs, amounted to EUR 281.0 million (EUR 252.5 million in the second quarter 2017), up mainly due to the change in the scope of consolidation (EUR 36.9 million) and benefitting from a positive exchange rate effect of EUR 18.7 million.

EBITDA, equal to EUR 71.9 million, increased by 19.5% compared to the second quarter 2017 (EUR 60.1 million); partly due to the changed scope of consolidation (EUR 6.4 million) and partly to the positive performance in Belgium, Turkey, China, Norway and Sweden, whereas there were declines in Egypt, Denmark, Malaysia and the United Kingdom.

The impact of the exchange rate change on EBITDA was negative for EUR 5.9 million. At constant exchange rates, EBITDA would have been EUR 77.7 million.

EBIT was EUR 52.2 million (EUR 41.4 million in the second quarter of 2017).

The share of net profits of equity-accounted investees was EUR 0.2 million (EUR 1.6 million in the same period of 2017).

Net financial income was EUR 34.4 million (expense of EUR 7.1 million in the second quarter of 2017). That result includes EUR 38.9 million of fair value remeasurement of the 24.5% share already held by the Group in LWCC, as required by international accounting standards, recognised in the second quarter with the line-by-line consolidation of LWCC. It also benefits from the increase in the mark-to-market value of the financial instruments held to hedge commodities, interest rates and currencies, partially offset by losses from exchange rate differences for EUR 2.6 million.

Profit before taxes came to EUR 86.8 million, up on the second quarter of 2017 (EUR 35.8 million).

Performance by geographical segment

Nordic & Baltic

(EUR'000)	1st Half 2018	1st Half 2017	Change %
Revenue from sales	270,343	272,674	-0.9%
Denmark	*175,808*	*174,641*	*0.7%*
Norway / Sweden	*94,605*	*102,064*	*-7.3%*
Others (1)	*26,990*	*16,805*	*60.6%*
Eliminations	*(27,060)*	*(20,836)*	
EBITDA	46,185	48,281	-4.3%
Denmark	*38,216*	*39,127*	*-2.3%*
Norway / Sweden	*5,537*	*7,313*	*-24.3%*
Others (1)	*2,432*	*1,841*	*32.1%*
EBITDA Margin %	17.1%	17.7%	
Investments	13,988	23,610	

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

Denmark

The growth of the Danish economy continued in the first half of 2018 and the average expected GDP growth for the year is 1.8%, sustained by domestic private demand. The real estate market is also healthy with price dynamics expected to slow down following the restrictive loan access measures introduced at the start of 2018. The public investments trend is somewhat unpredictable, depending on the final approval of some large infrastructural projects.

In the first half of 2018, sales volumes of grey cement on the domestic market dropped moderately due to the freezing weather conditions and the completion of the Copenhagen metro, whereas average sales prices have increased slightly. White cement volumes on the domestic market have dropped 11% with prices down slightly.

Export performance was, however, positive for both white cement (+4%) thanks to larger amounts delivered in the United Kingdom, France and Germany, more than offsetting the lower sales in the USA, Finland and Poland, and for grey cement (+18%) especially to Iceland, Greenland, Faroe Islands and Germany, outweighing the lower sales in Norway. Average export prices have fallen due to the different mix destination countries.

In the ready-mixed concrete sector, sales volumes increased compared to the same period in 2017 (+2.2%) due to the country's positive, stable economic conditions, with prices up slightly.

Revenue from sales was EUR 175.8 million, compared to EUR 174.6 million in the first half of 2017.

EBITDA was EUR 38.2 million, slightly down on EUR 39.1 million in the same period of 2017.

The cement sector saw a drop in EBITDA of about one million euros, caused by the higher fuel purchase costs on the international market, only partially offset by savings for the different plant maintenance timetables compared to last year, lower costs to purchase clinker from third parties and lower personnel

costs; on the revenue side, the positive higher volumes effect was mostly offset by lower sales prices due to the export mix. The ready-mixed concrete sector recorded an improved EBITDA due to greater sales volumes and prices, as well as savings on general and administrative expenses and for personnel.
Total investments in the half year amounted to about EUR 10.8 million, almost entirely attributable to the cement sector. The main investments include a project to improve the reliability and availability of the water-limestone mix (totalling EUR 2.5 million) and other projects to increase the production capacity of white cement furnaces.

Norway and Sweden

In Norway, GDP growth expected to remain above the medium-term trend once again this year, thanks to solid household consumption trends and oil sector investments. Building activity levels are being driven by infrastructure, whereas the contribution of the residential sector is falling, as highlighted by the drop in building permits since the start of the year.

In Norway, the Group's ready-mixed concrete sales volumes dropped by 11% due to the extremely cold winter in the first quarter and a reduction in building in the residential sector. However, in the next few months some important road projects near Trondheim, Møre, Mandal and Kristiansand should be starting and will enable some of those volumes to be recovered in the second half. Please also note that the highly negative ready-mixed concrete sales trend of the first quarter 2018 (-23%) was followed by a marginally positive second quarter compared to the same period 2017. However, average prices in local currency increased (+4.5%).

In **Sweden**, growth should stay strong in 2018 (+2.6%), powered by exports, private investments and more expansive fiscal policy measures. Rising salaries will also help sustain private consumption. In the building sector, activity levels will suffer from the expected slowdown in real-estate investments. On the other hand, the contribution from public works is expected to remain positive thanks to eleven billion euros in investments planned up to 2029.

In Sweden, the Group's ready-mixed concrete sales volumes are consistent with the same half of the previous year: the lower sales recorded in the first quarter due to unfavourable weather conditions at the start of the year were recovered in the second quarter thanks to a new hospital being built in Malmö and the start of infrastructural projects in the south of the country, as well as growth in the residential sector. Average prices in local currency increased considerably also due to the product mix. Aggregate sales have remained stable compared to the first half of 2017 with average local currency prices increasing moderately.

Total revenue from sales was EUR 94.6 million, down 7.3% compared to the first half of 2017, whereas EBITDA was EUR 5.5 million (EUR 7.3 million in the first half of 2017) down due to the lower Norwegian results through lower sales volumes and higher fixed production costs linked to extraordinary cleaning expenses due to environmental regulations and plant maintenance and material heating costs because of the cold winter. The unitary contribution margin improved thanks to the positive price effect. In Sweden EBITDA was in line with 2017.

The Norwegian krone and the Swedish krona devalued by respectively 4.5% and 5.8% compared to average exchange rates in the first half of 2017.

Investments made in the first six months of 2018 were EUR 3.2 million and mainly concerned construction of a new ready-mixed concrete plant near Larvik in Norway (EUR 1.1 million); whereas a new explosion pump for ready-mixed concrete was purchased in Sweden together with a drilling system for the aggregates sector, for a total of EUR 1.1 million.

Belgium

(EUR'000)	1st Half 2018	1st Half 2017	Change %
Revenue from sales	126,622	123,568	2.5%
EBITDA	23,358	19,497	19.8%
EBITDA Margin %	18.4%	15.8%	
Investments	4,482	5,801	

In Belgium, the first quarter 2018 slowdown seems to be temporary, with the improvement expected in the second half of the year linked to the upturn in macroeconomic fundamentals. After the 2017 contraction in residential investments, the significant increase in new housing building permits, together with the increase in the buying power of households and favourable mortgage interest rates, will favour recovery of sector activity levels in the coming months. Public works will still benefit from the main road network infrastructural projects continuing and from projects at local level.

In the first six months of 2018, Compagnie des Ciments Belges group sales volumes of grey cement and clinker dropped slightly compared to the first half of the previous year (-1.7%), due to the negative weather conditions in February and in the first half of March, but from April onwards there was a significant rise in activity that become firmly established in May and June. The trend was affected negatively by renovation of the ready-mixed concrete plant in Brussels (operational again from 18 June) which reduced supplies of cement in Belgium; partly offset by higher sales in France, especially in the north and around Paris, and in the Netherlands, where the market is developing very positively especially in the ready-mixed concrete and prefab sector. Average prices increased in both Belgium and France, also due to the different product mix.

In the ready-mixed concrete sector, sales volumes contracted slightly with differing trends between Belgium and France. In Belgium, the volume contraction was 15% due to bad weather conditions at the start of the year, to the suspension of activities in some plants for a few days to migrate to the SAP system, to one day's national strike in the constructions sector (16 May) and to renovation of the Brussels plant, with average prices increasing. In France, the CCB group's sales volumes grew by 125% due to full consolidation of the activities of the five plants acquired in the first half of 2017, against the background of a stable market in the areas where the plants are located. Prices increased slightly.

In the aggregates sector, Group sales volumes grew 7.7% despite the negative weather conditions at the start of the year. In Belgium, products were mainly directed to the ready-mixed concrete and asphalt market, also sustained by October's local elections which guaranteed government contribution for some road projects. The average price is down slightly due to an unfavourable product mix and higher distribution costs to end customers. In France, volumes are linked to a few large road construction projects. However, the average price was disadvantaged by the product and client mix (road construction projects). The market is growing in the Netherlands too; more than expected with difficulties had to satisfy requests.

On the whole, in the first half of 2018 revenue was EUR 126.6 million (EUR 123.6 million in the first half of 2017) and EBITDA was EUR 23.4 million (EUR 19.5 million in the first half of 2017). In 2017, EBITDA included non-recurring income of EUR 1.7 million. The improved EBITDA is attributable to the positive trend in volumes and sales prices, despite higher fuel and electricity costs.

Investments by the Belgian group in the first six months of 2018 were about EUR 4.5 million and mainly concerned the cement plant in Gaurain and the production of aggregates (EUR 2.8 million), the new Brussels ready-mixed concrete plant (EUR 1.2 million), plus actions for the production of aggregates by the 65% owned subsidiary SCT (EUR 0.5 million).

North America

(EUR'000)	1st Half 2018	1st Half 2017	Change %
Revenue from sales	41,976	7,024	497.6%
EBITDA	5,764	559	931.1%
EBITDA Margin %	13.7%	8.0%	
Investments	2,750	94	

In North America (United States), the subsidiary Lehigh White Cement Company, consolidated line-by-line as of the second quarter 2018, contributed considerably to results with white cement sales volumes of about 178 thousand tons, revenue from sales of EUR 36.1 million and EBITDA of EUR 6.4 million.

The other Group subsidiaries produce concrete products and manage the Tampa terminal in Florida.

Revenue from sales in the United States totalled EUR 42.0 million (EUR 7.0 million in the first half of 2017) and EBITDA was EUR 5.8 million (EUR 0.6 million in the first half of 2017), including about EUR 1.2 million of costs for legal and consultancy expenses sustained to purchase the investment in Lehigh White Cement Company.

The Group invested about EUR 2.75 million in the first half of 2018, including investing EUR 1.25 million in the newly purchased Lehigh White. The main Waco plant projects include renovating the grinding plant and the installation of power control panels in the mill's electric cabin.

Eastern Mediterranean

(EUR'000)	1st Half 2018	1st Half 2017	Change %
Revenue from sales	112,348	117,847	-4.7%
Turkey	*101,072*	*97,474*	*3.7%*
Egypt	*11,276*	*20,373*	*-44.7%*
Eliminations	*-*	*-*	
EBITDA	11,737	13,907	-15.6%
Turkey	*10,221*	*5,465*	*87.0%*
Egypt	*1,516*	*8,442*	*-82.0%*
EBITDA Margin %	10.4%	11.8%	
Investments	5,580	3,894	

Turkey

The Turkish economy recorded better results than expected in the first quarter 2018. Private consumption increased thanks to higher salaries and lower unemployment, whereas investments benefited from the upturn in construction. For the rest of the year growth is expected to drop slightly because of more rigid financial conditions and an increase in oil costs which will have a negative effect on both terms of trade and domestic demand.

Revenue, equal to EUR 101.1 million (EUR 97.5 million in the first half 2017), increased despite the depreciation of the Turkish lira against the euro (-26% compared to the average exchange rate in the first half 2017).

Cement revenue in local currency increased by about 30%. Group sales volumes of cement and clinker dropped during the first half of 2018 (-4%) with a strong slowdown in second quarter activities linked to the June elections and Ramadan after a first quarter that saw growth of 17%. In the first half, domestic market sales volumes increased by 8% whereas cement and clinker exports dropped 75%. Internal market growth, especially close to the Izmir plant, benefited from the good weather and the growth of GDP and the construction sector by around 7% in the first few months of 2018; in a highly competitive context and with a production capacity surplus in the country. The drop in exports was caused by the decision to privilege the more profitable domestic market because of production difficulties in the Izmir plant which caused several kiln stoppages and therefore lower production.

Average domestic cement prices in local currency were up considerably in the first half with differing trends in the various plants; sustained by inflation (about 15% in the last 12 months), and by the start of infrastructural projects in the regions of Eastern Anatolia, Marmara (motorway bridges, canals and bridges) and the Aegean (residential, commercial and infrastructural investments).

In the ready-mixed concrete sector, sales volumes grew 30% with local currency prices increasing. Two new ready-mixed concrete plants have begun operating in the Marmara region; one new plant has been operational from the end of March (Hasanaga) while another (Kirklareli) started operating on 24 April.

In the waste management sector, the subsidiary Sureko, active in industrial waste management, suffered a drop in revenue and profitability compared to the first six months of 2017 due to a reduction in volumes managed, in particular those sent to landfill and volumes received for temporary storage; whereas the supplies of alternative fuel (RDF) to the Group's cement production plants (Edirne and Izmir) remain stable.
The Hereko division, which processes Istanbul's solid urban waste, underwent reorganisation during the previous year, to improve profitability and product quality. The positive effects are evident in the first half of 2018 with an increase in volumes processed and EBITDA.
The subsidiary Quercia, operating in the United Kingdom, improved revenue by about 5% compared to the same period in 2017 through an increase in waste volumes processed (landfill volumes, revenue from the MRF). At the end of March 2018, the Group sold some plants belonging to the other waste management subsidiary Neales for about GBP 1.5 million. EBITDA in the period improved due to capital gains of about EUR 1 million resulting from the sale of those plants.
EBITDA grew to EUR 10.2 million (EUR 5.5 million in the first half of 2017) despite the heavy Turkish Lira devaluation, thanks to the positive sales prices trend for cement and ready-mixed concrete. This was despite a considerable increase in fuel purchase prices and, to a lesser extent, electricity and raw materials for cement and ready-mixed concrete, and a significant increase in maintenance costs for problems with kilns in the Izmir plant, which has the largest capacity in Turkey.
Investments made by the group in the first half of 2018 amounted to about EUR 5.5 million and mainly concerned the Edirne plant (EUR 2.7 million); including the main project (EUR 1.7 million) consisting in the conversion of the electrostatic precipitator into bag filter state-of-the-art technology that will ensure environmental performance within more stable, efficient operating conditions. This action was required by local authorities and will make the plant fully compliant with the more restrictive emission limits. Investments were also made in the other three cement plants for about EUR 1.4 million and for EUR 0.25 million in ready-mixed concrete.

Egypt

The intense reform programme launched last year in Egypt is still having positive effects on the economy. 2018 growth is estimated at around 5%, driven by greater investments in the energy sector and an increase in exports assisted by the continuing weak exchange rate. The construction sector is benefiting from the government's social building plans, and from the construction of a new administrative capital to the east of Cairo.
Starting on 9 February 2018, the country's army started a major security operation in the Sinai area, blocking all transport activities. Exports were halted the same day and domestic sales stopped on 20 February, having exhausted stocks in the Suez warehouse. Production of clinker stopped on 22 February as raw material stocks had finished, before starting up again in full on 16 April. Those restrictions obviously

had a negative impact on operations and distribution costs. The situation has normalised since May. The government will probably continue the security operation until the end of the year.

Revenue from sales amounted to EUR 11.3 million (EUR 20.4 million in the first half of 2017), down due to the above reasons and the devaluation of the Egyptian pound against the euro (-10% compared to the average exchange rate in the first half 2017).

Quantities of white cement sold on the domestic market dropped by 15% with average prices in local currency increasing 18%. Export volumes to all main destinations fell 49%, with sales prices in dollars down on all the main markets.

EBITDA was EUR 1.5 million (EUR 8.4 million in the same period of 2017), solely due to the lower sales volumes (estimated effect of EUR 5.5 million), whereas the increase in variable costs and to a lesser extent fixed costs was only partly offset by the increase in sales prices on the domestic market. More specifically, distribution costs were considerable in the first half due to the aforementioned transport restrictions which forced the company to reorganise logistics through a fleet of rented vehicles, replacing the usual suppliers no longer available for security reasons and for time reasons due to the numerous road blocks. Since production activities have stabilised, margins are back in line with the budget and the previous year.

Asia Pacific

(EUR'000)	1st Half 2018	1st Half 2017	Change %
Revenue from sales	41,459	37,772	9.8%
China	*21,163*	*20,660*	*2.4%*
Malaysia	*20,302*	*17,176*	*18.2%*
Eliminations	*(6)*	*(64)*	
EBITDA	8,269	8,324	-0.7%
China	*5,557*	*4,497*	*23.6%*
Malaysia	*2,712*	*3,827*	*-29.1%*
EBITDA Margin %	19.9%	22.0%	
Investments	2,419	684	

China

Growth in China remained solid in the first quarter 2018, even though recent information indicates a moderate slowdown in the second. The growth in investment of both private and public companies is struggling to gain momentum, while more rigid real estate regulations – especially in first and second tier cities – is helping with ongoing normalisation of the real estate sector. Apart from its well-known financial vulnerabilities, looking ahead the main risk of GDP dropping is from trade tensions with the United States. Revenue from sales in local currency increased 6.1% compared to the first half of the previous year thanks to favourable prices (+9% on cement in local currency) and an improved product mix; whereas white cement and clinker volumes sold on the domestic market remained stable. 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 north and central China, benefiting the Cementir Group. Exports, not significant in the period and mainly going to South Korea, Hong Kong and Taiwan, dropped 24% following deferral of some deliveries and the strategy that privileged more profitable domestic sales in view of a saturation of production volumes.
EBITDA of EUR 5.6 million (EUR 4.5 million in the first half of 2017) benefited from the positive trend in prices on the domestic market, partially offset by lower exported volumes and the increase in variable costs connected to the higher price of fuel and packaging (in the latter case also due to the different product mix).
About EUR 550 thousand was invested in the first half of 2018, for an excavator for the limestone quarry and update the cement plant’s IT infrastructures.

Malaysia

After a strong first quarter, the economy seems to have stabilised at a high cruising speed, as proven by the last consensus forecast which shows GDP growing by an average of over 5% a year.
Forecasts for the constructions sector are more variable. On the one hand, private investments are expected to benefit from the zeroed tax on goods and services introduced by the new government in June this year. On the other, infrastructural investments will suffer from large infrastructure projects being cancelled, albeit with extremely limited effects on white cement.
In Australia, the pace of GDP growth increased considerably in the first quarter, driven by the bounce in raw material exports and by solid residential building growth. The increase in non-mining fixed investments – against favourable financial and lending conditions – and solid public infrastructure spending should sustain the economic activity in the following months.
Sales volumes of white cement and clinker increased 3% overall compared to the first half of the previous year. Sales volumes of cement on the domestic market fell moderately (-3.5%) although prices in local currency were slightly higher (+5%). Prospects seem positive for the next few months.
Exports of cement and clinker have increased by about 4%, with an increase in cement volumes especially in Australia, Vietnam, South Korea, Philippines and Cambodia and a drop in clinker sales in Australia. However, export prices of cement and clinker are down (about 3%) due to the increase in freight prices, the country mix, and the devaluation of the Australian, American and Singapore dollars.
EBITDA dropped (from EUR 3.8 million to EUR 2.7 million) compared to the first half of last year due to lower prices on foreign markets, higher fuel and raw material costs, higher fixed costs for production personnel and general and administrative costs, only partly compensated by the positive effect of higher export sales volumes and savings on maintenance.
Investments in the first half of 2018 were about EUR 1.9 million of which about EUR 700 thousand for creation of a clinker deposit in the port of Lumut, which will provide greater capacity and better export logistics.

Italy

(EUR'000)	1st Half 2018	1st Half 2017	Change %
Revenue from sales	40,065	13,262	202.1%
EBITDA	675	(2,900)	123.3%
EBITDA Margin %	1.7%	-21.9%	
Investments	1,690	1,544	

Following the sale of the Italian industrial operations, this area includes the parent company Cementir Holding SpA, the trading company Spartan Hive SpA and other minor companies.

The increased revenue from sales is attributable to the trading company Spartan Hive SpA, which dealt with Group companies and third party clients in the first half of 2018.

Significant events during the half year

On 29 March 2018, Cementir Holding finalised its purchase of a further 38.75% share in Lehigh White Cement Company ("LWCC") from Lehigh Cement Company LLC, controlled by HeidelbergCement AG.

The acquisition, announced on 14 February 2018, has an overall value of USD 106.6 million on a cash and debt-free basis, paid entirely at closing on 29 March 2018.

As a result of this transaction, the Cementir group now has control of LWCC with a stake of 63.25%, while the remaining 36.75% is held by the CEMEX group.

The acquisition enables direct management of assets in the United States in the white cement segment, the Group's core business; strengthening its global leadership consistent with its growth strategy.

On 10 May 2018, the Board of Directors' of the Parent Company approved the **2018-2020 Business Plan**. Please refer to the relevant press release for further details.

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 of 2018 were in line with management expectations. Lower results had in Egypt due to security problems in the Sinai area and a strong increase in fuel prices were offset by a better trend in Belgium, China and the USA. We expect the second half of the year to show continued strong performance of activities in Europe, China and the USA. We are expecting the situation in Egypt to stabilise and improved results in Malaysia. There are still some uncertainties over how the Turkey cement market situation will evolve as it slowed down in the second quarter due to presidential elections held in June.

Tensions on some foreign currencies will continue, especially the Turkish Lira; and a further increase in fuel prices, especially coal and pet-coke, are also expected.

Please note that following the acquisition of the majority share in the US Leigh White Cement Company at the end of March 2018, activities to integrate it into the Group have begun and will continue for all of 2018.

Despite these uncertainties, the Group feels it can confirm its income and financial targets for 2018: to achieve a consolidated revenue level of about EUR 1.25 billion and an EBITDA of about EUR 235 million, including the contribution of Lehigh White Cement Company from the second quarter 2018, worth about EUR 10 million. Net financial debt at the end of 2018 is expected to be EUR 260 million, including capital expenditures of about EUR 80 million.

* * *

At today's meeting, the Board of Directors also resolved on the activities of the Control and Risks Committee over the first half 2018.

Also at today's meeting, the Board appointed Claudio Criscuolo, Group General Counsel, as member of the Supervisory Body in place of Francesco Paolucci.

* * *

The results of the first half 2018 will be presented to the financial community in a **conference call** to be held today, Thursday 26 July, at 5:30 pm (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

* * *

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 enable 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: is an indicator of operating performance calculated by adding together "EBIT" and "Amortisation, depreciation, impairment losses and provisions";*
- *Net financial debt: is 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 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 3,100 people in 18 countries on 5 continents*

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

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

@CementirHolding | www.cementirholding.it

CEMENTIR HOLDING GROUP

Consolidated statement of financial position

(EUR '000)	30 June 2018	31 December 2017
ASSETS		
Intangible assets with a finite useful life	219,187	128,462
Intangible assets with an indefinite useful life	381,159	346,641
Property, plant and equipment	799,742	759,840
Investment property	85,306	95,094
Equity-accounted investments	4,413	22,470
Available-for-sale equity investments	215	221
Non-current financial assets	1,833	2,176
Deferred tax assets	31,079	33,778
Other non-current assets	7,552	8,296
TOTAL NON-CURRENT ASSETS	**1,530,486**	**1,396,978**
Inventories	170,533	126,727
Trade receivables	252,290	160,629
Current financial assets	1,804	1,067
Current tax assets	10,737	7,060
Other current assets	20,700	18,511
Cash and cash equivalents	257,425	214,528
TOTAL CURRENT ASSETS	**713,489**	**528,522**
ASSETS HELD FOR SALE	**-**	**431,829**
TOTAL ASSETS	**2,243,975**	**2,357,329**
EQUITY AND LIABILITIES		
Share capital	159,120	159,120
Share premium reserve	35,710	35,710
Other reserves	704,717	689,887
Profit attributable to the owners of the parent	77,591	71,471
Equity attributable to the owners of the parent	**977,138**	**956,188**
Profit attributable to non-controlling interests	128,772	53,775
Reserves attributable to non-controlling interests	2,473	5,695
Equity attributable to non-controlling interests	**131,245**	**59,470**
TOTAL EQUITY	**1,108,383**	**1,015,658**
Employee benefits	32,664	34,598
Non-current provisions	29,842	29,426
Non-current financial liabilities	510,300	696,090
Deferred tax liabilities	144,137	127,544
Other non-current liabilities	5,257	5,020
TOTAL NON-CURRENT LIABILITIES	**722,200**	**892,678**
Current provisions	2,589	2,869
Trade payables	191,323	204,204
Current financial liabilities	144,239	62,776
Current tax liabilities	19,827	16,420
Other current liabilities	55,414	44,850
TOTAL CURRENT LIABILITIES	**413,392**	**331,119**
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE	**-**	**117,874**
TOTAL LIABILITIES	**1,133,575**	**1,341,671**
TOTAL EQUITY AND LIABILITIES	**2,243,975**	**2,357,329**

CEMENTIR HOLDING GROUP

Consolidated income statement

(EUR '000)	1st Half 2018	1st Half 2017[1]
REVENUE	**588,467**	**556,906**
Change in inventories	7,151	(1,942)
Increase for internal work	5,263	5,226
Other operating revenue	4,244	8,239
TOTAL OPERATING REVENUE	**605,125**	**568,429**
Raw materials costs	(244,698)	(219,011)
Personnel costs	(90,946)	(90,854)
Other operating costs	(173,493)	(170,896)
TOTAL OPERATING COSTS	**(509,137)**	**(480,761)**
EBITDA	**95,988**	**87,668**
Amortisation and depreciation	(37,089)	(36,388)
Provisions	(390)	(70)
Impairment losses	(24)	(41)
Total amortisation, depreciation, impairment losses and provisions	(37,503)	(36,499)
EBIT	**58,485**	**51,169**
Share of net profits of equity-accounted investees	579	2,225
Financial income	54,807	6,275
Financial expense	(15,399)	(16,851)
Net exchange rate gains (losses)	(4,505)	(2,343)
Net financial income (expense)	34,903	(12,919)
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES	**35,482**	**(10,694)**
PROFIT BEFORE TAXES	**93,967**	**40,475**
Income taxes	(13,903)	(12,766)
PROFIT FROM CONTINUING OPERATIONS	**80,064**	**27,709**
LOSS FROM DISCONTINUED OPERATIONS	**-**	**(9,091)**
PROFIT FOR THE PERIOD	**80,064**	**18,618**
Attributable to:		
Non-controlling interests	2,473	3,114
Owners of the parent	**77,591**	**15,504**

(EUR)		
Basic earnings per share	**0.488**	**0.097**
Diluted earnings per share	**0.488**	**0.097**

[1] The 2017 figures have been restated following the reclassification of the amounts relating to the Italian operating companies held for sale in the item "Profit (loss) from discontinued operations".

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