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Testo del comunicato

Vedi allegato.

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GRUPPO CALTAGIRONE

PRESS RELEASE

Cementir Holding: the BoD approves first quarter 2019 consolidated results

- **Revenue: EUR 264.4 million (EUR 242.3 million in the first quarter 2018)**
- **EBITDA: EUR 33.7 million (EUR 24.1 million in the first quarter of 2018)**
- **Loss before taxes of EUR 0.3 million (EUR 7.2 million profit in the first quarter of 2018)**
- **Net financial debt: EUR 416.4 million (EUR 255.4 million as at 31 December 2018)**
- **Performance and financial targets confirmed for the current year**

Rome, 9 May 2019 – The Board of Directors of Cementir Holding SpA, chaired by Francesco Caltagirone Jr., today examined and approved consolidated results for the first quarter of 2019.

Financial highlights

(Euro millions)	**1st Quarter 2019**	**1st Quarter 2018**	**Change %**
Revenue from sales and services	264.4	242.3	9.1%
EBITDA	33.7	24.1	39.7%
EBITDA/Revenue from sales and services %	*12.7%*	*9.9%*	
EBIT	7.8	6.3	23.6%
Net financial income (expense) and share of net profits of equity-accounted investees	(8.1)	0.9	n.m.
Profit (loss) before taxes for the period	(0.3)	7.2	n.m.

Sales volumes

('000)	**1st Quarter 2019**	**1st Quarter 2018**	**Change %**
Grey and white cement (metric tons)	1,819	2,079	-12.5%
Ready-mixed concrete (m^3)	902	1,140	-20.9%
Aggregates (metric tons)	2,238	2,179	2.7%

Net financial debt

(Euro millions)	**31-03-2019**	**31-12-2018**	**31-03-2018**
Net financial debt	416.4	255.4	387.1

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Group employees

	31-03-2019	31-12-2018	31-03-2018
Number of employees	3,063	3,083	2,984

"The first quarter of 2019 closed with an increase in EBITDA and EBIT compared to the first quarter of 2018, a result of the consolidation of the US company Lehigh White Cement and the improved results in all regions except Turkey and, to a lesser extent, Malaysia" commented Francesco Caltagirone Jr, Chairman and Chief Executive Officer.

In the first quarter of 2019 cement and clinker **volumes** reached 1.8 million tons, down by 12.5% (-19.9% on a like-for-like basis[1]), due to the negative performance in Turkey which was partially offset by the performance in the Nordic & Baltic region and in Belgium.

Ready-mixed concrete volumes reached 0.9 million cubic metres, down 20.9% due to the drop in Turkey and to a lesser extent in Belgium and France, despite the good performance in Norway and Sweden.

Aggregates volumes reached 2.2 million tons, up by 2.7% thanks to the positive performance in Denmark.

Group Revenue reached EUR 264.4 million, up 9.1% compared to EUR 242.3 million in the first quarter of 2018 (-4.5 on a like for like basis). This increase is due to LWCC consolidation, the good performance in the Nordic & Baltic region (+13%), Belgium (+7%) and Egypt (+113%), partly offset by the negative performance in Turkey due to the widely known economic situation. At constant 2018 exchange rates, revenue would have reached EUR 268.1 million.

Operating costs of EUR 238.0 million were up on the first quarter of 2018 (EUR 228.1 million) due to the change in the consolidation perimeter (EUR 32.2 million).

The **cost of raw materials** was EUR 105.5 million, up by 2.5% compared to the first quarter of 2018 (EUR 102.9 million) due to the change in the consolidation perimeter (EUR 19.1 million). On a like-for-like basis, raw material costs fell by 16%.

Personnel costs were EUR 47.5 million, up by 9.2% compared to the first quarter of 2018 (EUR 43.5 million) due to LWCC consolidation (unchanged on a like-for-like basis). The positive exchange rate effect offset the impact of inflation in almost all countries.

Other operating costs, totalled EUR 85.0 million, a 4.0% increase compared to EUR 81.7 million in the same period of 2018 due to LWCC consolidation (-7.5% on a like-for-like basis). They also benefited from a positive exchange rate effect of EUR 1.5 million.

[1] The scope of consolidation for the first quarter of 2019 changed compared to the same period of 2018, following the acquisition of an additional 38.75% stake in Lehigh White Cement Company (hereinafter "LWCC"), closed on 29 March 2018. With this acquisition, Cementir owns 63.25% of LWCC and consolidates the company on a line-by-line basis from 1 April 2018.

EBITDA reached EUR 33.7 million, up 39.7% on EUR 24.1 million in the first quarter of 2018 (+24.4% on a like for like basis). The result was positively affected by LWCC which contributed EUR 3.7 million and the improvement across all regions except Turkey and to a lesser extent Malaysia.
The impact of IFRS 16 introduction was EUR 5.9 million.
At constant exchange rates compared to last year, EBITDA would have been EUR 32.7 million, up 35% compared to the first quarter of the preceding year.
Taking into account EUR 25.9 million of amortisation and depreciation and to a negligible extent write-downs and provisions (EUR 17.8 million in the first quarter of 2018), **EBIT** reached EUR 7.8 million (EUR 7.3 million on a like-for-like basis) compared to EUR 6.3 million in the same period last year. At constant exchange rates EBIT would have been EUR 6.4 million.
The **share of net profits of equity-accounted investees (Associates)** was EUR -0.2 million (EUR 0.4 million in the same period of 2018, including LWCC).
Net financial expense was EUR 7.9 million compared to an income of EUR 0.5 million in the same period of the previous year. This was due to the negative mark-to-market valuation of some financial instruments used for currency and interest rate hedging as well as the yield on cash held by the Group. It should be noted that the first quarter of 2018 benefited from a Euro 10 million positive impact from the above mentioned financial instruments.
Loss before taxes was EUR 0.3 million (EUR 7.2 million profit in the first quarter of 2018).
Net financial debt as at 31 March 2019 reached EUR 416.4 million, an increase of EUR 161.0 million compared to EUR 255.4 million as at 31 December 2018, due to the cyclical nature of working capital and around EUR 78.9 million impact of IFRS 16 introduction.
Total equity at 31 March 2019 was EUR 1,129.2 million (EUR 1,128.4 million at 31 December 2018), not including taxes on earnings for the period.

Performance by geographical area

Nordic & Baltic

(EUR'000)	1st Quarter 2019	1st Quarter 2018	Change %
Revenue from sales	128,566	113,849	12.9%
Denmark	*83,327*	*74,073*	*12.5%*
Norway / Sweden	*45,133*	*39,607*	*13.9%*
Other (1)	*11,971*	*10,571*	*13.2%*
Eliminations	*(11,875)*	*(10,402)*	
EBITDA	19,844	12,794	55.1%
Denmark	*16,170*	*11,939*	*35.4%*
Norway / Sweden	*3,371*	*(19)*	*n.s.*
Other (1)	*303*	*874*	*-65.3%*
EBITDA Margin %	15.4%	11.2%	
Investments	7,204	7,904	

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

Denmark

In the first quarter of 2019, revenue totalled EUR 83.3 million, up 12.5% thanks to the increase in total volumes of cement sold (+10%) whereas ready-mixed concrete volumes were stable compared to the same quarter of last year.

Domestic grey cement volumes increased substantially because of ready-mixed concrete and prefabricated sectors increased market activity; good weather conditions; more working days because the Easter holidays took place in April rather than in March as was the case in 2018. Domestic white cement volumes grew by the same amount. Average domestic sales prices (for grey and white) rose slightly, in line with inflation.

Exports of white cement performed well while grey cement exports dropped (-12%). Average export prices increased thanks to both country/customer mix and favourable exchange rates.

Ready-mixed concrete volumes were in line with the same period of 2018 as the segment benefited less from the good cement market performance. Important projects are expected to start in the second half of the year, with prices rising above inflation. EBITDA reached EUR 16.2 million, up by approximately EUR 4.2 million compared with the same period of 2018.

Higher fuel costs on the international market were offset by production efficiencies, while fixed costs were affected by higher maintenance costs. The latter were also caused because of maintenance taking place in a different period compared to last year.

Norway and Sweden

In **Norway**, sales volumes of ready-mixed concrete increased mainly as a result of higher demand in some areas, a relatively mild winter and a dynamic and competitive market for the launch of major infrastructure projects. These projects will continue in the second half of the year. Average prices in local currency are rising above inflation.

In **Sweden**, ready-mixed concrete and aggregates sales volumes increased compared to 2018, mainly because of good weather conditions and a very solid construction market, especially in the residential sector; in this regard, a slight contraction is expected in the second half of the year, especially in the ready-mixed concrete sector, also due to strong competition.

In the infrastructure sector volumes are benefiting from some major projects; further projects are slated to begin in the coming months, underpinning current volumes. Ready-mixed concrete and aggregates average prices in local currency increased in the period, due to better product mix.

Overall, revenue reached EUR 45.1 million, up by 14%, and EBITDA was approximately EUR 3.4 million, compared with a marginally negative figure in the first quarter of last year. The increase is linked to the positive trend in Norway with higher sales volumes, higher sales prices and savings on fixed production costs; and in Sweden for the positive effect of higher volumes and sales prices, net of the increase in variable costs and fixed costs.

It should be noted that the Swedish krona and the Norwegian krone average exchange rate versus the Euro fell by approximately 4.5% and 1%, respectively compared to the first quarter of 2018.

Belgium and France

(EUR'000)	1st Quarter 2019	1st Quarter 2018	Change %
Revenue from sales	59,680	55,778	7.0%
EBITDA	9,372	4,536	106.6%
EBITDA Margin %	15.7%	8.1%	
Investments	4,903	2,529	

In the first three months of 2019 grey cement sales volumes grew by 7% compared to the first quarter of 2018 because of: better weather conditions, more working days due to Easter holidays and sales in The Netherlands.

Average prices in the domestic market were higher than in the first quarter of 2018, while export prices were also higher, but to a lesser extent due to worse product-mix.

Ready-mixed concrete sales volumes were down however, partly due to strong price competition.

Aggregates sales volumes contracted very modestly compared to the first quarter of 2018; despite good weather conditions and good performance of prefabricated elements in Belgium, as well as asphalt sales increase in The Netherlands, comparable 2018 figures had been extraordinarily favourable. In France, there was a slowdown in the road construction segment. Prices on the domestic market moved upwards, while export prices were in line with the first quarter of 2018.

On the whole, first quarter 2019 revenue reached EUR 59.7 million (EUR 55.8 million in the first quarter of 2018) and EBITDA reached EUR 9.4 million (EUR 4.5 million in the first quarter of 2018). The effect is mainly attributable to the cement business thanks to higher volumes and prices, savings on variable costs and lower maintenance compared to the first quarter of 2018.

North America

(EUR'000)	1st Quarter 2019	1st Quarter 2018	Change %
Revenue from sales	36,095	2,361	n.s.
EBITDA	3,609	(908)	497.5%
EBITDA Margin %	10.0%	-38.5%	
Investments	1,091	746	

In the United States our subsidiary LWCC, consolidated on a line-by-line basis from the second quarter of 2018, reported white cement sales volumes of 154 thousand tons, revenue of EUR 33.2 million and EBITDA of EUR 3.7 million. Any comparison with the previous year is not meaningful as the company was not consolidated. Sales prices have remained stable on average, albeit with regional differences.

The other American subsidiaries, active in the production of concrete products and in the management of the Tampa terminal in Florida, recorded an EBITDA improvement of approximately EUR 700 thousand, as last year result was influenced by the extraordinary expenses incurred for the acquisition of the majority stake in LWCC.

Overall, in the United States revenue totalled approximately EUR 36.1 million (EUR 2.4 million in the first quarter of 2018) while EBITDA was EUR 3.6 million (EUR -0.9 million in the first quarter of 2018).

Turkey

(EUR'000)	1st Quarter 2019	1st Quarter 2018	Change %
Revenue from sales	21,545	47,613	-54.7%
EBITDA	(4,725)	4,170	
EBITDA Margin %	-22.3%	8.7%	
Investments	1,051	1,594	

Revenue dropped to EUR 21.5 million (EUR 47.6 million in the first quarter of 2018), due to the Turkish Lira severe depreciation against the Euro (-30% compared to the average exchange rate of the first three months of 2018) and the general economic situation. As at March 2019, inflation over the preceding twelve months stood at approximately 30%. The Turkish Lira has continued to devaluate after recent elections. The current recession, caused by the financial crisis, has led to a contraction in the construction sector.

Such construction sector recession as well as cement overcapacity has led to a 50% reduction in revenue in local currency and a similar reduction in cement and clinker sales volumes. However, Group companies maintained a prudent approach, rationalizing sales and corresponding trade receivable risks. Sales volumes on the domestic market decreased by 55% (about 450 thousand tons) while cement and clinker exports increased. In the local currency, average prices for cement were substantially unchanged, with different trends across our plants, thereby amplifying operating difficulties given current cost inflation trend.

In local currency, ready-mixed concrete revenue decreased by about 43%. With volumes declining by 50% compared to 2018 and prices in local currency in line with inflation. The volume decline compared to

the first quarter of 2018 was also due to four ready-mixed concrete plants closures driven by lower local demand.
In the waste management sector, revenue and profitability of our subsidiary Sureko, active in the treatment of industrial waste, increased compared to the first quarter of 2018 because of increased landfill volumes, waste received for temporary storage and other volumes treated (metals, residues of raw materials, fuels). Conversely, supplies of alternative fuel (RDF) to the Group cement plants (Edirne and Izmir) decreased due to the aforementioned reduction in volumes at these plants.
Supplies of alternative fuel (SRF) increased for the Hereko division in Istanbul (solid waste treatment) while other materials (plastics, glass, metals) were down and closed the accounting period with results in line with 2018. The subsidiary Quercia, which operates in the United Kingdom, experienced a moderate contraction in revenue due to lower volumes connected with landfill activities. EBITDA decreased compared with the previous year, whose result included the gain earned in 2018 on the sale of the Neale's business division.
Overall EBITDA in Turkey dropped to EUR -4.7 million (positive EUR 4.1 million in the first quarter of 2018) mainly due to lower domestic cement volumes, increased fuel and electricity prices, while maintenance, personnel and other fixed costs were kept down to counter the sales decline. It should be noted that there was EUR 1 million negative translation impact on EBITDA due to the Turkish Lira devaluation versus the Euro.

Egypt

(EUR'000)	1st Quarter 2019	1st Quarter 2018	Change %
Revenue from sales	8,475	3,970	113.5%
EBITDA	1,378	18	
EBITDA Margin %	16.2%	==	
Investments	166	79	

Revenue totalled EUR 8.5 million (EUR 4.0 million in the first quarter of 2018), a significant increase resulting from stabilization of the security situation in the Sinai peninsula.
Domestic white cement volumes sold increased despite liquidity issues in the construction market. Average prices in local currency rose by more than 10%. Volumes exported more than doubled to all major destinations, with average sales prices in dollars slightly higher than in the same quarter last year.
EBITDA reached EUR 1.4 million, because of higher volumes and prices on both domestic and export markets. There has been a positive translation effect thanks to the Egyptian Pound revaluation versus Euro (+8%) compared to the corresponding quarter of 2018.

Asia Pacific

(EUR'000)	1st Quarter 2019	1st Quarter 2018	Change %
Revenue from sales	17,752	17,950	-1.1%
China	*9,508*	*8,806*	*8.0%*
Malaysia	*8,244*	*9,150*	*-9.9%*
Eliminations	*-*	*(6)*	
EBITDA	3,175	3,414	-7.0%
China	*2,066*	*2,000*	*3.3%*
Malaysia	*1,109*	*1,414*	*-21.6%*
EBITDA Margin %	17.9%	19.0%	
Investments	1,587	1,065	

China

Local currency revenue grew by 6% compared to the first quarter of 2018 thanks to both higher cement and clinker domestic volumes and better prices. The slowdown in Chinese growth occurred at the end of 2018 and in the first two months of 2019 seems to have levelled off. The economy is expected to experience a boost in the second half of the year because of the VAT reduction expected from 1 April.
EBITDA reached EUR 2.1 million was essentially unchanged from the same period in 2018 and has mainly benefited from the good domestic market prices and volumes and increased margins, despite variable costs increase driven by higher fuel and raw material prices.

Malaysia

Domestic cement volumes increased compared to the first quarter of the previous year, with average prices up in local currency, also due better customer and product mix. Cement exports were up moderately compared to 2018 with prices increasing by 10% due to the country mix. Clinker exports declined significantly as a result of delays in certain deliveries to Australia. EBITDA experienced a slight drop (from EUR 1.4 million to EUR 1.1 million) compared to the first quarter of the previous year, due to lower exports of clinker to Australia and higher variable production costs caused by inflation.

Italy

(EUR'000)	1st Quarter 2019	1st Quarter 2018	Change %
Revenue from sales	14,204	17,684	-19.7%
EBITDA	1,051	94	n.m.
Investments	369	792	

The group includes the parent company Cementir Holding SpA, the trading company Spartan Hive SpA, and other minor companies.

Spartan Hive SpA revenue in the first quarter of 2019 are flat compared to 2018, while EBITDA increased by approximately EUR 1.6 million; this company undertakes trading activity within the Group. Cementir Holding Spa's revenue derives from services rendered to Group companies.

Significant events in the quarter

Results in the first quarter of 2019 were in line with expectations and have improved compared to the same period last year. They were affected by performance in Turkey, which was however expected in light of the financial crisis which occurred in the summer of 2018. Compared to 2018, the first quarter of the year was positively affected by the Easter holidays being postponed to April.

Outlook

The guidance provided with 2018 full year results announcement is confirmed, with expected consolidated revenue of approximately EUR 1.25 billion and EBITDA between EUR 250 and EUR 260 million.
These forecasts were prepared assuming a further Turkish lira devaluation. They will nevertheless have to be reconsidered in case of a further negative evolution of the Turkish economy.
Net financial debt at the end of 2019 is expected to be around EUR 245 million, including around EUR 70 million of capital expenditure.
The above amounts include around EUR 23 million positive impact on EBITDA and around EUR 80 higher net financial debt from IFRS 16 application.

* * *

Moreover, at today's meeting, the Board confirmed the appointment of Giovanni Luise, the Company's Chief Financial Officer, to serve as the manager responsible for preparing the Company's financial reports in 2019.

Finally, the Board of Directors confirmed fulfilment of the independence requirements established by current legislation and by the Corporate Governance Code for listed companies for the directors Paolo Di Benedetto, Veronica De Romanis, Chiara Mancini, Roberta Neri and Adriana Lamberto Floristan.

* * *

The results of the first quarter 2019 will be presented to the financial community in a conference call to be held today, Thursday 9 May, at 5:45 PM (CET). The telephone numbers to call are:

Italy: +39 02 802 09 11	USA: +1 718 7058796
UK: + 44 1 212 81 8004	USA (toll free number): 1 855 2656958

* * *

Giovanni Luise, as the manager responsible for financial reporting, declares, 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 income statement figures at 31 March 2019 are attached.

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 to 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.

*The Cementir Holding group uses a number of **alternative performance indicators** to enable better assessment of economic management and the 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.*
- *Net capital employed: calculated as the total amount of non-financial assets, net of non-financial 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. As global leader in white cement, the Group employs approximately 3,100 people in 18 countries on 5 continents*

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Consolidated earnings

(EUR'000)	1st Quarter 2019	1st Quarter 2018	Change %
REVENUE FROM SALES AND SERVICES	**264,418**	**242,331**	**9.11%**
Change in inventories	2,906	4,067	-28.55%
Other revenue[2]	4,355	5,847	-25.52%
TOTAL OPERATING REVENUE	**271,679**	**252,245**	**7.70%**
Raw materials costs	(105,537)	(102,923)	2.54%
Personnel costs	(47,469)	(43,468)	9.20%
Other operating costs	(84,969)	(81,736)	3.96%
TOTAL OPERATING COSTS	**(237,975)**	**(228,127)**	**4.32%**
EBITDA	**33,704**	**24,118**	**39.75%**
EBITDA Margin %	*12.75%*	*9.95%*	
Amortisation, depreciation, impairment losses and provisions	(25,907)	(17,810)	45.46%
EBIT	**7,797**	**6,308**	**23.60%**
EBIT Margin %	*2.95%*	*2.60%*	
Share of net profits of equity-accounted investees	(199)	402	
Net financial income (expense)	(7,928)	492	
Net financial income (expense) and share of net profits of equity-accounted investees	**(8,127)**	**894**	
PROFIT (LOSS) BEFORE TAXES FOR THE PERIOD	**(330)**	**7,202**	

[2] "Other revenue" includes the income statement captions "Increase for internal work" and "Other operating revenue".

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