INTERIM FINANCIAL REPORT

31 MARCH 2019

cementirholding

CALTAGIRONE GROUP

Company officers

Board of Directors for the period 2018-2020	*Chairman and CEO*	Francesco Caltagirone Jr.
	Deputy Chairman	Carlo Carlevaris[1] *(independent)*
	Directors	Alessandro Caltagirone
		Azzurra Caltagirone
		Edoardo Caltagirone
		Saverio Caltagirone
		Fabio Corsico
		Mario Delfini
		Veronica De Romanis *(independent)*
		Paolo Di Benedetto[2] *(independent)*
		Chiara Mancini *(independent)*
		Roberta Neri *(independent)*
		Adriana Lamberto Floristan *(independent)*
Control and Risks Committee	*Chairman*	Paolo Di Benedetto[2] *(independent)*
	Members	Mario Delfini
		Veronica De Romanis *(independent)*
		Adriana Lamberto Floristan *(independent)*
		Chiara Mancini *(independent)*
Appointment and Remuneration Committee	*Chairman*	Paolo Di Benedetto[2] *(independent)*
	Members	Veronica De Romanis *(independent)*
		Chiara Mancini *(independent)*
		Mario Delfini
Related Parties Committee	*Chairman*	Paolo Di Benedetto[2] *(independent)*
	Members	Veronica De Romanis *(independent)*
		Adriana Lamberto Floristan *(independent)*
		Chiara Mancini *(independent)*
Board of Statutory Auditors for the period 2017-2019	*Chairman*	Silvia Muzi
	Statutory Auditors	Claudio Bianchi (*standing)*
		Maria Assunta Coluccia *(standing)*
		Patrizia Amoretti *(alternate)*
		Antonio Santi *(alternate)*
		Vincenzo Sportelli *(alternate)*
Manager responsible for financial reporting		Giovanni Luise
Independent Auditors for the period 2012–2020		KPMG S.p.A.

[1]The Director only fulfils the independence requirements set out in Article 148, Paragraph 3 of Italian Legislative Decree No. 58 of 24 February 1998 (as amended).
[2]Lead Independent Director.

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Interim Financial Report at 31 March 2019

Introduction

The interim financial report of the Cementir Holding Group has been prepared in accordance with the international accounting standards (IAS/IFRS) endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002. It has been drawn up in accordance with Article 2.2.3., paragraph 3, of the Regulations of the Markets organised and operated by Borsa Italiana S.p.A. applicable to issuers traded on the STAR segment, taking into account Borsa Italiana Notice no. 7587 of 21 April 2016.

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"), concluded on 29 March 2018. With this acquisition, the Cementir group consolidated the aforesaid company on a line-by-line basis as from 1 April 2018. In the first quarter of 2018, LWCC was consolidated using the equity method.

The Group's business is, by its nature, subject to seasonal effects, with performance in the early months of the year influenced by the weather and plant maintenance works. It follows that first quarter results cannot be considered representative of performance in the entire year.

Finally, it is noted that this interim financial report has not been audited.

Group performance in the first quarter 2019

Consolidated earnings figures for the first three months of 2019 are reported below, with comparative figures provided for the same period of 2018:

Profit (loss) for the period

(EUR'000)	First quarter 2019	First 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[1]	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 OF THE PERIOD	**(330)**	**7,202**	

Sales volumes

('000)	First quarter 2019	First 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%

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

Group employees

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

The **sales volumes** of cement and clinker, 1.8 million tons, dropped 12.5% (-19.9% on a like-for-like basis), due to the negative performance in Turkey which was partially offset by the performance in the Nordic & Baltic region and in Belgium.

Sales volumes of ready-mixed concrete, equal to 0.9 million cubic metres, were 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.

In the aggregates segment, sales volumes amounted to 2.2 million tons, up by 2.7% thanks to the positive performance in Denmark.

Revenue from sales and services for the group was 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 the consolidation of LWCC, 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 been 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 the consolidation of LWCC (-7.5% on a like-for-like basis). They also benefited from a positive exchange rate effect of EUR 1.5 million.

EBITDA was 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 impact of the introduction of IFRS16 was EUR 5.9 million. 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.

At constant exchange rates compared to last year, the EBITDA would have been EUR 32.7 million, up 35% compared to the first quarter of the preceding year.

Taking into account amortisation and depreciation (including an IFRS16 impact of EUR 5.9 million) and, to a negligible extent, write-downs and provisions of EUR 25.9 million (EUR 17.8 million in the first quarter of 2018),

EBIT was EUR 7.8 million (EUR 7.3 million on a like-for-like basis) compared with 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** 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 income of EUR 0.5 million in the same period. This was due to the negative mark-to-market valuation of some financial instruments used for currency and interest rate hedging and the returns on the cash held by the Group. The impact of the introduction of IFRS 16 was negative by EUR 0.3 million.

Profit before taxes was EUR -0.3 million (EUR 7.2 million in the first quarter of 2018).

Financial highlights

(EUR'000)	31-03-2019	31-12-2018	31-03-2018
Net Capital Employed	1,545,552	1,383,799	1,387,807*
Total Equity	1,129,174	1,128,384	1,000,751*
Net financial debt[2]	416,378	255,415	387,056

*Total equity at 31 March 2019 and 2018 did not including taxes on earnings for the period.

Net financial debt as at 31 March 2019 was EUR 416.4 million, an increase of EUR 161.0 million compared to EUR 255.4 million as at 31 December 2018. The application of IFRS 16 had an impact of EUR 78.9 million; the remaining variance is due to the annual cyclical nature of working capital. Compared to 31 March 2018, the change, net of IFRS 16, shows a EUR 50 million improvement.

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.

[2] Net financial debt has been calculated in accordance with Consob Communication DEM/6064293 of 28 July 2006.

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

The volumes of grey cement sold on the domestic market increased substantially due to increased market activity for some customers in ready-mixed concrete products and the prefabricated elements sectors, good weather conditions and more working days because the Easter holidays took place in April, rather than in March as was the case in 2018.

Volumes of white cement on the local market 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 exports of grey cement dropped (-12%). Average export prices performed well thanks to the country/customer mix and the favourable exchange rates.

Ready-mixed concrete volumes were in line with the same period of 2018 as the segment benefited less from the good performance of the market. Important projects are expected to start in the second half of the year, with prices rising above inflation.

EBITDA totalled EUR 16.2 million, up by approximately EUR 4.2 million compared with the same period of 2018, also as a result of the application of the international accounting standard IFRS16, valued at approximately EUR 2.5 million. Net of this effect, cement sales generated an increase in EBITDA of approximately EUR 1 million.

The higher costs for the purchase of fuels 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 the differing times the maintenance took place, as 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 furthermore continue in the second half of the year. Average prices in local currency are rising above inflation expectations.

In **Sweden**, sales volumes of ready-mixed concrete and aggregates sold 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, with strong competition being a factor.

In the infrastructure sector, volumes are benefiting from some major projects; further projects are slated to begin in the coming months, ensuring a solid foundation for maintaining volumes. Average prices in local currency, for ready-mixed concrete and aggregates, performed well due to the product mix.

Overall, revenue totalled 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 application of IFRS16 (approximately EUR 1 million), 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 fell by about 4.5% compared to the average exchange rate in the first quarter of 2018 and the Norwegian krone fell by approximately 1%.

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 in the area, the time difference of the 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 because of product mix.

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

Aggregates sales volumes contracted very modestly compared to the first quarter of 2018; the good weather conditions and good performance of prefabricated elements in Belgium, as well as the increase in sales in the asphalt segment in the Netherlands, were offset by the negative change due to extraordinary favourable conditions in 2018. 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 the previous year.

On the whole, in the first quarter of 2019 revenue from sales was EUR 59.7 million (EUR 55.8 million in the first quarter of 2018) and EBITDA was EUR 9.4 million (EUR 4.5 million in the first quarter of 2018). The impact from application of IFRS 16 was approximately EUR 1 million; the remaining incremental effect is mainly attributable to the cement business thanks to higher sales 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, the subsidiary LWCC, consolidated on a line-by-line basis starting from the second quarter of 2018, contributed with sales volumes of white cement of 154 thousand tons, sales revenue of EUR 33.2 million and EBITDA of EUR 3.7 million. Comparison with the previous year is not meaningful as the company was not consolidated. Sales prices have remained stable, albeit with a variety of different regional situations.

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

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

This contraction in the construction sector and excess production capacity, has led to a reduction in revenue in local currency of about 50% and a similar reduction in cement and clinker sales volumes. However, Group companies have maintained a prudent approach, streamlining sales to reduce risks related to collecting trade receivables. Sales volumes on the domestic market have 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 in the various plants, thereby magnifying the operating difficulties given the inflation levels.

In local currency, revenue from ready-mixed concrete decreased by about 43%. In this sector as well, sales volumes decreased by 50% compared to 2018, with prices in local currency in line with inflation. The decrease in volumes compared to the first quarter of 2018 was also due to the closure of four ready-mixed concrete plants on account of lower local demand.

In the *Waste Management* sector, the revenue and profitability of subsidiary Sureko, active in the treatment of industrial waste, increased compared to the first quarter of 2018 because of increased volumes disposed of in landfills, waste received for temporary storage and other volumes treated (metals, residues of raw materials, fuels). Conversely, supplies of alternative fuel (RDF) to the Group's cement production 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 as a result of the gain earned in 2018 on the sale of the Neale's business division.

Overall, EBITDA was negative by EUR 4.7 million (up by EUR 4.1 million in the first quarter of 2018) mainly due to the lower volumes of cement sold on the domestic market; increased fuel and electricity prices also affected EBITDA, while maintenance, personnel and other fixed costs were kept down to counter the sales crisis. It should be noted that the devaluation of the Turkish Lira had a negative effect of approximately EUR 1 million upon conversion of the financial statements into 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 from sales 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.

The quantities of white cement sold on the domestic market are increasing despite liquidity issues in the construction market. Average prices in local currency have risen 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 was EUR 1.4 million, because of higher volumes and sales prices on both the domestic and export markets. Production volumes were affected by being purchased ahead of time to pre-empt the expected increase in fuel and electricity prices in the second half of the year. The revaluation of the Egyptian Pound compared to the corresponding quarter of 2018 (+8%) had a positive effect on the conversion of the balances in the financial statements into Euro.

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

In local currency, sales revenue grew by 6% compared to the first quarter of 2018 thanks to the increase in cement and white clinker volumes sold on the domestic market, in addition to a favourable price trend. The slowdown in Chinese growth 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 of 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 the increase in variable costs linked to the higher fuel and raw material prices.

Malaysia

Cement volumes on the domestic market increased compared to the first quarter of the previous year, with average prices up in local currency, also thanks to customers and products mix.

Cement exports were up moderately compared to 2018 with prices increasing by 10% due to the country mix. Clinker exports significantly reduced 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.s.
Investments	369	792	

The group includes the parent company Cementir Holding SpA, the trading company Spartan Hive SpA, and other minor companies.
Sales revenue of the trading company Spartan Hive SpA in the first quarter of 2019 are similar to the first quarter of the previous year, while EBITDA increased by approximately EUR 1.6 million; this company traded with Group companies. Cementir Holding's revenues are originated from services to other Group companies.

Directors' report

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 the light of the evolution of the economic situation as a result of the financial crisis that 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.

Significant events after the close of the quarter

There were no significant events after the close of the quarter.

Business 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 devaluation of exchange rates of the Turkish lira. 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 about EUR 245 million, including capital expenditure of about EUR 70 million.

The above figures include the impact of the introduction of IFRS 16, estimated at approximately EUR 23 million as a positive impact on EBITDA and approximately EUR 80 million as an increase in net financial debt.

Alternative Performance Indicators

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 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.

Rome, 9 May 2019

Chairman of the Board of Directors

/f/ Francesco Caltagirone Jr

* * *

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 document corresponds with that contained in company documents, books and accounting records.