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Oggetto	:	Board of Directors approves consolidated results at 30 September 2019 and the 2020-2022 Industrial Plan update

Testo del comunicato

Vedi allegato.

PRESS RELEASE

Cementir Holding: Board of Directors approves consolidated results at 30 September 2019 and the 2020-2022 Industrial Plan update

- **Revenue reached Euro 906.1 million (893.1 million in the first nine months of 2018)**
- **EBITDA reached Euro 181.8 million (163 million in the first nine months of 2018)**
- **Profit before taxes was Euro 83.7 million (138.8 million in the first nine months of 2018)**
- **Net financial debt was 346.3 million Euro (255.4 million at 31 December 2018)**
- **2022 Industrial Plan targets: Revenues between Euro 1.3 and 1.35 billion, EBITDA over Euro 300 million, Net Cash position by 2022**
- **Plan to reduce CO_2 emissions per ton of cement produced of 30% by 2030**
- **Euro 100 million investment to mitigate the environmental impact**

Amsterdam, 13 November 2019 – The Board of Directors of Cementir Holding N.V., chaired by Francesco Caltagirone Jr., has examined and approved the consolidated results of the first nine months and the third quarter of 2019.

Financial highlights

(Euro millions)	**Jan-Sept 2019**	**Jan-Sept 2018**	**Change %**
Revenue	906.1	893.1	1.5%
EBITDA	181.8	163.0	11.6%
EBITDA Margin %	*20.1%*	*18.2%*	
EBIT	103.5	106.4	-2.8%
Financial result	(19.8)	32.4	-161.0%
Profit before taxes	83.7	138.8	-39.7%

Sales volumes

(‘000)	**Jan-Sept 2019**	**Jan-Sept 2018**	**Change %**
Grey and white cement (tons)	6,922	7,520	-7.9%
Ready-mixed concrete (m^3)	3,061	3,747	-18.3%
Aggregates (tons)	7,343	7,259	1.1%

Net Financial Position

(milioni di Euro)	30-09-2019	30-06-2019	31-12-2018
Net Financial Position	346.3	399.1	255.4

Group employees

	30-09-2019	30-06-2019	31-12-2018	30-09-2018
Number of employees	3,065	3,049	3,083	3,108

In the first nine months of 2019, cement and clinker **sales volumes** reached 6.9 million tons, down by 7.9% from previous year (-10.0% on a like-for-like basis) due to the negative performance in Turkey, partially offset by the favorable trend in the Nordic & Baltic region as well as in Belgium.

Sales volumes of ready-mixed concrete reached 3.1 million cubic meters, down by 18.3% due essentially to the decline recorded in Turkey.

In the aggregates sector, sales volumes amounted to 7.3 million tons, up by 1.1% thanks to the positive performance in Denmark.

Group revenue, standing at Euro 906.1 million, were up by 1.5% compared with Euro 893.1 million recorded in the first nine months of 2018 (-2.2% on a like-for-like basis). This increase is due to the consolidation of Lehigh White Cement Company (LWCC) consolidated on a line-by-line basis starting from 1 April 2018, to the positive performance in the Nordic and Baltic region (+3.9%), in Belgium (+7.2%) and in Egypt (+44%), offset by the negative performance in Turkey due to difficult macroeconomic situation.

At 2018 constant exchange rate, revenue would have amounted to Euro 913.4 million.

Operating costs, amounting to Euro 736.5 million, declined by 1.9% compared with the first nine months of 2018 (Euro 750.8 million) thanks to the effects deriving from the application of IFRS 16 and some costs reduction carried out in Turkey in order to address market developments.

The **cost of raw materials**, amounting to Euro 346.6 million, declined by 4.2% compared with the same period of 2018 (Euro 361.9 million). On a like-for-like basis, the costs of raw materials showed a 9.5% contraction.

Personnel costs, standing at Euro 141.2 million, were up by 5.8% compared with the first nine months of 2018 (Euro 133.5 million) due to the impact of LWCC; on a like-for-like basis, the increase was 3%.

Other operating costs, amounting to Euro 248.7 million, declined by 2.6% compared to Euro 255.4 million posted in the same period of 2018. The decline is primarily attributable to the effects of IFRS 16 application.

EBITDA stood at Euro 181.8 million, up by 11.6% compared to Euro 163.0 million recorded in the first nine months of 2018 (+9.3% on a like-for-like basis). The EBITDA impact of IFRS 16 application was Euro 18.9 million. With the exception of Turkey, where EBITDA declined by Euro 19.3 million compared to 2018, all other regions performed well compared to 2018, in particular the Nordic & Baltic and Belgium/France.

At 2018 exchange rates EBITDA would have been equal to Euro 180.9 million.

EBIT reached Euro 103.5 million (Euro 102.9 million on a like-for-like basis) compared with Euro 106.4 million in the same period of the previous year. Depreciation and amortization (including the IFRS 16 impact of Euro 18.3 million) contributed to these results for Euro 77.4 million (Euro 56.0 million in the same period of 2018). At 2018 exchange rates, EBIT would have been Euro 102.2 million.

Results of the companies consolidated with the equity method stood at Euro 0.3 million (Euro 0.7 million in the same period of 2018, including LWCC in the first quarter).

Net financial expense was Euro 20.1 million compared with the positive result of 31.8 million in the same period of 2018. It should be noted that in 2018, this result included the 24.5% revaluation of the fair value of the investment already held by the Group in LWCC by approximately Euro 39.4 million and the positive impact of financial instruments mark-to-market for Euro 19.4 million. The results of 2019 were hit by both the negative impact of hedging instruments on currencies and interest rates mark-to-market and the Euro 1.2 million impact from interests on leasing liabilities linked to of the application of IFRS 16, only partially compensated by interest income on cash deposits.

Profit before taxes reached Euro 83.7 million compared with Euro 138.8 million in the first nine months of 2018.

Net financial debt at 30 September 2019 stood at Euro 346.3 million, up by Euro 90.9 million compared with Euro 255.4 million at 31 December 2018. To a large extent such change was due to IFRS 16 application, which determined a Euro 83.1 million negative impact; the remainder was due to the working capital annual cyclical pattern and to investments for around Euro 62 million. Compared to 30 September 2018, net debt net of IFRS 16, showed an improvement of Euro 76.4 million. Including long-term financial receivables of Euro 1.0 million, not required as per the Consob communication, net financial debt amounted to Euro 345.3 million. It should be noted that during the third quarter of 2019 net financial debt declined by around Euro 53.8 million.

As at 30 September 2019, **Total Equity** reached Euro 1,208.2 million (Euro 1,128.4 million as at 31 December 2018).

Performance in the third quarter of 2019

In the third quarter of 2019, sales volumes of cement and clinker reached 2.6 million tons, in line with those of the same period of 2018.

Ready-mixed concrete volumes declined by 12.0% to Euro 1.1 million cubic meters, due to the negative performance in Turkey. In the aggregates segment, sales volumes reached 2.4 million tons, in line with the volumes of the same period of 2018.

Revenue amounted to Euro 314.2 million, up by 3.1% compared with Euro 304.6 million in the third quarter of 2018. The increase was due to the positive performance recorded in Belgium (+9%), Egypt (+30%) and China (+18%), partially offset by a decline in revenue recorded in Turkey (-12%).

Operating costs amounted to Euro 242.4 million in line with the third quarter of 2018.

EBITDA, standing at Euro 71.8 million, increased by 7.1% compared with the third quarter of 2018 (Euro 67.0 million); this positive change is attributable to the application of IFRS 16 for a total of Euro 6.6 million. The result for the quarter was negatively impacted by the performance in Turkey, balanced by the positive performance of the Nordic & Baltic region, Belgium and France and other geographical areas.

EBIT reached Euro 46.0 million (Euro 47.9 million in the third quarter of 2018).

Results of the companies consolidated with the equity method stood at Euro 0.3 million (Euro 0.1 million in the same period of 2018).

Net financial expense was Euro 4.5 million loss (expense of Euro 3.1 million in the third quarter of 2018).

Profit before taxes stood at Euro 41.7 million, a slight decline compared with the third quarter of 2018 (Euro 44.8 million) due to the performance recorded in Turkey.

Performance by geographical segment[1]

Nordic & Baltic

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	425,622	409,646	3.9%
Denmark	*279,118*	*264,135*	*5.7%*
Norway / Sweden	*146,737*	*145,235*	*1.0%*
Other (1)	*44,693*	*42,380*	*5.5%*
Eliminations	*(44,926)*	*(42,104)*	*-*
EBITDA	97,258	83,709	16.2%
Denmark	*80,187*	*68,266*	*17.5%*
Norway / Sweden	*14,830*	*11,478*	*29.2%*
Other (1)	*2,241*	*3,965*	*-43.5%*
EBITDA / Revenue %	22.9%	20.4%	
Investments	32,228	17,241	

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

Denmark

In the first nine months of 2019, revenue reached Euro 279.1 million, up by 5.7% compared with 2018, thanks primarily to the increase in total volume of cement sold.

Grey cement volumes sold in the domestic market recorded an increase due to greater activity in the market primarily in the segments of concrete products and precast units in addition to the acquisition of some important clients and favorable climate conditions occurring during the period. The volumes of white cement on the local market showed steady growth, too.

[1] The Group's operating activities are organised based on the following geographical segments: Nordic & Baltic (Denmark, Norway, Sweden, Iceland, Poland, Russia and the operating activities in white cement in Belgium and France), Belgium (activities related to the group Compagnie des Ciments Belges S.A. in Belgium and France), Turkey (including waste management), Egypt, North America (United States), Asia Pacific (China, Malaysia and Australia) and Italy.

The average sales price in the domestic market showed an increase in line with the level of inflation, thanks to new sales agreements and the favorable product mix.
Exports of white cement continued to grow steadily compared to 2018 thanks to increased exports to Poland, United Kingdom and Germany, conversely to the export of grey cement which has instead shown a downward trend due to lower sales to Iceland. Average prices of exports showed a positive trend thanks to the countries / clients mix and the favorable trend of the US dollar exchange rate.
Ready-mixed concrete volumes in Denmark declined slightly compared to the same period of 2018 since this segment was affected by a generalized slowdown and a decline in the number of large projects despite dynamic activity in Copenhagen. Important projects are expected to start at the end of the year. The prices are increasing in line with the inflation.

In the first nine months of the year, EBITDA reached Euro 80.2 million, up by about 11.9 million compared to the corresponding period of 2018 also thanks to Euro 7.3 million of IFRS 16 impact.
Excluding this effect, the cement segment generated an increase EBITDA of approximately Euro 4.9 million thanks to higher volumes and prices partially offset by higher costs incurred for the purchase of raw materials and fossil fuels.
The concrete segment generated an increase in EBITDA of approximately Euro 2 million also due to IFRS 16 impact and to higher prices, savings on the distribution logistics, lower maintenance and fixed production costs.
Total investments in the first nine months reached approximately Euro 25.9 million, attributable primarily to maintenance and efficiency-improvement projects. This amount includes recognition of investments of approximately Euro 14.1 due to IFRS 16 application.

Norway and Sweden

In **Norway,** ready-mixed concrete sales were in line with the figures of the same period of the previous period. The demand in the Oslo and Bergen areas was supported by the development of important infrastructural projects that however is causing tougher competition in the area. However, the benefits arising from these projects are slowly being phased out in the third quarter of the year pending the start-up of new projects. The change in prices was positive thanks to the product mix and positive market dynamics. It should be noted that the Norwegian Crown depreciated by 1.9% versus the average exchange rate of the first nine months of 2018.
In **Sweden** ready-mixed concrete volumes declined while aggregate volumes increased compared to 2018. In the first few months of 2019, the sector benefited from favorable climate conditions and a very strong construction market; since April, a contraction in the concrete sector must be noted, due to strong competition and a slowdown in the residential construction sector which is still affected by greater uncertainties.
In the infrastructure sector, the sales volume is benefiting from some large projects in the Malmoe area; although a slowdown was recently noted, the start-up of new projects is expected towards year end. These projects should ensure a solid basis for future.

The average prices in local currency are up in both the concrete and aggregate sectors due to the inflation dynamics and the product mix.

Overall, in the first nine months of 2019, revenue amounted to Euro 146.7 million (Euro 145.2 million in 2018) while EBITDA stood at approximately Euro 14.8 million, up by about Euro 3.3 million compared with the first nine months of the previous year. The increase is to be partially attributed to the application of IFRS 16, resulting in a Euro 2.9 million impact, in addition to an increase in prices partially offset by higher fixed production costs.

It should be noted that the Swedish Crown was depreciated by 3.2% versus the average exchange rate of the first nine months of 2018.

Investments made in the first nine months of 2019 amounted to Euro 6.0 million, of which approximately Euro 1.6 million due to the accounting treatment of investments as a result of the application of IFRS 16.

Belgium and France

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	198,389	185,093	7.2%
EBITDA	48,596	38,483	26.3%
EBITDA / Revenue %	*24.5%*	*20.8%*	
Investments	14,322	7,166	

In the first nine months of 2019, the sales volume of grey cement recorded a steady growth compared with 2018 thanks to better climate conditions, positive developments in the construction sector and important projects that contributed to a positive sales trend in Belgium, France and Holland, despite a modest decline in the concrete segment recorded in Belgium and France.

Average prices showed a positive trend in the domestic market and to a lesser extent, in exports. Contribution margin benefited from both trends in prices and product mix.

Ready-mixed concrete volumes showed a moderate contraction primarily due to competition, in addition to the March closure of a plant in Belgium, fewer working days compared with 2018 and to a further slowdown during the summer months. However, sale prices showed very positive dynamics in Belgium and to a lesser extent in France.

Volumes of aggregates reflected a steady trend compared with the first nine months of 2018. Volumes were positively affected by production efficiencies at the plants, positive climate conditions and an upward trend in the prefabricated market and road building in Belgium, in addition to increased sales in The Netherlands within the asphalt sector. The first few months of 2018 had benefitted from extraordinary positive market conditions.

Overall, in the first nine months of 2019, revenue reached Euro 198.4 million (Euro 185.1 million in 2018) with EBITDA reaching approximately Euro 48.6 million (Euro 38.5 million in the same period of 2018). The positive impact from IFRS 16 was approximately Euro 3.2 million; the remaining incremental effect is primarily due to higher cement volumes and prices, net of the increased maintenance and fixed costs for the reactivation of the second kiln at the Gaurain plant and to good performance of aggregates.

Investments made in the first nine months of 2019 reached Euro 14.3 million, mostly relating to Gaurain cement plant. Such amount includes IFRS 16 impact of Euro 2.9 million.

North America

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	116,617	81,032	43.9%
EBITDA	17,389	11,817	47.2%
EBITDA / Revenue %	*20.3%*	*14.6%*	
Investments	2,940	3,470	

In the United States, the subsidiary LWCC, consolidated on a line-by-line basis from the second quarter of 2018, reported 487 thousand tons of white cement sales volumes with revenues of Euro 106.8 million and EBITDA of Euro 18.6 million. The comparison with the previous year is not meaningful since the company was consolidated from the second quarter of 2018 (EBITDA was Euro 12.3 million). The market was impacted by unfavorable weather in the states of Texas and New York, strong competition and a slowdown in residential and commercial sectors growth in Texas, in addition to the effects from hurricane Dorian in September. Prices slightly increased compared with 2018, although with different local dynamics.

The other USA subsidiaries, active in the production of cement products and in the management of Tampa terminal in Florida, posted an EBITDA decline of approximately Euro 750 thousand due to extraordinary maintenance at the Tampa terminal and adverse climate conditions which have impacted the activities in the manufacture of cement products.

Overall, the Unites States revenue stood at approximately Euro 116.6 million (Euro 81 million in 2018) while the EBITDA reached Euro 17.4 million (Euro 11.8 million in 2018). The positive impact from IFRS 16 was approximately Euro 3.4 million.

Investments made in the first nine months of 2019 amounted to Euro 2.9 million and concerned primarily LWCC for approximately Euro 2.6 million.

Turkey

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	89,000	141,954	-37.3%
EBITDA	(7,994)	11,330	-170.6%
EBITDA / Revenue %	*-9.0%*	*8.0%*	
Investments	4,297	6,711	

Revenue declined significantly to Euro 89 million (Euro 141.9 million in the first nine months of 2018), due to the Turkish Lira depreciation versus the Euro (-15% compared with the first nine months of 2018 and -4.6% since December of last year) and to the overall economic scenario.
This contraction in the construction sector, in addition to an over-capacity in the country in general, has caused a 31% decline in cement revenues in local currency and cement and clinker volumes decline of around 30%. As the Group maintained a conservative approach aimed at reducing credit risks, sales volumes in the domestic market recorded a 35% decline (about 1 million tons) which can be attributed also to negative climate conditions, stiff competition creating downward price pressure and the suspension of various infrastructural works; conversely, exports of cement and clinker increased by about 100 thousand tons. The average prices of cement in the domestic market and in the local currency were in line, on average, with the corresponding previous period but showing very different trends at the various plants.
In local currency, revenue from ready-mixed concrete sales declined by approximately 39%. Also in this sector, sales volume showed an approximate 50% decline compared to 2018, with an approximate 15% increase in prices in local currency. The decrease in volume compared with the first nine months of 2018 was also determined by the closure of four ready-mixed concrete plants due to lower local demand.
As regards the sector of Waste Management, the subsidiaries Sureko, Hereko and Quercia posted an increase in revenue compared with the first nine months of 2018.

Overall, EBITDA was negative by about Euro 8.0 million (positive by Euro 11.3 million in the first nine months of 2018) mainly due to lower volumes of cement and ready-mixed concrete sold in the domestic market and to the increase in the purchase prices of fuel and electricity. Maintenance costs, personnel and other fixed production costs, as well as general costs, showed a steady trend in local currency compared with the previous year.
Investments made by the Group in the first nine months of 2019 reached Euro 4.3 million and concerned the plants at Izmir, subject to extraordinary maintenance, and Edirne plants and the subsidiary Neales in England, of which Euro 0.8 million from IFRS 16 application.

Egypt

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	27,069	18,797	44.0%
EBITDA	4,858	2,349	106.8%
EBITDA / Revenues %	*17.9%*	*12.5%*	
Investments	1,296	297	

Sales revenues amounted to Euro 27.1 million (Euro 18.8 million in the first nine months of 2018) showing a steady increase thanks to a stabilization in the Sinai peninsula.

White cement volumes were in line with previous year despite the limited liquidity in the construction market and the competition from international operators. Average prices in local currency are recovering after the market tensions that emerged in the second half of 2018.Export volumes were also up by approximately 50% toward all the main destinations, in particular the United States and Saudi Arabia, with increased sales prices in USD, on average, compared with the same period of the previous year.

EBITDA reached Euro 4.9 million (Euro 2.3 million in 2018) up thanks to higher sales prices in the domestic market and greater export volumes against higher variable costs (raw materials, fuels, electricity, packaging). The appreciation of the Egyptian sterling, compared to the first nine months of 2018 (+10%), contributed positively to the conversion into Euro.

Investments in the first nine months of 2019 reached Euro 1.3 million and related to plant maintenance.

Asia Pacific

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	69,992	65,205	7.3%
China	*38,639*	*33,293*	*16.1%*
Malaysia	*31,354*	*31,918*	*-1.8%*
Eliminations	-	*(7)*	
EBITDA	15,173	13,592	11.6%
China	*9,992*	*8,964*	*11.5%*
Malaysia	*5,181*	*4,628*	*11.9%*
EBITDA / Revenue %	21.7%	20.8%	
Investments	5,038	3,269	

China

Revenue reached Euro 38.6 million (Euro 33.3 million in the first nine months of 2018) and showed a consistent growth compared with 2018 thanks to a significant increase in the white cement and clinker volumes sold in the domestic market, also following production difficulties encountered by some competitors, in addition to favorable price dynamics. Exports remained marginal.

EBITDA reached Euro 10 million was up by approximately Euro 1 million compared with the same period of 2018 and has primarily benefited from the favorable trend in sales volume within the domestic market, although partially reduced by the greater variable costs (raw materials, fuels, electricity and packaging).
Investments in the first nine months of 2019 were Euro 2.8 million.

Malaysia

Revenues reached Euro 31.4 million (Euro 31.9 million in the first nine months of 2018). The white cement volumes within the domestic market recorded a satisfactory increase compared with the previous year with average prices up also due to the mix of customers and products.
Conversely, exports have shown a trend that is overall in line with 2018 even if with a different mix, with greater sales in cement and lower clinker sales. The average prices in foreign currencies rose thanks to export mix.
EBITDA reached Euro 5.2 million up compared to the corresponding period of 2018 (Euro 4.6 million); thanks to better product mix and prices. Investments in the first nine months of 2019 reached around Euro 2.2 million.

Italy

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
Revenue	52,075	55,228	-5.7%
EBITDA	6,556	1,712	282.9%
EBITDA / Revenue %	12.6%	3.1%	
Investments	2,076	2,090	

The Group includes the parent company Cementir Holding, the trading company Spartan Hive and other minor companies.
Spartan Hive revenue in the first nine months of 2019 were slightly lower than those of the corresponding period of the previous year whereas EBITDA was up by Euro 4.3 million thanks to transactions carried out on cement, clinker, fuels, raw materials and distribution freights. Revenue from Cementir Holding derive from the provision of services toward other Group companies.

Relevant facts pertaining to the first nine months

The results of the first nine months of 2019 at the Group level are in line with expectations, although affected by the performance of Turkey given the development of its local economic conditions, a consequence of the 2018 summer financial crisis.

Significant events occurring after the first nine months

It should be noted that from 5 October 2019 the Company transferred its registered office to Amsterdam, the Netherlands, taking the legal form of *Naamloze Vennotschap* under Dutch law. The tax residency remains in Italy and a secondary and operative branch of the Company was established in Rome. The Company's shares continue to be traded on the STAR segment of the Italian Stock Exchange with the new ISIN code NL0013995087 active as of 7 October 2019.

Business outlook

The guidance provided at the 2018 annual results is confirmed, i.e. the achievement of a consolidated level of revenue of approximately Euro 1.2 billion and EBITDA between Euro 250 and 260 million, is expected. These projections were formulated in consideration of the developments in the economic scenario of Turkey. They shall also be reviewed in the event of an even more negative development in the economic performance of this country.

Net financial debt at the end of 2019 is expected to amount to Euro 245 million, including business investments for approximately Euro 70 million.

The figures above include the effects of the application of the IFRS 16 standard, estimated at about Euro 23 million, as a positive impact on the EBITDA, and at about Euro 80 million as an incremental impact from the net financial debt.

Industrial plan 2020-2022 and sustainability targets

The Board of Directors has also reviewed and approved the Group's Industrial Plan for the three years 2020-2022, which contains for the first time, a clear sustainable growth strategy. The Plan confirms the Group’s growth path and its aim to further improve profitability and operating efficiency, by focusing on its global leadership in white cement, on product innovation and digitalization of industrial processes, and on *green* investments aimed at reducing the environmental impact.

The Industrial Plan is based on the following **strategic priorities**:

- **Improved business profitability** in all geographic areas, delivered through a series of initiatives focusing, on the one hand, on efficiency gains and cost containment in spite of increasing volumes and, on the other hand, on prices and offering value-added products and services. The expansion of the trading company Spartan Hive over the plan, with rising trading volumes, will help to optimize procurement and logistics of raw materials, fuel, spare parts and finished goods.
- **Digitalization of industrial processes** with **Cementir 4.0 program**, to improve industrial processes in cement production plants through new digital technologies. Digital transformation focuses on the whole value chain, from procurement to production processes, maintenance and logistics.
- **Cash flow generation,** through optimisation of working capital and investments, with a capex/revenue ratio tending to 5%, more than green investments aimed at reducing the environmental impact.
- **Consolidation of white cement leadership**, through a series of specific actions to strengthen our position in main strategic markets.

- **Technological innovation and development of special products** that complement the existing portfolio, developing new business models with downstream integration projects or strategic partnerships and promoting innovative applications and products including Ultra-High-Performance Concrete (UHPC), Glass-Fibre Reinforced Concrete (GFRC), magnetic concrete and 3D printing. Besides these value-added products, the Plan envisages the production of new cement types based on FUTURECEM^{TM} technology, developed and patented by Cementir, which enables a reduction of clinker content in cement and consequently a reduction in CO_2 emissions.
- **30% CO_2 emission reduction target by 2030**. This objective, which sees differentiated targets between grey and white cement, will be achieved through increasing the use of biomass and renewable energy sources, reducing thermal consumption and clinker content in cement. The Group plans to invest around Euro 100 million in sustainability over the next three years, which, among other things, will include: the construction of 8 MW wind mills for the needs of Aalborg plant; heat recovery at plants in Denmark and Turkey that will save 30% of fossil fuel consumption; district heating in Denmark, which will allow to supply heat to over 50,000 households from 36,000 of the currently; investments in Belgium which will raise the in the kiln usage of alternative fuels from the current 40% to 80%.
- **Development of human capital and enhancement of internal skills and professional abilities**, through an integrated human-resources assessment and development system designed to deliver personal growth as a competitive advantage and to improve individual and organisational performance.

Main performance and financial targets

The new Group Industrial Plan envisages the achievement of the following targets in 2022:

- **Cumulative Green investments of Euro 100 million**, for specific projects including also Cementir 4.0 and product innovation. These investments will lead to a cost reduction of Euro 25 million from the second half of 2022;
- **Revenue between Euro 1.3 and 1.35 billion**, with growth driven by grey, white cement, ready-mix and aggregates sales volumes increase in all geographical areas, with prices in line with the market;
- **EBITDA to exceed Euro 300 million**, with an EBITDA margin expansion of 300 basis points to around 23% by 2022. Such results will be achieved also thanks to both Cementir 4.0 program, which will contribute for approximately Euro 15 million in 2022, and the green investments;
- **Annual investments of approximately Euro 70 million** directed towards developing production capacity and maintaining plant efficiency.

Strong cash flow generation will result in a positive cash position by 2022, guaranteeing financial flexibility for possible further growth opportunities.

The projections for the three-year plan are based on forward exchange rates.

Resignation of a Director

Today Carlo Carlevaris resigned with immediate effect from his role as Director of Cementir Holding N.V., due to personal reasons.

Carlo Carlevaris was first appointed in the Board of Directors of the Company (formerly Cementir Holding S.p.A.) on May 2003, has also been Vice Chairman and, on the basis of information available, does not own Cementir Holding N.V. shares.

The Board of Directors truthfully thanks Carlo Carlevaris for his professional contribution in favour to the Company during these years.

* * *

The results of the first nine months of 2019 and the Industrial Plan update will be illustrated to the financial community during a **conference call** to be held today, Wednesday 13 November, at 18:00 (CET). A presentation will be made available on the website www.cementirholding.com prior to the call. The telephone numbers to call are:

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

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The Group Financial Officer (Executive responsible for preparing the Company accounting reports, pursuant to article 154 bis of the Consolidated Law on Finance (TUF) as at the reference date), Mr Giovanni Luise, hereby declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, 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 for the first nine months of 2019 and the third quarter of 2019, not audited, 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.

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

- *EBITDA: an indicator of operating performance calculated by adding together "EBIT" and "Amortization, depreciation, impairment losses and provisions";*
- *Net financial debt: an indicator of financial structure calculated according to Consob Communication 6064293/2006, as the sum of the items:*
    - *current financial assets;*
    - *cash and cash equivalents;*
    - *current and non-current liabilities.*
- *Net capital employed: calculated as the total amount of non-financial assets, net of non-financial liabilities.*

CEMENTIR HOLDING *is an international producer of grey and white cement, ready-mixed concrete, aggregates and concrete products, which it exports to over 70 countries. Global leader for white cement, the Group employs about 3,000 people in 18 countries.*

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Consolidated income statement for the first nine months of 2019

(Euro '000)	Jan-Sept 2019	Jan-Sept 2018	Change %
REVENUE FROM SALES AND SERVICES	**906,124**	**893,079**	**1.46%**
Change in inventories	336	8,634	-96.11%
Other revenue[2]	11,928	12,097	-1.40%
TOTAL OPERATING REVENUE	**918,388**	**913,810**	**0.50%**
Raw materials costs	(346,637)	(361,857)	-4.21%
Personnel costs	(141,202)	(133,519)	5.75%
Other operating costs	(248,705)	(255,442)	-2.64%
TOTAL OPERATING COSTS	**(736,544)**	**(750,818)**	**-1.90%**
EBITDA	**181,844**	**162,992**	**11.57%**
EBITDA Margin %	*20.07%*	*18.25%*	
Amortisation, depreciation, impairment losses and provisions	(78,391)	(56,591)	38.52%
EBIT	**103,453**	**106,401**	**-2.77%**
EBIT Margin %	*11.42%*	*11.91%*	
Share of net profits of equity-accounted investees	308	653	-52.83%
Net financial income (expense)	(20,070)	31,762	-163.19%
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES	**(19,762)**	**32,415**	-160.97%
PROFIT (LOSS) BEFORE	**83,691**	**138,816**	**-39.71%**
PROFIT (LOSS) BEFORE TAXES /REVENUE %	*9.24%*	*15.54%*	

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

Consolidated income statement for the third quarter of 2019

(Euro '000)	3rd Quarter 2019	3rd Quarter 2018	Change %
REVENUE FROM SALES AND SERVICES	**314,187**	**304,612**	**3.14%**
Change in inventories	(4,406)	1,483	-397.1%
Other revenue[3]	4,434	2,590	71.20%
TOTAL OPERATING REVENUE	**314,215**	**308,685**	**1.79%**
Raw materials costs	(115,109)	(117,159)	-1.75%
Personnel costs	(44,748)	(42,573)	5.11%
Other operating costs	(82,578)	(81,949)	0.77%
TOTAL OPERATING COSTS	**(242,435)**	**(241,681)**	**0.31%**
EBITDA	**71,780**	**67,004**	**7.13%**
EBITDA Margin %	*22.85%*	*22.00%*	
Amortization, depreciation, impairment losses and provisions	(25,790)	**(19,088)**	35.11%
EBIT	**45,990**	**47,916**	**-4.02%**
EBIT Margin %	*14.64%*	*15.73%*	
Share of net profits of equity-accounted investees	250	74	237.84%
Net financial income (expense)	(4,516)	(3,141)	-43.78%
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES	**(4,266)**	**(3,067)**	**-39.09%**
PROFIT (LOSS) BEFORE	**41,724**	**44,849**	**-6.97%**

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

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