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Diffusione presunta

Oggetto : Board of Directors approves consolidated
results as of 31 March 2020

Testo del comunicato

Vedi allegato.

PRESS RELEASE

Cementir Holding: Board of Directors approves consolidated results as of 31 March 2020

- Revenue: EUR 266.9 million (EUR 264.4 million in the first quarter 2019)
- EBITDA: EUR 32.2 million (EUR 33.7 million in the first quarter 2019)
- Loss before taxes: EUR 5.0 million (loss of EUR 0.3 million in the first quarter 2019)
- Net financial debt: EUR 322.3 million (EUR 239.6 million at 31 December 2019)
- The Board to call the EGM to authorise share buy-back up to EUR 60 million

Rome, 13 May 2020 – The Board of Directors of Cementir Holding N.V. chaired by Francesco Caltagirone Jr., today examined and approved the consolidated results for the first quarter of 2020.

Financial highlights

(Euro millions)	1 st Quarter 2020	1 st Quarter 2019	Change %
Revenue from sales and services	266.9	264.4	0.9%
EBITDA	32.2	33.7	-4.6%
<i>EBITDA/Revenue from sales and services %</i>	<i>12.0%</i>	<i>12.7%</i>	
EBIT	5.1	7.8	-34.2%
Net financial income (expense) and share of net profits of equity-accounted investees	(10.1)	(8.1)	-24.8%
Profit (loss) before taxes for the period	(5.0)	(0.3)	n.m

Sales volumes

('000)	1 st Quarter 2020	1 st Quarter 2019	Change %
Grey and white cement (metric tons)	2,037	1,819	11.9%
Ready-mixed concrete (m ³)	904	902	0.2%
Aggregates (metric tons)	2,185	2,238	-2.4%

Net financial debt

(millions of euros)	31-03-2020	31-12-2019	31-03-2019
Net financial debt	322.3	239.6	416.4

Group employees

	31-03-2020	31-12-2019	31-03-2019
Number of employees	3,045	3,042	3,063

“In the first quarter of 2020, the Group reported a double-digit increase in cement sales volumes and an EBITDA marginally down from the same period of 2019 mainly because of a one-off legal settlement linked to past transactions. Covid-19 impact was marginal, mainly in the month of March and confined to Belgium and France and, to a lesser extent, to China and Malaysia” commented Francesco Caltagirone Jr., Chairman and Chief Executive Officer.

In the first three months of 2020, cement and clinker **volumes** reached 2.0 million tons, up 11.9% thanks to a 50% increase in Turkey. Ready-mixed concrete sales volumes reached 0.5 million cubic metres, down by 1.3%, mainly due to a reduction in Belgium balanced by a 15% increase in Turkey. Aggregates sales volumes reached 2.1 million tons, down 2.4% compared to previous year.

Group **revenue** reached EUR 266.9 million, up 0.9% compared to EUR 264.4 million in the first quarter of 2019. At constant 2019 exchange rates, revenue would have reached EUR 269.6 million, up by 1.9% on the previous year.

Operating costs totalled EUR 237.9 million, in line with the same period of 2019.

The **cost of raw materials** decreased to EUR 102.9 million (EUR 105.5 million in the first quarter of 2019), due to savings in the cost of raw materials, mainly fuel. **Personnel costs** amounted to EUR 49.2 million up 3.6% compared to EUR 47.4 million in the first quarter of 2019 due to one-off redundancy cost.

Other operating costs were EUR 85.1 million (compared to EUR 84.9 million in the first quarter of 2019), including EUR 2.5 million as per the following paragraph.

EBITDA reached EUR 32.2 million, down 4.4% on EUR 33.7 million in the first quarter of 2019. EBITDA was marginally down from the same period of 2019 mainly because of a one-off legal settlement linked to past transactions (EUR 2.5 million). Covid-19 impact was marginal, mainly in the month of March and confined to Belgium, France and, to a lesser extent, to China and Malaysia. The EBITDA margin was 12.1% down from 12.7% in the first three months of 2019.

At constant exchange rates with previous year 2019, EBITDA would have been EUR 31.8 million, down by 5.6% compared to 2019.

EBIT declined to EUR 5.1 million compared to EUR 7.8 million in the previous year, after EUR 27.0 million of amortisation, depreciation, write-downs and provisions (EUR 25.9 million in the first quarter of 2019).

At constant exchange rates with 2019, EBIT would have been EUR 4.6 million, down by 40.5% compared to 2019.

The **share of net profits of equity-accounted investees** was a loss of EUR 0.3 million (loss of EUR 0.2 million in the first quarter of 2019).

Net financial expense was EUR 9.9 million (expense of EUR 7.9 million in the same period of the previous year). The 2020 figure includes a negative exchange rate net impact of EUR 4.7 million (negative EUR 1.5 million in 2019), being the remainder due to financial expenses for EUR 4.7 million (EUR 5.0 million in 2019) and to the impact of the valuation of derivatives.

Loss before taxes was EUR 5.0 million (loss of EUR 0.3 million in the first quarter of 2019).

Net financial debt as at 31 March 2020 was EUR 322.3 million, a decrease of EUR 94.0 million compared to EUR 416.4 million as at 31 March 2019. These figures include EUR 88.2 million due to IFRS 16 compared to EUR 78.9 million as at 31 March 2019.

The increase of net financial debt compared to 31 December 2019 was EUR 82.6 million, attributable to business seasonality, net working capital dynamics and annual plant maintenance, usually carried out in the first part of the year, as well as the mentioned settlement.

Total equity as at 31 March 2019 amounted to EUR 1,160.8 million (EUR 1,181.6 million as at 31 December 2019).

Performance by geographical segment

Nordic and Baltic

(EUR'000)	1 st Quarter 2020	1 st Quarter 2019	Change %
Revenue from sales	127,884	128,566	-0.5%
<i>Denmark</i>	88,169	83,327	5.8%
<i>Norway / Sweden</i>	39,723	45,133	-12.0%
<i>Other ⁽¹⁾</i>	12,449	11,971	4.0%
<i>Eliminations</i>	(12,457)	(11,875)	
EBITDA	24,651	19,844	24.2%
<i>Denmark</i>	21,782	16,170	34.7%
<i>Norway / Sweden</i>	2,412	3,371	-28.4%
<i>Other ⁽¹⁾</i>	457	303	50.8%
EBITDA Margin %	19.3%	15.4%	
Investments	9,585	7,204	

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

Denmark

Revenue from sales in the first quarter 2020 reached EUR 88.2 million, up 5.8% compared to EUR 83.3 million in 2019, mainly due to the increase in cement and ready-mixed concrete sales volumes in Denmark due to market activity increase and favourable weather conditions.

Average selling prices in the domestic market rose in line with inflation, due to new sales contracts and to a favourable product mix.

Export white cement sales volume suffered a slight decrease, as a result of timing difference in shipments to the US compared to the previous year, partially compensated by higher sales to other countries. Grey cement exports were in line with the first quarter of 2019.

EBITDA in the first quarter 2020 reached EUR 21.8 million (EUR 16.2 million in 2019), an increase of EUR 5.4 million with respect to 2019. This increase was largely driven by the cement business, benefitting from higher sales volumes and prices, lower fuel costs (partially offset by the unfavourable exchange rate trend against the US dollar), production efficiencies and lower general expenses.

Total investments amounted to EUR 7.8 million, of which EUR 7.2 million in the cement sector mainly for extraordinary maintenance and efficiency improvements projects.

Norway and Sweden

In the first three months of 2020, sales revenue in Norway and Sweden reached EUR 39.7 million (EUR 45.1 million in 2019), while EBITDA declined to EUR 2.4 million (EUR 3.4 million in the same period of 2019); the decrease is primarily attributable to Norway, affected by lower sales volume in Norway and negative exchange rates.

In **Norway**, ready-mixed concrete sales volumes fell by more than 10% compared to previous year. The country suffered a decline in public and private residential and non-residential activity. In March the situation worsened as activity was partially affected by Covid19, resulting in a 30% volume decline. The price trend outpaced inflation due to product and customer mix.

It should be noted that Norwegian krone lost 7.5% against the euro compared to 2019 average three months exchange rate.

In **Sweden**, ready-mixed concrete volumes remained unchanged, while aggregates sales were 6% higher than 2019. In the first three months of 2020, the sector benefited from favourable weather conditions and robust construction market trend as some projects started earlier than expected. Both average ready-mixed concrete and aggregates prices declined, the former because of a different sales mix compared to 2019 and the latter due to the product / project mix.

The Swedish krona lost 2.5% against the euro compared to 2019 average three-months exchange rate.

Investments in this area reached EUR 1.8 million in the first three months of 2020.

Belgium

(EUR'000)	1 st Quarter 2020	1 st Quarter 2019	Change %
Revenue from sales	56,735	59,680	-4.9%
EBITDA	5,184	9,372	-44.7%
EBITDA Margin %	9.1%	15.7%	
Investments	10,231	4,903	

In the first quarter of 2020, revenue totalled EUR 56.7 million (EUR 59.7 million in the same period of 2019) and EBITDA dropped to EUR 5.2 million down by 44.7% from the EUR 9.4 million in 2019.

Grey cement sales volumes were down 2% on 2019, despite good trading until February on all segments, mainly because of a 25% drop in the month of March caused by Covid19. Average prices showed an upward trend in line with inflation in both domestic and exports markets.

Ready-mixed concrete sales volumes decreased by more than 10% in both Belgium and France in the period, with March volumes down by around 50%, as government-led lockdown in the middle of March caused the closure of most plants in both countries. In Belgium selling prices were stable, whereas in France they were slightly down.

Aggregates sales volumes were down 8% versus the corresponding months of 2019, particularly in the export market. After good volume growth in the first two months of the year in March volumes declined by 28% due to Covid19, heavily hitting the second part of the month with the complete lockdown in France and only limited activity in Belgium.

The price of aggregates outpaced inflation due primarily to product, customer and destination mix.

Investments in the first three months of 2020 amounted to EUR 10.2 million.

North America

(EUR'000)	1 st Quarter 2020	1 st Quarter 2019	Change %
Revenue from sales	36,429	36,095	0.9%
EBITDA	4,795	3,609	32.9%
EBITDA Margin %	13.2%	10.0%	
Investments	698	1,091	

Total revenue in the United States reached EUR 36.4 million (EUR 36.1 million in the first three month of 2019), with an EBITDA of EUR 4.8 million, up by 32.9% from EUR 3.6 million in 2019.

White cement sales volumes declined slightly because of lower sales in Florida due to spread of Covid19 and to a delay in some relevant projects.

Our LWCC subsidiary recorded stable revenue versus the corresponding three months of 2019 and an improved EBITDA of EUR 4.9 million (EUR 3.7 million in the first quarter of 2019) thanks to higher average sales prices, variable costs savings, in particular raw materials, and overhead efficiencies.

The other US subsidiaries, which produce concrete products and operate the Florida terminal in Tampa, reported a flat EBITDA of EUR 0.08 million versus last year.

Investments in the first quarter 2020 amounted to EUR 0.7 million.

Turkey

(EUR'000)	1 st Quarter 2020	1 st Quarter 2019	Change %
Revenue from sales	26,326	21,545	22.2%
EBITDA	(3,447)	(4,725)	27.0%
EBITDA Margin %	-13.1%	-21.9%	
Investments	5,171	1,051	

Revenue reached EUR 26.3 million, an increase of 22% compared to the first three months of 2019 (EUR 21.5 million), despite the devaluation of the Turkish lira against the euro (-10% compared with the average exchange rate in the first quarter 2019) and the general economic situation. EBITDA was a negative EUR 3.4 million with an improvement over previous year (negative EUR 4.7 million in 2019 first three months), due mainly to the higher sales volumes of cement and clinker, both domestic and export, and some costs savings. The increased demand led to a 50% increase in local-currency cement revenue and to a 60% increase in cement and clinker sales volumes. Sales volumes in the domestic market increased by 35%, despite the earthquake which hit the Elazig area on 24 January, causing the stoppage of many infrastructure projects. In other regions, daily activities were restricted due to Covid19 epidemic and some projects were postponed. Exports of cement and clinker significantly increased. Average cement prices in local currency were somewhat lower than in 2019, with different trends at the various plants, due to severe price competition. Ready-mixed concrete volumes increased by 13% compared to the first quarter of 2019, with positive trend in local-currency prices.

In the Waste Management business, both Sureko, which processes industrial waste, and the UK subsidiary booked lower revenue with respect to 2019. Hereko division, which processes Istanbul's municipal solid waste, enjoyed slightly higher revenues.

Overall investments in the first three months of 2020 reached EUR 5.2 million.

Egypt

(EUR'000)	1 st Quarter 2020	1 st Quarter 2019	Change %
Revenue from sales	10,233	8,475	20.7%
EBITDA	2,048	1,378	48.6%
EBITDA Margin %	20.0%	16.2%	
Investments	189	166	

Revenue from sales amounted to EUR 10.2 million (EUR 8.5 million in the first quarter of 2019), showing significant growth also thanks to the stabilised security situation in the Sinai Peninsula.

Despite lower domestic white cement volumes sold, especially in the month of March, when sales were down 30% due to the curfew aiming to limit Covid19, overall sales held up thanks to higher export volumes, up by around 10% to all main destinations.

EBITDA rose to EUR 2.0 million (EUR 1.4 million in the first quarter of 2019), thanks also the Egyptian pound revaluation versus Euro of around 13.5%.

Investments in the first quarter of 2020 amounted to EUR 0.2 million.

Asia Pacific

(EUR'000)	1 st Quarter 2020	1 st Quarter 2019	Change %
Revenue from sales	14,659	17,752	-17.4%
<i>China</i>	6,684	9,508	-29.7%
<i>Malaysia</i>	7,975	8,244	-3.3%
<i>Eliminations</i>	-	-	
EBITDA	2,532	3,175	-20.3%
<i>China</i>	1,740	2,066	-15.8%
<i>Malaysia</i>	792	1,109	-28.6%
EBITDA Margin %	17.3%	17.9%	
Investments	1,655	1,587	

China

Revenue from sales reached EUR 6.7 million, down by 29.7% from the (EUR 9.5 million in 2019), due to Covid19 outbreak. EBITDA dropped by 15.8% to EUR 1.7 million from EUR 2.1 million in the same period of 2019, mainly because of negative volumes trend, partially compensated by higher selling prices as well as lower fuels and electricity costs.

In the first quarter of 2020, the company suffered a cement and white clinker sales volumes decline of 35%, as the plant was closed between January 23rd and February 21st.

Many cities and provinces were locked down starting from the third week of January; Central China has been the most affected region. Starting from March, the market has reopened and is recovering, with Southern and Eastern China leading the trend. Selling prices in local currency rose faster than inflation, also due to favourable mix, notwithstanding tough competition.

Investments in the first three months of 2020 totalled EUR 0.5 million.

Malaysia

Sales revenue dropped by 3.3% to EUR 8.0 million from EUR 8.2 million in 2019, whereas at EUR 0.8 million, EBITDA declined by 28.6% from EUR 1.1 million of 2019 mainly due to a different sales mix (export vs domestic), higher export freight and fixed costs, partially compensated by lower purchase price of fuel and raw materials.

Domestic white cement volumes declined by around 15% due to an over 50% drop in March due to restrictions on sales and production effective from March 17th to April 14th imposed by the Malaysian Government to curb the spreading of Covid19. Average selling prices in local currency were on the rise also due to the customer and product mix. On the other hand, total exports increased by about 10%

compared to 2019, with greater volumes of cement and stable volumes of clinker. Average foreign currency selling prices were on moderate rise due to country mix.

In the first quarter of 2020 investments amounted to EUR 1.2 million.

Italy

(EUR'000)	1 st Quarter 2020	1 st Quarter 2019	Change %
Revenue from sales	21,253	14,204	49.6%
EBITDA	(3,592)	1,051	-441.8%
EBITDA Margin %	-16.9%	7.4%	
Investments	622	369	

This grouping includes the parent company, Cementir Holding, the trading company, Spartan Hive, and other minor companies. The increase in revenue is attributable to Spartan Hive, which in the first quarter 2020 almost doubled its revenue due to higher volume traded.

EBITDA dropped to negative EUR 3.6 million (positive EUR 1.1 million in the first quarter of 2019) also due to EUR 2.5 million impact of the payment, in furtherance of a final settlement, closing claims relevant to previous transactions.

Significant events during the quarter

The outbreak of Covid19 started to bear its impact from the month of March, with a synchronous slowdown in key end markets as well as a lockdown and restriction measures curtailing supply in some countries. The most affected regions were China, Malaysia and Belgium.

In the period there was also the impact on EBITDA and net financial debt from the final settlement of certain claims related to previous transactions.

Share buy back

The Board of Directors of Cementir Holding N.V. resolved to convene the extraordinary shareholders' meeting on July the 2nd, 2020, to approve the proposal to authorize the buy-back of shares, for the purpose of optimizing the company's capital structure.

The requested authorisation will be for a buy-back program to last for 18 (eighteen) months from the date of the EGM, not to exceed an aggregate expenditure of EUR 60 million, at a price per share of at least the par value and at most, including accessory purchase charges, not exceeding 10% of the reference price recorded in the stock market session of the day preceding the completion of each individual transaction.

It is understood that the extent to which the authorization will be used and all related terms will be determined by the Board with one or more subsequent resolutions taking into account distributable reserves and any other applicable limit.

The directors' explanatory report on the matters on the agenda of the meeting convened will be made available in compliance with the applicable legal terms.

The Company does not currently hold treasury shares.

Forecast for 2020 and outlook

The combined impact of the slow-down in demand and the lockdown imposed by several governments in response to the coronavirus (Covid-19) pandemic, will determine some further contraction in Group sales volumes in Western Europe, Turkey and the United States in the second quarter of 2020. We expect Northern Europe to remain relatively unscathed by the general slowdown with the exception of Norway where the lower oil price is taking its toll on the overall economy. On the contrary, both in China and Malaysia operations restarted and are progressing towards a normalization.

Given the unprecedented level of uncertainty surrounding the length, breadth and severity of the coronavirus pandemic, we are withdrawing our previously-issued full-year 2020 guidance and we expect to provide an update after our first half 2020 results.

Today our top priority is to preserve the health and safety of our employees, their families and all our stakeholders. We are undertaking all necessary measures to minimize contagion risks while ensuring the continuity of our business and services. We are also implementing comprehensive mitigating actions to reduce costs, preserve cash and restrict capital expenditure. In particular, we are postponing all non-necessary capex by a few quarters, up to EUR 30 million and we are constantly monitoring inventories and receivables dynamics in order to maximize cash generation.

Thanks to our wide geographical spread of operations, strong balance sheet - with Net Financial Debt to EBITDA of 0.9x as of 31 December 2019 - and diversified product offering, we are confident to be able overcome these challenging times and we believe to be well positioned for the recovery in our markets.

* * *

The Interim Financial Report as at 31 March 2020 will be published in the manner and within the deadline required by current regulations.

The results of the first quarter 2020 will be presented to the financial community in a **conference call** to be held today, Wednesday 13 May, at 5.00 pm (CET). Dial-in numbers are as follows:

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The first quarter 2020 presentation will be made available on the website www.cementirholding.com in the Investors section before the start of the conference call.

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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 "Amortisation, depreciation, impairment losses and provisions";*
- *Net financial debt: an indicator of financial structure calculated according to Consob Communication 6064293/2006, as the sum of the items:*
 - o *current financial assets;*
 - o *cash and cash equivalents;*
 - o *Current and non-current liabilities.*
- *Net capital invested: calculated as the total amount of non-financial assets, net of non-financial liabilities.*

The unaudited consolidated income statement figures at 31 March 2020 are attached.

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 3,000 people in 18 countries.

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Consolidated income statement

(EUR'000)	1 st Quarter 2020	1 st Quarter 2019	Change %
REVENUE FROM SALES AND SERVICES	266,933	264,418	0.9%
Change in inventories	(1,011)	2,906	-134.8%
Increase for internal work and other income	4,120	4,355	-5.4%
TOTAL OPERATING REVENUE	270,042	271,679	-0.6%
Raw materials costs	(102,788)	(105,537)	-2.6%
Personnel costs	(49,181)	(47,469)	3.6%
Other operating costs	(85,902)	(84,969)	1.1%
TOTAL OPERATING COSTS	(237,871)	(237,975)	-0.0%
EBITDA	32,171	33,704	-4.6%
<i>EBITDA Margin %</i>	<i>12.05%</i>	<i>12.75%</i>	
Amortisation, depreciation, impairment losses and provisions	(27,043)	(25,907)	4.4%
EBIT	5,128	7,797	-34.2%
<i>EBIT Margin %</i>	<i>1.92%</i>	<i>2.95%</i>	
Share of net profits of equity-accounted investees	(282)	(199)	-41.7%
Net financial income (expense)	(9,861)	(7,928)	-24.4%
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEES	(10,143)	(8,127)	-24.8%
PROFIT (LOSS) BEFORE TAXES OF THE PERIOD	(5,015)	(330)	n.m.

Fine Comunicato n.0091-18

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