



CEMENTIR GROUP

FOURTH QUARTER 2004 REPORT

Board of Directors

Honorary Chairman *Luciano Leone*

Chairman *Francesco Caltagirone*

Deputy Chairman *Carlo Carlevaris*

Managing Director *Riccardo Nicolini*

Directors

Pasquale Alcini
Edoardo Caltagirone
Saverio Caltagirone
Mario Ciliberto
Mario Delfini
Alfio Marchini
Walter Montevocchi

Board of Auditors

Chairman *Claudio Bianchi*

Auditors

Giampiero Tasco
Carlo Schiavone

1. Board of Directors Review

Cementir Group 2004 Profit & Loss Account

Table A

<i>(Euro 000s)</i>	Jan-Dec 2004*	Jan-Dec 2003	YoY%	4Q 2004*	4Q 2003	YoY%
NET SALES	395.108	292.603	35,03	161.757	73.454	120,22
RAW MATERIALS	159.402	121.360	31,35	63.403	28.258	124,37
EXTERNAL SERVICES	84.037	52.937	58,75	37.296	13.339	179,60
CAPITALIZED COSTS	900	510	76,51	625	370	68,77
GROSS PROFIT	152.569	118.816	28,41	61.683	32.227	91,40
<i>GROSS MARGIN</i>	<i>38,61</i>	<i>40,61</i>		<i>38,13</i>	<i>43,87</i>	
LABOUR COSTS	47.668	31.042	53,56	23.310	7.460	212,46
OTHER REVENUES	3.270	0	n/a	2.180	0	n/a
OTHER COSTS	1.069	0	n/a	576	0	n/a
EBITDA	107.102	87.774	22,02	39.977	24.767	61,41
<i>EBITDA MARGIN</i>	<i>27,11</i>	<i>30,00</i>		<i>24,71</i>	<i>33,72</i>	
D&A	39.683	28.882	37,40	17.947	6.975	157,31
INDIRECT TAXES	3.220	0	n/a	1.785	0	n/a
OTHER PROFITS/(COSTS)	0	(6.034)	n/a	0	(1.987)	n/a
EBIT	64.199	52.858	21,46	20.245	15.805	28,09
<i>EBIT MARGIN</i>	<i>16,25</i>	<i>18,06</i>		<i>12,52</i>	<i>21,52</i>	
FINANCIAL REVENUES	55.963	10.688	423,60	44.252	2.717	1.528,70
FINANCIAL COSTS	8.109	8.424	(3,74)	2.634	1.229	114,32
FINANCIAL RESULT	47.854	2.264	2.013,68	41.618	1.488	2.696,91
PROFIT BEFORE TAXES AND EXTRAORDINARY ITEMS	112.053	55.122	103,28	61.863	17.293	257,73
EXTRAORDINARY ITEMS	(2.435)	(15.237)	84,02	(1.933)	(8.557)	77,41
PROFIT BEFORE TAXES	109.618	39.885	174,83	59.930	8.736	586,01

On October 29th 2004, the Cementir Group acquired two Danish companies, Aalborg Portland A/S and Unicon A/S, for an enterprise value of €572 millions.

Aalborg Portland A/S and Unicon A/S main features are as follows:

Aalborg Portland A/S

- Worldwide leading producer of white cement

* 2004 figures include Aalborg Portland and Unicon results from October 31st 2004.

- The only grey cement producer in Denmark
- Significant raw materials supply
- Competitive, high quality production plants
- Production plants in Denmark, Egypt, Malaysia, USA and China
- 2004 financial highlights:
 - Sales: €230,8 m
 - Ebitda: €70,5 m
 - Ebit: €47,0 m
 - Cement capacity: 3.5 m tons per annum
 - Employees: 990

Unicon A/S

- The main Pan-Nordic ready mix producer
- Market leader in Denmark and Norway
- Production plants in Denmark, Sweden, Norway, Poland
- 2004 financial highlights:
 - Sales: €206,7 m
 - Ebitda: €26,8 m
 - Ebit: €12.5 m
 - Ready mix concrete sales: 2,2 m cubic meters
 - Employees: 765

The transaction transforms Cementir into a significant Pan-European, vertically integrated player and provides an excellent geographical fit and platform for growth. The acquired companies boast leading positions in their local markets and strong brand names providing the following benefits to Cementir:

- worldwide leadership in the fast-growing market of white cement
- diversified geographical presence in Europe, North Africa, Middle East, Asia, North America and China
- 136% revenue increase and 106% Ebitda increase (based on 2004 data)

As a consequence of the above mentioned acquisition, Cementir 2004 full year results and Q4 2004 results include the acquired companies' results for two months (until December 31st 2004); financials are therefore not comparable with 2003 figures.

Cementir Group
2004 Profit & Loss Account at constant perimeter

Table B

<i>(Euro 000)</i>	Jan-Dec 2004*	Jan-Dec 2003	YoY%	4Q 2004*	4Q 2003	YoY%
NET SALES	320.371	292.603	9,49	87.019	73.454	18,47
RAW MATERIALS	132.213	121.360	8,94	36.213	28.258	28,15
EXTERNAL SERVICES	62.790	52.937	18,61	16.049	13.339	20,32
CAPITALIZED COSTS	733	510	43,75	458	370	23,62
GROSS PROFIT	126.101	118.816	6,13	35.215	32.227	9,27
<i>GROSS MARGIN</i>	<i>39,36</i>	<i>40,61</i>		<i>40,47</i>	<i>43,87</i>	
LABOUR COSTS	34.189	31.042	10,14	9.831	7.460	31,79
OTHER REVENUES	1.028	0	n/a	0	0	n/a
OTHER COSTS	714	0	n/a	283	0	n/a
EBITDA	92.226	87.774	5,07	25.101	24.767	1,35
<i>EBITDA MARGIN</i>	<i>28,79</i>	<i>30,00</i>		<i>28,84</i>	<i>33,72</i>	
D&A	32.281	28.882	11,77	10.545	6.975	51,18
NON INCOME TAXES	2.082	0	n/a	646	0	n/a
OTHER PROFITS/(COSTS)	0	(6.034)	n/a	0	(1.987)	n/a
EBIT	57.863	52.858	9,47	13.910	15.805	(11,99)
<i>EBIT MARGIN</i>	<i>18,06</i>	<i>18,06</i>		<i>15,98</i>	<i>21,52</i>	
FINANCIAL REVENUES	55.627	10.688	420,47	43.916	2.717	1516,36
FINANCIAL COSTS	5.847	8.424	(30,59)	372	1.229	(69,70)
FINANCIAL RESULT	49.780	2.264	2.098,76	43.544	1.488	2826,34
PROFIT BEFORE TAXES AND EXTRAORDINARY ITEMS	107.643	55.122	95,28	57.454	17.293	232,24
EXTRAORDINARY ITEMS	(2.435)	(15.237)	84,02	(1.933)	(8.557)	77,41
PROFIT BEFORE TAXES	105.208	39.885	163,78	55.521	8.736	535,54

In 2004 Group net sales increased by 9.5% to €320,4 m; in the fourth quarter of 2004 sales increased by 18.5% to €87 m. The increase in sales was mainly due to good trading in end-markets, particularly in Turkey.

Full year Group Ebitda reached €92,2 (+5,1%) and fourth quarter Ebitda was up by 1.3% to €25,1 m. Both on yearly and quarterly basis, Ebitda increased less than sales because of higher input costs as well as international price tensions.

*2004 figures do not include Aalborg Portland and Unicon results from October 31th 2004.

Full year Ebitda from Italian operations was €65,2 m; Ebitda from Turkish operations was €27 m.

Group Ebit for the first 12 months of 2004 was up by 9.5% to €57,9 m; in the fourth quarter of 2004 Ebit was down by 12% to €13,9m. On a yearly basis, 2004 Group Ebit, as percentage of sales, was in line with 2003; in the last quarter of 2004 Ebit declined both in absolute terms and as percentage of sales. The decrease was due to higher depreciation and provisions at Cimentas. In the fourth quarter 2004 depreciation increased by €2,7 m because of fixed assets (buildings) revaluation due to IAS “fair value” adoption.

Full year 2004 Group Net Financial Result was €49,8m of which €43,5m in the fourth quarter alone. Such result was due to capital gains on non core assets disposals which crystallized additional value and sharpened Group focus on its core activities.

3. Divisional performance - Net Sales

Table C

<i>(Euro millions)</i>	Jan-Dec 2004	Jan-Dec 2003	YoY%	4Q 2004	4Q 2003	YoY%
ITALY	206,1	202,0	2,03	51,7	52,7	(1,90)
TURKEY	114,3	90,6	26,16	35,4	20,8	70,19
DENMARK	32,7	0	n/a	32,7	0	n/a
OTHER NORDIC COUNTRIES	26,4	0	n/a	26,4	0	n/a
REST OF THE WORLD¹	15,6	0	n/a	15,6	0	n/a
GROUP SALES	395,1	292,6	35,03	161,8	73,5	120,14

As a consequence of Cimentas acquisition in 2001 and Aalborg Portland/Unicon acquisition in 2004, the Group reduced its business risk by diversifying its geographical base.

Group Net Sales by division highlights a 2% and 26% increase in Italian and Turkish operations, respectively. In the fourth quarter of 2004 Italian Net Sales slightly decreased by 1.9% due to the one week stop at Maddaloni plant triggered by the inquiry on quarrying activity in the Caserta region; Turkish Net Sales strongly increased by 70.2% due to strong trading in Turkey and to Cimentas reorganization started in 2001.

¹ Includes: Egypt, Malaysia, Poland, China.

4. Net Sales - Product breakdown

Net Sales by Product

Table D

<i>(Euro millions)</i>	Jan-Dec 2004 *	Jan-Dec 2003	YoY%	4Q 2004*	4Q 2003	YoY%
GREY & WHITE CEMENT	317,9	263,0	20,87	112,6	65,9	70,86
RMC	77,2	29,6	160,81	49,2	7,6	547,37
GROUP NET SALES	395,1	292,6	35,03	161,8	73,5	120,14

5. Group Net Financial Position

Table E

<i>(Euro 000)</i>	31/12/2004	30/09/2004	31/12/2003
NET CASH	59.974	203.277	189.535
LONG TERM DEBT	105.657	49.718	50.191
SHORT TERM DEBT	252.966	21.438	26.614
NET FINANCIAL POSITION	(298.649)	132.121	112.730

From €132,1 m net cash on September 30th 2004, group Net Financial Position reached €298,6 m net debt on December 31st 2004. The increase in net debt was due to Aalborg Portland/Unicon acquisition (Enterprise value of € 572 m). Group Net Financial Position includes cash inflow from ordinary activity and from non core asset disposals.

Moreover, around € 28 m price adjustment reflecting first 10 months of 2004 retained earnings on both Aalborg Portland and Unicon is still due to the former shareholders as a consequence of post acquisition due diligence.

6. Main events occurred after Q4

Following the Danish acquisition, Group operations continued as usual. On top of its long time commitment to reach cost and production efficiencies, Cementir Group will focus on new synergy implementation and integration of the acquired companies.

The new diversified geographical structure will trigger further development and growth.

No significant events occurred after the fourth quarter of 2004.

Rome, February 11th 2005

*On behalf of the Board of Directors,
the Chairman*

* 2004 figures include Aalborg Portland and Unicon results from October 31st 2004.