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CALTAGIRONE GROUP

Cementir Holding: the Board of Directors approves results for 2013

- **The Group exceeds its EBITDA and net financial debt targets for 2013**
- **Revenue: EUR 988.6 million (EUR 976.2 million at 31 December 2012)**
- **EBITDA: EUR 169.7 million (EUR 138.1 million at 31 December 2012)**
- **Group net profit: EUR 40.1 million (EUR 16.5 million at 31 December 2012)**
- **Proposed dividend: EUR 0.08 per share (EUR 0.04 the previous year)**

Rome, 7 March 2014 – The Board of Directors of Cementir Holding SpA, chaired by Francesco Caltagirone Jr., examined and approved the draft financial statements for the year ended 31 December 2013.

Financial highlights

(millions of euro)	**2013**	**2012**	**Change %**
Revenue from sales and services	988.6	976.2	+1.3%
Total operating revenue	1,016.8	997.3	+2.0%
EBITDA	169.7	138.1	+22.9%
EBITDA/ Revenue from sales and services %	17.2%	14.1%	
EBIT	76.7	48.2	+59.0%
Profit before taxes	63.2	28.6	+120.7%
Group net profit	40.1	16.5	+143.7%

Net financial debt

(millions of euros)	**31-12-2013**	**31-12-2012**
Net financial debt	324.9	373.0

Sales volumes

(‘000)	**2013**	**2012**	**Change %**
Grey and white cement (metric tons)	9,737	9,833	-1.0%
Ready-mixed concrete (m^3)	3,736	3,580	+4.4%
Aggregates (metric tons)	3,234	3,490	-7.3%

Group employees

	31-12-2013	31-12-2012
Number of employees	3,170	3,311

“Despite the modest increase in revenues, profitability improved significantly. Cementir Holding ended 2013 with EBITDA above the target set at the start of the year, despite the sharp downturn in the Turkish and Egyptian currencies,” commented Francesco Caltagirone Jr., Chairman and CEO. *“We are particularly pleased with the results achieved, the fruit of our growing commitment to making our structure more efficient at all levels. Net financial debt also fell below the EUR 350 million projected due to positive operating performance and the management of working capital”.*

Performance in 2013

Revenue from sales and services amounted to EUR 988.6 million, up 1.3% compared with 2012, but slightly below forecasts (equal to around EUR 1 billion) due the depreciation of the Turkish lira and the Egyptian pound against the euro during the year. Assuming constant exchange rates, revenue would have amounted to EUR 1,031 million, an increase of 5.6% over the previous year and in line with management’s forecast.

The increase in revenue, despite the 1% decrease in volumes of cement sold (from 9.8 million metric tons in 2012 to 9.7 million metric tons in 2013), is attributable to the positive results posted in Scandinavia, Turkey and the Far East, which offset the difficulties encountered in Egypt and the weakness of the Italian market.

In **Scandinavia** revenue rose by about EUR 28 million compared with 2012 thanks to the excellent performance of sales of ready-mixed concrete in Norway (+11.8%), Sweden (+6.4%) and Denmark (+5.7%) with prices remaining stable or rising.

In **Turkey,** sales revenue in the local currency increased by 12% compared with the previous year, due both to the rise in quantities of cement and ready-mixed concrete sold (+4.0% and +6.6%) and higher sales prices. However, the sharp depreciation of the Turkish lira against the euro during the year reduced the increase in revenues as expressed in euros to 2.4% (around EUR 6 million).

In the **Far East,** revenue rose by around EUR 4.5 million, mainly as a result of the increase in sales in China, both the domestic and the export markets, in an environment of rising prices. In Malaysia, too, revenue from sales expressed in the local currency rose by 5.0% over 2012, but the devaluation of the Malaysian Ringgit against the euro erased this growth in the financial statements translated into euros.

In **Egypt,** revenue in local currency were essentially in line with those of 2012, but the unstable socio-political situation affecting the country prompted a sharp depreciation in the Egyptian pound, which lost more than 17% of its average value against the euro in 2013, causing revenue translated into euros to fall by 15%.
Finally, in **Italy**, there were no signs of recovery in the construction sector, with 2013 being a year of contraction and the quantities of cement ready-mix concrete sold falling by 13.6% and 56.6%, respectively, compared with 2012, leading to a decline in revenues of around EUR 23 million.

Operating costs fell by a total of 1.4%, going from EUR 859.2 million in 2012 to EUR 847.1 million in 2013, due mainly to the decline in the cost of raw materials. Specifically, the **cost of raw materials** fell by EUR 20.7 million, benefiting from savings achieved through a careful centralised procurement policy and improved productive efficiency of plants, which offset the increase in unit prices for fuels and electricity.
Personnel costs fell by 0.5% compared with 2012, demonstrating the positive effects of the corporate reorganisation plan launched in recent years that made it possible to absorb the impact of wage inflation. **Other operating costs** amounted to EUR 255.6 million, up 3.8% (EUR 246.2 million in 2012), due to higher transport and logistics costs as a result of the increase in volumes of ready-mixed concrete sold in Scandinavia.
EBITDA reached EUR 169.7 million, an increase of EUR 31.7 million (+22.9%) compared with 2012. The result for 2013 reflects positive extraordinary items amounting to about EUR 10 million. Excluding these items, EBITDA would have amounted to EUR 159.7 million (+15.6% over the previous year), exceeding management's expectation for the year (equal to EUR 150 million).
The EBITDA margin also improved, going from 14.1% in 2012 to 17.2% in 2013. Excluding the impact of the above-described extraordinary items, the EBITDA margin would have been 16.2%, for a recovery in industrial profitability of 2.1 percentage points.
EBIT amounted to EUR 76.7 million, up 59% (EUR 48.2 million in 2012). Non-recurring provisions and write-downs reduced the positive impact of the extraordinary items to around EUR 5 million.
The **net result of equity investments measured using the equity method** came to EUR 2.2 million, an increase compared to the EUR 2.1 million posted in 2012.
Financial management yielded a negative EUR 15.8 million, an improvement of EUR 6.0 million over the previous year (a negative EUR 21.8 million at 31 December 2012) due to the positive measurement of financial instruments used to hedge commodity prices and interest rates that offset the exchange rate losses recognised, but to a large extent not realised, mainly as a result of the depreciation of the Turkish lira.

Profit before tax amounting to EUR 63.2 million reported a considerable improvement over 2012 (EUR 28.6 million) and the **net profit for the period** reached EUR 48.2 million (EUR 24.0 million in 2012). **Group net profit** came to EUR 40.1 million, up 143.7% over the EUR 16.5 million reported for 2012, excluding the portion of the profit attributable to non-controlling interests.

Total capital expenditure amounted to EUR 81.7 million and includes certain improvement efforts in respect of energy efficiency, extraordinary maintenance, compliance with environmental regulations, investments in the waste management sector (around EUR 22 million) and expansion in Malaysian plant capacity (about EUR 4 million), which will be completed in 2014.

The **net financial debt** at 31 December 2013 amounted to EUR 324.9 million, an improvement of EUR 48.1 million compared with 31 December 2012. The change was largely attributable to the positive cash flow generated by operating activities, excluding industrial investments and the distribution of dividends in the amount of EUR 6.5 million. As a result of the positive operating performance and the management of working capital, the net financial debt fell below the EUR 350 million forecast.
Shareholders' equity at the end of 2013 came to EUR 1,029.4 million (EUR 1,114.1 million at the end of 2012).

Significant events

In Italy the Group continued to pursue initiatives aimed at reducing operating costs and regaining financial stability among which a new corporate reorganization agreement, which provides for the transformation of the Arquata and Taranto plants into grinding facilities. The agreement involves 144 employees with innovative processes which should reduce the number of unemployed to a minimum.
With regard to waste management activities in Turkey, during the year we identified the investments to be made to complete the municipal waste treatment plant in Istanbul. Plant performance is expected to be optimised during the first quarter of 2014.
In the second half of 2013, investments in the Neales Waste Management subsidiary in England were begun for the construction of a waste treatment plant for the recovery of the recycle fraction and the minimisation of the use of landfills according to the plan already established at the time of the acquisition.
In September, as part of a plan to reorganise the Group's equity holdings, Cementir Holding SpA transferred 46% of the share capital of the Turkish subsidiary Cimentas AS to the Danish group Aalborg Portland A/S, wholly controlled by Cementir Holding SpA. As a result of this transfer, the Aalborg Portland group holds 71% of the Cimentas group.
In order to carry out this transaction, during the third quarter the Danish subsidiary Aalborg Portland A/S was granted and received a 15-year loan of EUR 150 million from a leading Scandinavian bank that will

lead to a significant improvement in the Group's financial and capital structure, reducing the average interest rate on the debt, lengthening its average maturity and increasing access to short-term credit.
During the year, the Group companies determined the actions, tools and timetables for achieving a significant recovery in profitability by the various Group companies in 2014, focusing on increasing the efficiency both of industrial areas and of commercial and staff units.

Outlook

In 2014, the Group expects to see growth in both revenues and EBITDA, with improvement in the key performance indicators in Scandinavia, Turkey and the Far East due to excellent sales performance for cement and ready-mixed concrete, with prices remaining stable or rising.
We expect the waste management sector to make a major contribution to Group results, with the start-up phase being completed in 2014 and plant operation gradually beginning.
In Italy, market demand is expected to remain weak, but profitability should improve as a result of the industrial and corporate reorganisation underway in recent years.
Finally, we expect the results for Egypt to be in line with those of 2013, unless the socio-economic problems intensify so as to cause market conditions to deteriorate in a way that is yet difficult to predict.
EBITDA is expected to exceed 180 million, in line with the projections set out in the 2014-2016 business plan.
The net financial debt is expected to fall to around EUR 280 million, with planned industrial investments of around EUR 70 million.

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The Board of Directors has resolved to propose to the Shareholders' Meeting on 17 April in single call that it approve the distribution of a **dividend** of EUR 0.08 per share (EUR 0.04 in 2012), for a total amount of EUR 12.7 million. The dividend will be paid on 22 May 2014 (ex-dividend date of 19 May), with a record date of 21 May 2014.

The Board of Directors has approved the **Report on Corporate Governance and Ownership Structure** pursuant to Article 123-bis of Legislative Decree 58/1998 as well as the **Report on Remuneration** pursuant to Article 123-ter of Legislative Decree 58/1998 and Article 84-quater of the Issuers' Regulation, which will be made available in accordance with the statutory deadlines at the Company's registered office, on the Company's website *www.cementirholding.it* in the Investor Relations/Corporate Governance section and at Borsa Italiana SpA.

In line with international best practices and the provisions of the Corporate Governance Code, the Board of Directors performed an assessment of the functioning of the Board and its Committees, as well as their size and composition, taking into account factors such as the professional qualifications, experience, including managerial experience, and gender of its members, as well as their seniority in the position.
The Board also reviewed the activities carried out in 2013 by the Control and Risks Committee and the Supervisory Body pursuant to Legislative Decree 231/2001.

Following the approval of the 2014 - 2016 Business Plan by the Board of Directors on 17 December 2013, the Board today approved a medium/long-term incentive plan (i.e. "**Long Term Incentives**" plan or "LTI"), which has the following goals:

- provide incentives for Top Management to achieve the objectives of the Business Plan;
- converge the interests of Top Management with those of shareholders;
- also add a motivation and retention plan.

The beneficiaries of the Plan are Executives determined with precise and selective criteria according to their organisation role, their managerial features and their contribution to achieving strategic objectives defined.

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Massimo Sala, as the manager responsible for preparing the Company's financial reports, certifies, pursuant to Article 154-bis (2) of the Consolidated Law on Financial Intermediation, that the accounting information contained in this press release corresponds with that contained in company documents, books and accounting records.

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.

Attached are the statement of financial position and income statement from the separate and consolidated financial statements. They are provided to offer investors additional information on the performance and financial position of the Company and the Group. The Board of Auditors and the independent auditors are currently reviewing the draft financial statements within the scope of their respective responsibilities.

Media Relations
Tel. +39 06 45412365
Fax +39 06 45412300
ufficiostampa@cementirholding.it

Investor Relations
Tel. +39 06 32493481
Fax +39 06 32493274
invrel@cementirholding.it

Group website: www.cementirholding.it

CEMENTIR HOLDING GROUP

Consolidated statement of financial position

(EUR '000)	31 December 2013	31 December 2012
ASSETS		
Intangible assets with finite useful life	40,094	44,738
Intangible assets with indefinite useful life	403,159	441,614
Property, plant and equipment	762,098	831,701
Investment property	98,952	104,502
Equity accounted investments	17,240	16,917
Available for sale equity investments	210	8,231
Non-current financial assets	840	941
Deferred tax assets	60,339	60,095
Other non-current assets	8,541	7,834
TOTAL NON–CURRENT ASSETS	**1,391,473**	**1,516,573**
Inventories	139,602	151,721
Trade receivables	184,204	200,568
Current financial assets	3,660	3,361
Current tax assets	5,972	5,146
Other current assets	12,390	13,541
Cash and cash equivalents	110,726	84,251
TOTAL CURRENT ASSETS	**456,554**	**458,588**
TOTAL ASSETS	**1,848,027**	**1,975,161**
EQUITY AND LIABILITIES		
Share capital	159,120	159,120
Share premium reserve	35,710	35,710
Other reserves	719,471	823,628
Profit attributable to the owners of the parent	40,124	16,462
Equity attributable to the owners of the parent	**954,425**	**1,034,920**
Profit for the year attributable to the owners of non-controlling interests	8,038	7,582
Reserves attributable to non-controlling interests	66,946	71,621
Equity attributable to non-controlling interests	**74,984**	**79,203**
TOTAL EQUITY	**1,029,409**	**1,114,123**
Employee benefits obligations	16,260	17,542
Non-current provisions	21,965	19,405
Non-current financial liabilities	284,135	220,251
Deferred tax liabilities	82,974	95,150
Other non-current liabilities	10,344	10,820
TOTAL NON-CURRENT LIABILITIES	**415,678**	**363,168**
Current provisions	1,119	2,537
Trade payables	183,192	191,037
Current financial liabilities	155,132	240,390
Current tax liabilities	11,201	12,104
Other current liabilities	52,296	51,802
TOTAL CURRENT LIABILITIES	**402,940**	**497,870**
TOTAL LIABILITIES	**818,618**	**861,038**
TOTAL EQUITY AND LIABILITIES	**1,848,027**	**1,975,161**

CEMENTIR HOLDING GROUP

Consolidated income statement

(EUR '000)	2013	2012
REVENUE	**988,614**	**976,193**
Change in inventories	3,931	8,264
Increases for internal work	4,466	4,816
Other operating revenue	19,801	8,023
TOTAL OPERATING REVENUE	**1,016,812**	**997,296**
Raw material costs	(434,972)	(455,708)
Personnel costs	(156,481)	(157,303)
Other operating costs	(255,639)	(246,231)
TOTAL OPERATING COSTS	**(847,092)**	**(859,242)**
EBITDA	**169,720**	**138,054**
Amortisation and depreciation	(86,202)	(85,182)
Provisions	(2,247)	(2,689)
Impairment losses	(4,587)	(1,953)
Total amortisation, depreciation, impairment losses and provisions	(93,036)	(89,824)
EBIT	**76,684**	**48,230**
Share of net profits of equity-accounted investees	2,242	2,144
Financial income	13,985	6,628
Financial expense	(19,310)	(29,932)
Net foreign exchange rate gains (losses)	(10,447)	1,546
Net financial expense	(15,772)	(21,758)
NET FINANCIAL EXPENSE AND SHARE OF PROFITS OF EQUITY-ACCOUNTED INVESTEES	**(13,530)**	**(19,614)**
PROFIT (LOSS) BEFORE TAXES	**63,154**	**28,616**
Income taxes	(14,992)	(4,572)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**48,162**	**24,044**
PROFIT (LOSS) FOR THE PERIOD	**48,162**	**24,044**
Attributable to:		
Non-controlling interests	8,038	7,582
Owners of the parent	**40,124**	**16,462**

CEMENTIR HOLDING SPA

Statement of financial position

(EUR)	31 December 2013	31 December 2012
ASSETS		
Intangible assets	908,144	836,004
Property, plant and equipment	231,529	106,103
Investment property	23,000,000	23,000,000
Equity investments in subsidiaries	525,854,677	690,148,784
Available for sale financial assets	-	8,043,280
Non-current financial assets	143,959	123,659
Deferred tax assets	39,460,139	34,766,903
TOTAL NON–CURRENT ASSETS	**589,598,448**	**757,024,733**
Trade receivables	7,698,414	5,215,208
- Trade receivables from third parties	*61,215*	*121,068*
- Trade receivables from related parties	*7,637,199*	*5,094,140*
Current financial assets	114,725,442	17,062,008
- Current financial assets from third parties	*538,712*	*705,768*
- Current financial assets from related parties	*114,186,730*	*16,356,240*
Current tax assets	4,574,494	3,105,593
Other current assets	620,332	2,112,217
- Other current assets from third parties	*103,462*	*1,843,097*
- Other current assets from related parties	*516,870*	*269,120*
Cash and cash equivalents	4,871,474	5,686,113
- Cash and cash equivalents with third parties	*2,894,064*	*3,253,220*
- Cash and cash equivalents with related parties	*1,977,410*	*2,432,893*
TOTAL CURRENT ASSETS	**132,490,156**	**33,181,139**
TOTAL ASSETS	**722,088,604**	**790,205,872**
EQUITY AND LIABILITIES		
Share capital	159,120,000	159,120,000
Share premium reserve	35,710,275	35,710,275
Other reserves	417,386,751	434,932,075
Profit for the year	(1,608,773)	(14,658,064)
TOTAL EQUITY	**610,608,253**	**615,104,286**
Employee benefit obligations	406,579	323,776
Non-current provisions	600,000	600,000
Non-current financial liabilities	36,483,482	53,986,502
- Non-current financial liabilities to third parties	*36,483,482*	*46,238,661*
- Non-current financial liabilities to related parties	*-*	*7,747,841*
Deferred tax liabilities	4,754,324	4,619,962
TOTAL NON-CURRENT LIABILITIES	**42,244,385**	**59,530,240**
Trade payables	1,495,198	1,402,039
- Trade payables to third parties	*1,276,231*	*1,091,881*
- Trade payables to related parties	*218,967*	*310,158*
Current financial liabilities	35,653,580	87,849,665
- Current financial liabilities to third parties	*26,263,346*	*68,674,265*
- Current financial liabilities to related parties	*9,390,234*	*19,175,400*
Current tax liabilities	-	1,137,517
Other current liabilities	32,087,188	25,182,125
- Other current liabilities to third parties	*3,458,285*	*2,142,632*
- Other current liabilities to related parties	*28,628,903*	*23,039,493*
TOTAL CURRENT LIABILITIES	**69,235,966**	**115,571,346**
TOTAL LIABILITIES	**111,480,351**	**175,101,586**
TOTAL EQUITY AND LIABILITIES	**722,088,604**	**790,205,872**

CEMENTIR HOLDING SPA

Income statement

(EUR)	2013	2012
REVENUE	**14,581,961**	**11,948,464**
- *Revenue - related parties*	*14,581,961*	*11,948,464*
Other operating revenue	638,178	682,239
- Other revenue - third parties	*200,438*	*252,239*
- Other revenue - related parties	*437,740*	*430,000*
TOTAL OPERATING REVENUE	**15,220,139**	**12,630,703**
Personnel costs	(7,843,994)	(8,459,506)
- Personnel costs - third parties	*(7,843,994)*	*(8,370,690)*
- Personnel costs - related parties	-	*(88,816)*
Other operating costs	(8,273,382)	(6,141,509)
- Other operating costs - third parties	*(7,150,167)*	*(5,442,638)*
- Other operating costs - related parties	*(1,123,215)*	*(698,871)*
TOTAL OPERATING COSTS	**(16,117,376)**	**(14,601,015)**
EBITDA	**(897,237)**	**(1,970,312)**
Amortisation, depreciation, impairment losses and provisions	(433,898)	(424,296)
EBIT	**(1,331,135)**	**(2,394,608)**
Financial income	10,044,154	2,429,645
- Financial income - third parties	*9,177,495*	*2,394,279*
- Financial income - related parties	*866,659*	*35,366*
Financial expense	(9,003,482)	(19,705,582)
- Financial expense - third parties	*(7,636,119)*	*(18,258,382)*
- Financial expense - related parties	*(1,367,363)*	*(1,447,200)*
NET FINANCIAL EXPENSE	**1,040,672**	**(17,275,937)**
LOSS BEFORE TAXES	**(290,463)**	**(19,670,545)**
Income taxes	(1,318,310)	5,012,481
LOSS FROM CONTINUING OPERATIONS	**(1,608,773)**	**(14,658,064)**
LOSS FOR THE PERIOD	**(1,608,773)**	**(14,658,064)**