Cementir Holding: Board of Directors approves results for first half of 2011

Revenues: EUR 450.9 million (EUR 398.4 million at 30 June 2010)
EBITDA: EUR 47.6 million (EUR 50.1 million at 30 June 2010)
Net loss: EUR 8.6 million (Net profit of EUR 301 thousand at 30 June 2010)

Rome, 26 July 2011 – The Board of Directors of Cementir Holding, chaired by Francesco Caltagirone Jr., today approved Cementir Holding's results for the first half of 2011.

Financial highlights

(millions of euros)	1st Half 2011	1st Half 2010	Δ%	2nd Quarter 2011	2nd Quarter 2010	Δ%
Revenues	450.9	398.4	13.2	262.3	240.7	8.9
EBITDA	47.6	50.1	-5.0	39.1	40.5	-3.3
EBIT	5.6	7.2	-22.9	17.9	18.2	-2.0
Profit before taxes	-1.9	13.5	-	0.4	24.5	-
Group net profit	-8.6	0.3	-			

Net financial position

(millions of euros)	30-06-2011	31-12-2010	30-06-2010
NFP	(367.1)	(336.1)	(382.9)

Sales volumes

('000)	1st Half 2011	1st Half 2010	Δ%	2nd Quarter 2011	2nd Quarter 2010	Δ%
Grey and while cement (metric tons)	5,220	4,890	6.7	3,097	2,924	5.9
Ready-mix concrete (m^3)	1,895	1,498	26.5	1,048	917	14.3
Aggregates (metric tons)	1,867	1,747	6.9	1,188	1,252	-5.1

Group employees

	30-06-2011	31-12-2010	30-06-2010
Number of employees	3,322	3,289	3,340

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Cementir Holding ended the first half of 2011 with results that, despite good performance in revenues, which grew by over 13% compared with the same period of 2010, thanks mainly to the recovery in demand in Scandinavia and in Turkey and to stable or in some cases slightly rising prices, heavily reflect the increase in operating costs due to higher fuel and energy prices.

Revenues amounted to EUR 450.9 million (EUR 398.4 million at 30 June 2010). As stated, the growth in revenues is mainly due to good performance in demand in Scandinavia and Turkey, where volumes have risen across all business sectors. The Far East also contributed to the growth in revenues through rising manufacturing capacity in China, where operations have been fully up and running since the second half of 2010. Problems persist in Italy due to the lingering effects of the economic crisis and in Egypt due to social and political unrest.

Operating costs rose by 15.6%, compared with the figure reported at 30 June 2010, due to higher fuel and energy costs driven by rising oil prices. The costs of raw materials rose by 18.9% compared with the same period of 2010, and other operating costs, including transport and logistics, grew by 12.9%.

EBITDA came to EUR 47.6 million (EUR 50.1 million at 30 June 2010).

The crisis that hit the financial markets in June, which steeply drove down the value of derivative financial instruments created to hedge interest rate, exchange rate and commodity risks, resulted in a **financial management** yield of negative EUR 7.5 million (positive EUR 6.3 million at 30 June 2010). However, this result, viewed in relation to the net financial debt at period-end of EUR 367.1 million, represents a total borrowing cost of around 2%, a rather modest figure.

The net loss for the period amounted to EUR 5.5 million (profit of EUR 4.8 million at 30 June 2010), reflecting a one-off tax expense, due to the tax amnesty in Turkey, of EUR 5.5 million. The **Group's net loss** for the period came to EUR 8.6 million.

The **net financial position** showed a net debt of EUR 367.1 million at 30 June 2011, a EUR 31 million decline from the figure at 31 December 2010, mainly due to changes in working capital as a result of the growth in revenues (+13.2%, up EUR 50 million over the same period of 2010). This figure also reflects the annual maintenance of plants, usually carried out during the first few months of the year, the investments in Turkey's waste management sector and the distribution of dividends of EUR 9.5 million in May. The net financial position has improved by about EUR 16 million over the last 12 months.

Performance in the second quarter of 2011

In the second quarter of the year, revenues rose by 8.9% over the same period of 2010, confirming the positive signs seen in the first quarter in certain markets in which the Group operates. In Italy, a slight recovery was reported in the second quarter of the year, following on a first quarter in which revenues fell by 8% as compared with the first quarter of 2010. Operating costs also grew by 10.2% over the second quarter of 2010, leading, during the quarter, to a slight decline in profitability.

Significant events

During the period, Cementir Holding, through its Turkish subsidiary Recydia, which operates in the waste management and renewable energy sector, signed a 25-year contract to handle and treat around 700,000 metric tons of Istanbul's municipal solid waste per year; this accounts for 14% of that city's solid urban waste.

Outlook

The positive signs reported during the period in several of the markets in which the Group operates are expected, during the second half of the year, to be joined by a stabilisation in the Egyptian market and a reversal of the trend in Italy. If this scenario proves true, the Group's overall results should be better than those for the first half of the year, unless an economic shock should arrive as a result of deteriorating public accounts in certain Western nations or from the social or political upheaval still occurring in North Africa.

The Board of Directors approved the merger of the two subsidiaries Cementir Delta S.p.A. and Intercem S.p.A. into Cementir Holding S.p.A..

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Oprandino Arrivabene, 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.

The consolidated statement of financial position and consolidated income statement are attached in order to provide investors with additional information on the performance and financial position of the Group. The half-year financial report is currently being examined by the Board of Auditors and the independent auditors within the scope of their responsibilities.

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Consolidated Statement of Financial Position

(EUR '000)	30 June 2011	31 December 2010	30 June 2010
ASSETS			
Intangible assets	469,124	494,678	502,306
Property, plant and equipment	815,956	876,176	941,309
Investment property	90,163	98,577	27,950
Equity investments measured using equity method	15,594	16,868	19,937
Other equity investments	6,632	6,519	8,338
Non-current financial assets	664	527	482
Deferred tax assets	39,541	34,130	30,970
Other non-current assets	1,870	1,886	2,096
TOTAL NON–CURRENT ASSETS	**1,439,544**	**1,529,361**	**1,533,388**
Inventories	129,766	143,837	128,792
Trade receivables	199,677	150,974	183,572
Current financial assets	1,995	1,510	2,384
Current tax assets	5,366	6,078	5,604
Other current assets	18,447	18,939	13,409
Cash and cash equivalents	93,234	100,019	91,078
TOTAL CURRENT ASSETS	**448,485**	**421,357**	**424,839**
TOTAL ASSETS	**1,888,029**	**1,950,718**	**1,958,227**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	159,120	159,120	159,120
Share premium reserve	35,710	35,710	35,710
Other reserves	811,253	872,967	863,443
Group net profit	(8,657)	9,344	301
GROUP SHAREHOLDERS' EQUITY	**997,426**	**1,077,141**	**1,058,574**
Net profit of minority interest	3,110	8,255	4,523
Minority interest reserves	67,941	71,216	73,178
MINORITY INTEREST SHAREHOLDERS' EQUITY	**71,051**	**79,471**	**77,701**
TOTAL SHAREHOLDERS' EQUITY	**1,068,477**	**1,156,612**	**1,136,275**
Employee benefit provisions	18,381	18,695	18,148
Non-current provisions	14,651	15,234	11,412
Non-current financial liabilities	204,306	223,898	255,558
Deferred tax liabilities	92,938	98,944	99,216
Other non current liabilities	2,493	4,188	1,668
TOTAL NON-CURRENT LIABILITIES	**332,769**	**360,959**	**386,002**
Current provisions	1,378	1,648	6,596
Trade payables	163,193	167,419	151,490
Current financial liabilities	258,042	213,763	220,813
Liabilities current taxes	13,515	6,043	7,575
Other current liabilities	50,655	44,274	49,476
TOTAL CURRENT LIABILITIES	**486,783**	**433,147**	**435,950**
TOTAL LIABILITIES	**819,552**	**794,106**	**821,952**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1,888,029**	**1,950,718**	**1,958,227**

Consolidated Income Statement

(Euro '000)	1st half 2011	1st half 2010
REVENUES	**450,913**	**398,446**
Change in inventories	(8,157)	(11,042)
Increases for internal work	2,489	2,791
Other operating revenues	2,709	6,219
TOTAL OPERATING REVENUES	**447,954**	**396,414**
Raw material costs	(215,182)	(181,058)
Personnel costs	(77,281)	(69,704)
Other operating costs	(107,886)	(95,514)
TOTAL OPERATING COSTS	**(400,349)**	**(346,276)**
EBITDA	**47,605**	**50,138**
Depreciation, amortisation, impairment losses and provisions	(42,032)	(42,913)
EBIT	**5,573**	**7,225**
Net result on equity investments measured using equity method	511	575
Net financial result	(8,035)	5,749
NET RESULT ON FINANCIAL ITEMS AND EQUITY INVESTMENTS MEASURED USING EQUITY METHOD	**(7,524)**	**6,324**
PROFIT BEFORE TAX	**(1,951)**	**13,549**
Income taxes	(3,596)	(8,725)
NET PROFIT (LOSS) FOR THE PERIOD	**(5,547)**	**4,824**
Attributable to:		
MINORITY INTERESTS	3,110	4,523
GROUP	(8,657)	301