

PRESS RELEASE

Cementir Holding: Board of Directors approves 2016 results and Business Plan 2017-2019

- **Revenue: EUR 1,027.6 million (EUR 969.0 million in 2015), up 6.0% (stable on like-for-like basis)**
- **EBITDA: EUR 197.8 million (EUR 194.0 million in 2015). Like-for-like EBITDA was EUR 177.0 million**
- **EBIT: EUR 94.7 million (EUR 97.6 million in 2015)**
- **Profit before taxes: EUR 118.6 million (EUR 101.6 million in 2015)**
- **Group net profit: EUR 67.3 million (EUR 67.5 million in 2015)**
- **Net financial debt at EUR 562.4 million (EUR 222.1 million at 31 December 2015), due to outlays for the acquisitions of Sacci and Compagnie des Ciments Belges (totalling about EUR 435 million)**
- **Group Business Plan 2017-2019**
 - **Revenue to around EUR 1.4 billion in 2019**
 - **EBITDA to around EUR 260 million in 2019**
 - **Net financial debt at around 360 million at year-end 2019**
- **Proposed dividend: EUR 0.10 per share (in line with last year)**

Rome, 3 March 2017 – The Board of Directors of Cementir Holding SpA, chaired by Francesco Caltagirone Jr., has examined and approved the draft financial statements for the year ended 31 December 2016.

Financial highlights

| (millions of euros) | Year 2016 | Year 2015 | Change % | Like-for-like basis | |
|---|--------------|--------------|-------------|---------------------|-------------|
| | | | | Year 2016 | Change % |
| Revenue from sales and services | 1,027.6 | 969.0 | +6.0% | 967.1 | -0.2% |
| Total operating revenue | 1,068.4 | 995.4 | +7.3% | 986.6 | -0.9% |
| EBITDA | 197.8 | 194.0 | +2.0% | 177.0 | -8.8% |
| <i>EBITDA/Revenue from sales and services %</i> | <i>19.3%</i> | <i>20.0%</i> | | <i>18.3%</i> | |
| EBIT | 94.7 | 97.6 | -3.1% | 81.7 | -16.3% |
| Net financial income (expense) | 23.9 | 4.0 | n.s. | 24.1 | n.s. |
| Profit (loss) before taxes | 118.6 | 101.6 | +16.7% | 105.8 | +4.1% |
| Profit (loss) for the year | 85.3 | 75.1 | +13.6% | 74.8 | -0.3% |
| Group net profit | 67.3 | 67.5 | -0.3% | 56.8 | -15.9% |

Net financial debt

| (millions of euros) | 31-12-2016 | 30-09-2016 | 30-06-2016 | 31-12-2015 |
|---------------------|------------|------------|------------|------------|
| Net financial debt | 562.4 | 350.6 | 262.9 | 222.1 |

Sales volumes

| ('000) | Year 2016 | Year 2015 | Change % | Like-for-like basis | |
|--|--------------|--------------|-------------|---------------------|-------------|
| | | | | Year 2016 | Change % |
| Grey and white cement (metric tons) | 10,110 | 9,368 | +7.9% | 9,494 | +1.3% |
| Ready-mixed concrete (m ³) | 4,420 | 3,749 | +17.9% | 4,261 | +13.7% |
| Aggregates (metric tons) | 4,462 | 3,813 | +17.0% | 3,598 | -5.6% |

Group employees

| | 31-12-2016 | 31-12-2015 | Like-for-like basis 31-12-2016 |
|---------------------|------------|------------|-----------------------------------|
| Number of employees | 3,667 | 3,032 | 2,907 |

“Strong performance in the Scandinavian countries and Malaysia have substantially offset lower earnings in Turkey, Egypt and Italy. Also, Group results have been negatively affected by the depreciation of the Turkish lira and, since the Brexit vote, the British pound, together with the fall in the value of the Egyptian pound and geopolitical events in Turkey and Egypt.

The cash flow generated by operations and control of working capital allowed us to end the year with net financial debt of EUR 562.4 million, which was better than forecast,” commented Francesco Caltagirone Jr., Chairman and Chief Executive Officer.

Performance in 2016

Sales volumes of cement and clinker, equal to 10.1 million tons, increased 7.9% with like-for-like growth of 1.3% driven by strong performance in Denmark and China.

Sales volumes of ready-mixed concrete, equal to 4.4 million cubic metres, were up 17.9%; on like-for-like basis the increase in volume was 13.7%, driven by Turkey and Scandinavian countries.

In the aggregates sector, sales volumes were up by around 17% thanks in particular to the contribution of CCB.

Revenue from sales and services was EUR 1,027.6 million, up 6.0% compared to EUR 969 million in 2015 due to the change in the scope of consolidation, which resulted in an increase in revenue of about EUR 60.5 million. Specifically, the revenue of Cementir Sacci, included in the scope of consolidation as of 29 July 2016, amounted to EUR 21.8 million, while the revenue of the Compagnie des Ciments Belges group, included in the scope of consolidation as of 25 October 2016, amounted to EUR 38.7 million.

On a like-for-like basis, revenue was essentially stable on 2015, even though exchange-rate movements had negative effects on revenue in 2016. The strong performance of operations in Scandinavian countries, with an increase in sales volumes of both cement and ready-mixed concrete, and in Malaysia (above all in export markets) offset the decrease in Italy, where cement sales volumes fell, and the fall in revenue expressed in euros in Egypt, Turkey and China, where revenue in local currency actually increased.

The impact on revenue of the depreciation of the major foreign currencies compared to the euro was negative at EUR 46.8 million. At constant exchange rates, revenue would have amounted to EUR 1,074.4 million, an increase of 10.9% on the previous year.

Operating costs, amounting to EUR 869.9 million, were up by EUR 68.6 million on 2015, deriving mainly from the change in the scope of consolidation (EUR 61.0 million).

The **cost of raw materials** was EUR 432.7 million (EUR 409.7 million in 2015), up due to the change in the scope of consolidation (EUR 24.8 million). On a like-for-like basis, the cost of raw materials fell slightly (-0.5%) thanks to a positive exchange rate effect of EUR 23.3 million and lower purchase costs for fuel and electricity, in particular in Denmark, Malaysia and Italy, which more than offset the increase in costs deriving from higher production volumes of cement in Denmark, China and Malaysia and of ready-mixed concrete in Turkey and Norway.

Personnel costs were EUR 167.0 million, up by EUR 17.3 million mainly because of the change in the scope of consolidation (EUR 14.0 million) and personnel restructuring costs of EUR 1.9 million. On like-for-like basis the increase was 2.2%, benefitting from positive exchange rate effects worth EUR 4.8 million mainly deriving from inflation connected to employees in high-inflation countries.

Other operating costs amounted to EUR 270.9 million, up 12.0% compared to the previous year. On like-for-like basis the increase was 2.8%, benefitting EUR 10.4 million due to positive exchange rate effects.

EBITDA was EUR 197.8 million, up 2.0% on EUR 194.0 million in 2015. The acquisitions had an impact of EUR 20.8 million on EBITDA: in particular, the operations of the Belgian group CCB contributed EUR 8.6 million, Cementir Sacci posted negative EBITDA of EUR 3.0 million, and 15.1 million came from non-recurring income connected to the purchase price allocation of the assets acquired in Belgium, preliminarily measured according to IFRS 3.

It is also worth noting that the 2015 figure was also improved by non-recurring items worth EUR 15 million relating to the revaluation of non-core land in Turkey.

In addition to the above-mentioned effects arising from the change in the scope of consolidation and non-recurring items, EBITDA benefitted from good performance in Scandinavian countries and Malaysia thanks to lower fuel costs and production efficiencies, offsetting the fall in Italy and Turkey due to higher production costs connected to greater volumes.

The impact on EBITDA of the depreciation of the major foreign currencies compared to the euro was negative EUR 9.9 million, so at constant exchange rates EBITDA would have been EUR 207.7 million, up EUR 13.7 million on the previous year.

The EBITDA margin came to 19.3% (20.0% in 2015); on like-for-like basis the margin would have been 18.3%.

EBIT – net of amortisation, depreciation, impairment losses and provisions totalling EUR 103.2 million – amounted to EUR 94.7 million, down 3.1% compared to 2015 (EUR 97.6 million). The changes are attributable to non-recurring impairment losses of EUR 11 million, provisions for personnel restructuring costs (EUR 4.8 million), and higher depreciation and amortisation attributable to the new assets acquired in Belgium and Italy.

The impact of the depreciation of the major foreign currencies compared to the euro was negative at EUR 5.2 million; at constant exchange rates EBIT would have been EUR 89.5 million.

Net financial income of EUR 23.9 million was an improvement of EUR 19.9 million compared to the previous year (income of EUR 4.0 million), driven by gains on exchange rate differences of EUR 32.3 million (EUR 2.6 million in 2015) as a result of the depreciation of the Egyptian pound, partly counterbalanced by the negative valuation of some financial derivatives hedging commodities, currencies and interest rates (expense of EUR 1.9 million compared to income of EUR 5.7 million in 2015) and also by higher borrowing costs (EUR 14.4 million compared to EUR 12.1 million in 2015) to finance acquisitions and to refinance existing credit facilities, which altered the Group's debt structure.

The share of net profits of equity-accounted investees was EUR 5.1 million, substantially stable on the previous year.

Profit before taxes totalled EUR 118.6 million (EUR 101.6 million in 2015), driven by net financial income and the contribution of the companies acquired in the second half of 2016, equal to around EUR 12.8 million.

Profit for the year totalled EUR 85.3 million, (EUR 75.1 million in 2015) after taxes amounting to EUR 33.2 million, up on the previous year (EUR 26.5 million).

Group net profit, once non-controlling interests were accounted for, amounted to EUR 67.3 million (EUR 67.5 million in 2015). The increase in profit attributable to non-controlling interests (EUR 18.1 million compared to EUR 7.6 million in 2015) was mainly due to the increase in profits of the Egyptian company Sinai White Cement, of which the Group owns 57.14%.

Capital expenditure amounted to around EUR 71.8 million; the breakdown by business segment shows that EUR 50.1 million was invested in the cement business, EUR 13.8 million in the ready-mixed concrete business, EUR 2.3 million in the aggregates business, EUR 2.9 million in the waste management business, EUR 1.4 million in the IT systems of the holding company, and EUR 1.3 million in other activities.

Net financial debt at 31 December 2016 was EUR 562.4 million, up EUR 340.4 million compared to 31 December 2015. The increase in debt was entirely attributable to outlays for acquisitions in the period, equal to approximately EUR 435 million. Excluding the effects of these acquisitions, Group net financial debt totalled around EUR 162 million, an improvement of EUR 60 million compared to the end of 2015, driven by positive cash flow from operating activities, less EUR 71.8 million in capital expenditure (EUR 61.3 million in 2015) and dividend payments totalling EUR 15.9 million (unchanged on the previous year).

Total equity at 31 December 2016 amounted to EUR 1,060.3 million (EUR 1,131.1 million at 31 December 2015).

Performance by geographical area¹

Nordic & Baltic and USA

| (EUR'000) | 2016 | 2015 | Change % |
|--------------------|---------|---------|----------|
| Revenue from sales | 586,151 | 518,139 | 13.1% |
| EBITDA | 143,546 | 103,097 | 39.2% |
| EBITDA Margin % | 24.5% | 19.9% | |
| Investments | 41.6 | 22.8 | 82.5% |

In the Nordic & Baltic and USA area, the Group recorded **revenue from sales** of EUR 586.2 million (EUR 518.1 million in 2015) and EBITDA of EUR 143.5 million (EUR 103.1 million in 2015).

Revenue in the Nordic & Baltic and USA area was EUR 586.2 million, up by EUR 68 million (+13.1%) compared to the previous year, due both to the consolidation of the Belgian business in the last two months of the year (EUR 38.7 million) and higher sales of cement and ready-mixed concrete in Denmark and of ready-mixed concrete in Norway and Sweden.

In **Denmark**, revenue from sales increased by 23.8 million (+7.5%) compared to 2015 as a result of a significant increase in sales volumes of grey and white cement on the domestic market (+9.5% compared to 2015) with average sales prices essentially stable and a slight decrease in sales volumes of ready-mixed concrete (-1.3%) with prices slightly up. The construction business saw strong performance in civil works and large-scale projects. Export sales volumes were up for white cement (+13.5%) due to exports to various countries (United States, United Kingdom, France, Germany, Poland and Finland) and for grey cement (+17%), especially to subsidiaries in Norway and Iceland.

In **Norway** there was an increase in revenue in local currency of 9.4% thanks to the significant recovery in construction activity, especially in the eastern regions of the country, with ready-mixed concrete

¹ Starting 1 January 2016, the Group's operations are organised on a regional basis, divided into four Regions that represent the following geographical areas: Nordic & Baltic and USA, Eastern Mediterranean, Central Mediterranean (Italy), and Asia Pacific. The Nordic & Baltic and USA area includes Denmark and the operations previously included in Other Scandinavian Countries (Norway, Sweden and Iceland) and the Rest of the World (United Kingdom, Poland, Russia, France and United States). Turkey and Egypt have been grouped into the Eastern Mediterranean area, while the Asia Pacific area (China, Malaysia and Australia) has replaced the Far East area.

volumes up 11% compared to 2015. The value of the Norwegian krone fell by around 3.8% compared to the average exchange rate of 2015, reducing the contribution of this revenue to the consolidated financial statements translated into euros.

Also in **Sweden** sales volumes in local currency increased 7.5% due to the increase in sales volumes of ready-mixed concrete (+16%), driven by the performance of the residential and infrastructure sector, especially in the south of Sweden, where the Group's subsidiaries have a greater presence, while sales of aggregates fell (-4.5%) due to fewer projects and orders.

In **Belgium**, the CCB group recorded revenue of EUR 38.7 million and EBITDA of EUR 8.8 million in the period October-December.

In the **United Kingdom**, waste management revenue fell by around 4.7% compared to 2015 despite higher volumes of processed waste (+8.5%) and were also affected by the depreciation of the British pound after the Brexit vote (-12.9% compared to the average exchange rate in 2015).

In the **United States**, the Group's subsidiaries reported a decrease in revenue from sales of concrete products and a simultaneous reduction in production costs, which helped to slightly improve the profitability of the business.

EBITDA in the Nordic & Baltic and USA area was EUR 143.5 million, up 39.2% on EUR 103.1 million in 2015. The increase was mainly attributable to higher revenue from sales in Denmark, along with lower variable production costs, higher maintenance costs, the consolidation of the Belgian business (EUR 8.8 million) and the non-recurring income related to the assets acquired in Belgium (EUR 15.1 million).

Eastern Mediterranean

| (EUR'000) | 2016 | 2015 | Change % |
|--------------------|---------|---------|----------|
| Revenue from sales | 260,162 | 284,683 | -8.6% |
| EBITDA | 45,434 | 71,223 | -36.2% |
| EBITDA Margin % | 17.5% | 25.0% | |
| Investments | 16.5 | 30.9 | -46.6% |

In the Eastern Mediterranean, the Group operates in the production and sale of grey cement and ready-mixed concrete, as well as in waste management in Turkey, and the production and sale of white cement in Egypt.

The Group recorded **revenue from sales** of EUR 260.2 million (EUR 284.7 million in 2015) and EBITDA of EUR 45.4 million (EUR 71.2 million in 2015).

In **Turkey**, revenue totalled EUR 214.9 million (EUR 229.5 million in 2015) and was affected by depreciation of the Turkish lira against the euro (-10.5% compared to the average exchange rate in 2015). In fact, revenue in local currency increased by 3.7% compared to the previous year, driven mainly by higher sales quantities of cement and ready-mixed concrete (+5% and +27% compared to 2015) generated by the increase in internal demand in the regions of Izmir and Kars, despite

unfavourable weather conditions in the first half of the year and the uncertain national political situation. Sales volumes in export markets fell significantly in order to satisfy demand on domestic markets. In local currency, cement prices fell slightly while in the ready-mixed concrete sector they increased 4.7%. In the waste management sector, the subsidiary Sureko – which operates in the treatment of industrial waste – saw an improvement in revenue and profitability compared to 2015 due to the increase in volumes sent to landfill, volumes processed for the production of alternative fuel (RDF), greater supplies of alternative fuel to the Group's cement production facilities in Izmir and Edirne, and an increase in volumes received for temporary storage.

Hereko, which processes Istanbul's solid urban waste, underwent a reorganisation including shift reductions in an effort to improve profitability, with diminishing volumes processed compared to 2015.

In **Egypt**, the Group earned sales revenue of EUR 45.2 million (EUR 55.2 million in 2015) – a 12.3% decrease caused solely by the depreciation of the Egyptian pound against the euro (-30.1% compared to the average exchange rate in 2015). At the start of November 2016, the Egyptian Central Bank announced the decision to leave the Egyptian pound to float freely.

In fact, revenue in local currency increased 6.7% despite lower sales volumes of white cement on the domestic market (-16%) due to a different product mix, focused more on higher added-value products and the increase of average sales prices in local currency (+6%). Export volumes of white cement remained essentially stable, with dollar sales prices falling (-8%) in all major markets (Saudi Arabia, United States, Russia).

EBITDA in the **Eastern Mediterranean** area totalled EUR 45.4 million, down on EUR 71.2 million in 2015. The 2015 figure was improved by non-recurring items worth EUR 15 million relating to the revaluation of non-core land owned by Cimentas in Turkey.

In **Turkey**, EBITDA was EUR 32.1 million (EUR 59.8 million in 2015) Net of non-recurring items, the decrease was attributable mainly to the effect deriving from the depreciation of the Turkish lira and the fall in cement sales prices, partially offset by a reduction in fuel purchase prices.

In **Egypt**, on the other hand, EBITDA was EUR 13.4 million (EUR 11.4 million in 2015), up thanks to the reduction in variable costs deriving from the introduction to the production process of petroleum coke instead of fuel oil and the increase in sales prices – despite the negative effect of exchange rates.

Asia Pacific area

| (EUR'000) | 2016 | 2015 | Change % |
|--------------------|--------|--------|----------|
| Revenue from sales | 80,887 | 77,468 | 4.4% |
| EBITDA | 20,983 | 17,003 | 23.4% |
| EBITDA Margin % | 25.9% | 21.9% | |
| Investments | 2.3 | 2.1 | 9.5% |

In the Asia Pacific area the Group operates in China and Malaysia through its two white cement production plants, and in Australia through import terminals.

In 2016 the Group earned **revenue from sales** of EUR 88.9 million, up 4.4% on EUR 77.5 million in the previous year.

EBITDA in the area was EUR 21.0 million, up 23.4% compared to EUR 17.0 million in 2015, mainly due to better results in Malaysia as the kiln for the production of white cement was in operation all year, after its expansion gradually came online in the first half of 2015.

In **China** the Group recorded revenue from sales of EUR 41.8 million (EUR 42.1 million in 2015) and EBITDA of EUR 10.5 million (EUR 10.3 million in 2015).

The decrease in revenue was due to the depreciation of the Chinese yuan against the euro (-5.4% compared to the average exchange rate in 2015); in local currency, in fact, revenue from sales increased 4.5% compared to the previous year thanks to the significant increase in the volumes of white cement sold on the domestic market (+16%), which was offset by an unfavourable trend in prices and a fall in exports.

However, operating costs in local currency decreased by 0.4% compared to 2015, benefitting from the savings achieved on procurement of raw materials, especially fuel.

EBITDA of EUR 10.5 million (EUR 10.3 million in the prior year) marked an improvement, driven by the reduction in variable production costs – both as regards fuel and electricity – as well as higher sales volumes that offset the fall in prices.

In **Malaysia** the Group recorded revenue from sales of EUR 39.3 million (EUR 38.0 million in 2015) and EBITDA of EUR 10.4 million (EUR 6.7 million in 2015).

Revenue in local currency grew by 9.3% over the prior year, driven by a 2.8% increase in overall sales volumes of white cement and clinker, as well as an increase in average export prices, primarily to Australia. Export quantities were up around 4% mainly due to higher sales in Vietnam and South Korea – markets that were not exploited in 2015 due to lower production volumes while work was completed on expanding the production capacity of the plant.

Operating costs were down compared to 2015 due to the reduction of variable costs and the economies of scale achieved due to the full-capacity operation of the plant.

EBITDA rose by EUR 3.7 million over the previous year (+45.2%).

It is also worth noting that the Malaysian ringgit depreciated against the euro by 5.6% compared to the average exchange rate in 2015.

Central Mediterranean (Italy)

| (EUR'000) | 2016 | 2015 | Change % |
|--------------------|----------|---------|----------|
| Revenue from sales | 112,582 | 101,932 | 10.4% |
| EBITDA | (12,138) | 2,713 | n.s. |
| EBITDA Margin % | -10.8% | 2.7% | |
| Investments | 11.5 | 5.5 | 108.1% |

In the Central Mediterranean (Italy) area, the Group produces and sells cement and ready-mixed concrete. In 2016 the group recorded EUR 112.6 million in revenue from sales (EUR 101.9 million in 2015) and negative EBITDA of EUR 12.1 million (positive EUR 2.7 million in 2015), incorporating Cementir Sacci SpA from the third quarter of 2016 onwards.

Revenue from sales included EUR 21.5 million in revenue from Cementir Sacci. On a like-for-like basis, sales revenues would have been down by 14% due to the reduction in sales quantities of cement (-13.5%) at essentially stable average sales prices, partially offset by the positive trend in the ready-mixed concrete sector, which saw a 7% growth in volumes and slightly higher prices (+2.5%).

EBITDA was affected by the negative performance of the cement sector, higher plant maintenance costs and greater fixed costs.

Outlook

In 2017 the Group will be working on consolidating and integrating its newly acquired assets and organisations, as well as developing its core business.

The Group expects to record EBITDA of around EUR 215 million. This figure includes the contribution of the CCB group and Cementir Sacci, as well as higher like-for-like earnings.

These forecasts are based on conservative assumptions, especially as regards Turkey, where the geopolitical situation remains highly unstable, with possible repercussions also for the Turkish lira. In view of all the average exchange rates for the year 2016, the effect on the Group of the assumptions on exchange rates for 2017 can be quantified at a reduction in EBITDA of about EUR 15 million.

The Group expects to see higher sales volumes of cement (especially in Egypt, Scandinavia and Italy), ready-mixed concrete (in particular in Turkey, Scandinavia and Italy) and aggregates, driven mainly by the acquisition in Belgium, which has increased the Group's exposure to the aggregates segment. The Group also expects to achieve efficiencies on sales and fixed costs driven by the integration of the Italian companies (Cementir Italia and CementirSacci). These upsides are however mitigated by the

higher costs of solid fuels and the negative effect of some exchange rates (especially the Turkish lira and the Egyptian pound).

Capital expenditure is forecast at approximately EUR 92 million, mainly allocated to extraordinary maintenance activities including the newly acquired companies, to develop the Group IT systems and to environmental and safety projects.

Cash generation is expected to leave us with net financial debt of around EUR 530 million at the end of 2017.

Key events of the year

In July, Aalborg Portland Holding A/S – indirectly 100% controlled by Cementir Holding – entered into an agreement with Ciments Français S.A.S., a subsidiary of Italcementi and part of HeidelbergCement, to acquire 100% of the share capital of **Compagnie des Ciments Belges S.A. (CCB)**. The enterprise value of the transaction was EUR 312 million on a cash and debt-free basis and the acquisition was finalised on 25 October 2016 after a number of conditions had been met.

The CCB Group is a vertically integrated group with operations in the cement, aggregates and ready-mixed concrete sector. It has the largest cement factory in France and Benelux, equipped with cutting-edge technology and over 80 years of limestone reserves.

The acquisition offers a strategic opportunity to diversity the Group's geographical presence in the heart of western Europe, with high-quality assets and a vertically integrated business, and also to increase exposure to the aggregates sector.

On 25 July, Cementir Italia SpA – through the wholly owned subsidiary Cementir Sacci – signed the agreement to acquire the **cement and ready-mixed concrete business division of the company Sacci SpA**. The price for the acquisition of the business division was EUR 125 million and included an initial component of EUR 122.5 million paid upon closing – when the business division was transferred – and a deferred component of EUR 2.5 million which will be paid 24 months after the closing.

The business division acquired by Sacci SpA is active in Italy in the production of cement and ready-mixed concrete and is the fifth-largest Italian operator in the sector. The business division includes three cement production facilities in central and northern Italy (Testi-Greve in Chianti, Cagnano Amiterno and Tavernola Bergamasca), two inactive cement facilities (Castelraimondo and Livorno), three distribution terminals in MaManfredonia, Ravenna and Vasto, cement mixing plants mainly located in central Italy, the transport service, and the equity interests in the consortium companies Energy for Growth and San Paolo, and in the Swiss-registered company Fenicem SA.

On 21 October Cementir Holding SpA signed a **financing contract** for a maximum of EUR 795 million with a pool of leading banks to fund the acquisitions of CCB and the business division of Sacci, to refinance existing credit facilities, and to meet the Group's future working capital requirements.

The financing contract comprises three distinct lines of credit: bridge financing for EUR 330 million, a term loan for EUR 315 million, and a revolving facility for up to EUR 150 million.

Business plan 2017-2019

The Board of Directors has also reviewed and approved the Group's 2017-2019 Business Plan. In light of the results achieved in 2016 and recent acquisitions, the Plan confirms a further phase of growth with the aim of improving profitability and operating efficiency. The Group's efforts and abilities will be focused on integrating the two acquisitions and generating cash flows.

The Business Plan is based on **four main priorities** of the Group's strategy:

- integrating the two acquisitions in Belgium (Compagnie des Ciments Belges) and Italy (Sacci), developing synergies above all in the Italian business;
- improving the profitability of businesses in all geographical areas;
- strengthening the company's leadership in white cement;
- generating cash flows.

The projections for the new three-year plan are based on conservative exchange rates that take into account possible depreciations of the currencies of emerging countries. The plan was also developed based on the scope of consolidation as at the start of 2017.

The Group will achieve **greater profitability** through a series of initiatives that will focus on:

- improving processes for reducing fuel and electricity consumption, including through continuous improvement projects, counterbalancing increases in fuel and freight costs;
- greater deployment of alternative fuels in plants where they are already used (Aalborg in Denmark, Izmir and Edirne in Turkey) and their gradual introduction in the Italian plants;
- optimising logistics costs through targeted actions in the various geographical areas, following on from the creation of a function for this purpose within the organisation;
- rationalising processes and containment of costs, while increasing volumes in all business areas and geographical areas;
- rationalising the costs of IT systems through centralised projects for Group-wide standardisation;
- careful control of overheads.

The Group will also continue to focus on generating cash flows by restricting working capital and optimising investments, keeping the capex/revenue ratio below 7% while also ensuring compliance with the financial covenants of the financing contract. Investments will, however, be directed towards developing production capacity and maintaining plant efficiency.

Finally, the Plan assumes a dividend in line with 2016 for the three-year period.

Main targets

| (EUR) | Actual 2016 | Target 2019 |
|-------------------------------|----------------|----------------|
| Revenue from sales | 1.03 billion | c. 1.4 billion |
| EBITDA | 198 million | c. 260 million |
| Annual investments | 72 million | c. 90 million |
| Net financial debt (year-end) | 562 million | c. 360 million |
| Net financial debt/EBITDA | 2.8x | c. 1.4x |

The Group expects to achieve sales revenues in 2019 of around EUR 1.4 billion – a net increase of about EUR 370 million compared to 2016 with average annual growth of 11%. Excluding Cementir Sacci and CCB, which made a partial contribution to the 2016 results, annual revenue growth to 2019 would be about 4% and comes from higher sales volumes of cement and ready-mixed concrete in all geographical areas where the Group is present, as well as price increases in line with the relevant markets.

In 2019 revenues generated in emerging countries (Turkey, Egypt, China and Malaysia) will account for about 27% of total revenue, compared to 33% at the end of 2016, due to the acquisitions in Belgium and Italy.

The Group also expects to record EBITDA of around EUR 260 million in 2019 – a net increase of about EUR 62 million compared to 2016 thanks to the initiatives described above.

Planned investments total about EUR 90 million per year.

One of the main targets of the Plan is the reduction of net financial debt to around EUR 360 million at the end of 2019, with a progressive reduction of the net financial debt / EBITDA ratio, which will fall to 1.4 times at the end of 2019.

Medium-/long-term incentive scheme

The Board of Directors has also approved the new medium-/long-term incentive and retention system for the period 2017-2019. The system is called “long-term incentives” and is connected to the Group’s three-year business plan.

It is a monetary plan structured over three cycles and is reserved to a selection of the Group’s Top Management.

To create a strong connection between medium-/long-term value creation and management remuneration, the plan awards different bonuses to different categories of recipients. The bonuses are proportionate to the fixed component of their annual salary and reflect the extent to which predetermined performance targets are achieved in the period 2017-2019.

Further details on the plan are contained in the Report on Remuneration 2016, which will be published in accordance with the timings required by current laws and regulations.

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The Board of Directors has also decided to submit a proposal to the Shareholders' Meeting, scheduled for 19 April, for the payment of a **dividend** of EUR 0.10 per share (in line with 2015), for a total dividend payment of EUR 15.9 million, using the reserve for retained earnings from previous years. The dividend will be payable as of 24 May 2017 (ex-dividend date of 22 May 2017), with a record date of 23 May 2017.

The Board of Directors has approved the **Report on Corporate Governance and Ownership Structure** as per article 123-bis of Legislative Decree 58/1998, and the **Report on Remuneration** as per article 123-ter of Legislative Decree 58/1998 and article 84-quater of the Issuer Regulations. These reports, together with the Annual Report 2016, will be published by the deadline set by current laws and made available at the registered office, on the corporate website www.cementirholding.it in the section Investor Relations/Corporate Governance, and on the storage system managed by Spafid Connect Spa at www.emarketstorage.com.

In keeping with international best practice and the recommendations of the Corporate Governance Code, the Board of Directors has reviewed the performance and procedures of the Board itself and its committees, assessing their size and composition, also in consideration of professional experience, management expertise, gender, and years of service.

The Board also reviewed the work in 2016 of the Risk and Control Committee and the Supervisory Body as per Legislative Decree 231/2001.

The Board has also resolved today to make a number of changes to the Related-Party Transactions Procedure, rendering it more effective and better suited to the operations, ownership structure and organisation of the Company and the Group. The changes reflect Consob recommendations and were subject to prior approval by a committee of independent directors.

Finally, following the resignation of the director Riccardo Nicolini, the Board of Directors decided not to co-opt a director pursuant to Article 2386, 1st paragraph, Civil Code, but to submit the director's appointment directly to the next Shareholders' Meeting.

* * *

The results for the financial year 2016 and the Business Plan 2017-2019 will be presented to the financial community in a **conference call** to be held today, Friday 3 March at 3.00 pm (CET). The telephone numbers to call are:

Italy: +39 02 805 88 11

USA: +1 718 7058794

UK: + 44 1 212 81 8003

USA (freephone): 1 855 2656959

* * *

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.

*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 No. 6064293/2006. The indicator is therefore the sum of the following entries:*
 - o *Current financial assets*
 - o *Cash and cash equivalents*
 - o *Current and non-current liabilities*

The separate and consolidated financial statements are attached. They are provided to offer investors additional information on the performance and financial position of the Company and the Group. The draft financial statements are currently being audited by the Board of Statutory Auditors and the independent auditor, in their respective capacities.

CEMENTIR HOLDING is an Italian multinational company that produces and distributes grey and white cement, ready-mixed concrete, aggregates and concrete products. Cementir Holding is part of the Caltagirone Group and has been listed on the Italian Stock Exchange (Borsa Italiana) since 1955, currently in the STAR segment. Through its subsidiaries Aalborg Portland, Cimentas and Cementir Italia, Cementir Holding operates in 17 countries across 5 continents.

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CEMENTIR HOLDING GROUP

Consolidated statement of financial position

| (EUR '000) | 31 December 2016 | 31 December 2015 |
|---|---------------------|---------------------|
| ASSETS | | |
| Intangible assets with a finite useful life | 70,372 | 33,009 |
| Intangible assets with an indefinite useful life | 375,142 | 391,660 |
| Property, plant and equipment | 1,067,126 | 725,336 |
| Investment property | 98,823 | 116,145 |
| Equity-accounted investments | 22,893 | 23,430 |
| Available-for-sale equity investments | 571 | 207 |
| Non-current financial assets | 2,970 | 640 |
| Deferred tax assets | 73,274 | 63,006 |
| Other non-current assets | 11,075 | 11,026 |
| TOTAL NON-CURRENT ASSETS | 1,722,246 | 1,364,459 |
| Inventories | 163,822 | 139,954 |
| Trade receivables | 236,498 | 174,139 |
| Current financial assets | 3,491 | 6,192 |
| Current tax assets | 8,368 | 5,973 |
| Other current assets | 56,994 | 22,066 |
| Cash and cash equivalents | 244,025 | 136,768 |
| TOTAL CURRENT ASSETS | 713,198 | 485,092 |
| TOTAL ASSETS | 2,435,444 | 1,849,551 |
| EQUITY AND LIABILITIES | | |
| Share capital | 159,120 | 159,120 |
| Share premium reserve | 35,710 | 35,710 |
| Other reserves | 730,597 | 786,363 |
| Profit (loss) attributable to the owners of the parent | 67,270 | 67,477 |
| Equity attributable to the owners of the parent | 992,697 | 1,048,670 |
| Profit (loss) attributable to non-controlling interests | 18,079 | 7,624 |
| Reserves attributable to non-controlling interests | 49,527 | 74,811 |
| Equity attributable to non-controlling interests | 67,606 | 82,435 |
| TOTAL EQUITY | 1,060,303 | 1,131,105 |
| Employee benefits | 41,520 | 17,815 |
| Non-current provisions | 24,617 | 17,036 |
| Non-current financial liabilities | 744,606 | 235,291 |
| Deferred tax liabilities | 146,262 | 71,750 |
| Other non-current liabilities | 10,083 | 8,672 |
| TOTAL NON-CURRENT LIABILITIES | 967,089 | 350,564 |
| Current provisions | 3,484 | 3,272 |
| Trade payables | 263,443 | 180,544 |
| Current financial liabilities | 65,349 | 129,756 |
| Current tax liabilities | 16,769 | 10,172 |
| Other current liabilities | 59,007 | 44,138 |
| TOTAL CURRENT LIABILITIES | 408,052 | 367,882 |
| TOTAL LIABILITIES | 1,375,141 | 718,446 |
| TOTAL EQUITY AND LIABILITIES | 2,435,444 | 1,849,551 |



CEMENTIR HOLDING GROUP

Consolidated income statement

| (EUR '000) | 2016 | 2015 |
|---|------------------|------------------|
| REVENUE | 1,027,578 | 969,040 |
| Change in inventories | 3,263 | (5,627) |
| Increase for internal work | 8,031 | 6,014 |
| Other operating revenue | 29,527 | 25,934 |
| TOTAL OPERATING REVENUE | 1,068,399 | 995,361 |
| Raw materials costs | (432,711) | (409,743) |
| Personnel costs | (166,986) | (149,714) |
| Other operating costs | (270,876) | (241,868) |
| TOTAL OPERATING COSTS | (870,573) | (801,325) |
| EBITDA | 197,826 | 194,036 |
| Amortisation and depreciation | (84,164) | (82,133) |
| Provisions | (7,994) | (2,647) |
| Impairment losses | (11,009) | (11,611) |
| Total amortisation, depreciation, impairment losses and provisions | (103,167) | (96,391) |
| EBIT | 94,659 | 97,645 |
| Share of net profits of equity-accounted investees | 5,127 | 5,065 |
| Financial income | 3,446 | 9,533 |
| Financial expense | (16,933) | (13,243) |
| Foreign exchange rate gains (losses) | 32,296 | 2,643 |
| Net financial income (expense) | 18,809 | (1,067) |
| NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED INVESTEEES | 23,936 | 3,998 |
| PROFIT (LOSS) BEFORE TAXES | 118,595 | 101,643 |
| Income taxes | (33,246) | (26,542) |
| PROFIT (LOSS) FROM CONTINUING OPERATIONS | 85,349 | 75,101 |
| PROFIT (LOSS) FOR THE YEAR | 85,349 | 75,101 |
| Attributable to: | | |
| Non-controlling interests | 18,079 | 7,624 |
| Owners of the parent | 67,270 | 67,477 |
| (EUR) | | |
| Basic earnings per share | 0.423 | 0.424 |
| Diluted earnings per share | 0.423 | 0.424 |



CEMENTIR HOLDING SPA

Statement of financial position

| (EUR) | 31 December 2016 | 31 December 2015 |
|--|----------------------|---------------------|
| ASSETS | | |
| Intangible assets | 2,749,176 | 2,487,309 |
| Property, plant and equipment | 418,725 | 418,953 |
| Investment property | 23,000,000 | 23,000,000 |
| Investments in subsidiaries | 495,747,996 | 365,462,398 |
| Non-current financial assets | 329,685,497 | 55,581 |
| Deferred tax assets | 50,200,188 | 42,131,412 |
| TOTAL NON-CURRENT ASSETS | 901,801,582 | 433,555,653 |
| Trade receivables | 19,550,866 | 19,626,083 |
| - <i>Trade receivables - third parties</i> | 421,861 | 774,579 |
| - <i>Trade receivables - related parties</i> | 19,129,005 | 18,851,504 |
| Current financial assets | 259,686,618 | 224,723,218 |
| - <i>Current financial assets - third parties</i> | 899,099 | 369,707 |
| - <i>Current financial assets - related parties</i> | 258,787,519 | 224,353,511 |
| Current tax assets | 4,758,111 | 5,069,024 |
| Other current assets | 1,320,830 | 1,119,950 |
| - <i>Other current assets - third parties</i> | 809,134 | 531,076 |
| - <i>Other current assets - related parties</i> | 511,696 | 588,874 |
| Cash and cash equivalents | 5,709,512 | 4,352,151 |
| - <i>Cash and cash equivalents - third parties</i> | 3,999,714 | 2,890,334 |
| - <i>Cash and cash equivalents - related parties</i> | 1,709,798 | 1,461,817 |
| TOTAL CURRENT ASSETS | 291,025,937 | 254,890,426 |
| TOTAL ASSETS | 1,192,827,518 | 688,446,079 |
| EQUITY AND LIABILITIES | | |
| Share capital | 159,120,000 | 159,120,000 |
| Share premium reserve | 35,710,275 | 35,710,275 |
| Other reserves | 292,220,629 | 311,659,202 |
| Profit (loss) for the year | (5,880,637) | (3,514,192) |
| TOTAL EQUITY | 481,170,267 | 502,975,285 |
| Employee benefits | 448,080 | 453,845 |
| Non-current financial liabilities | 635,927,167 | 66,890,168 |
| - <i>Non-current financial liabilities - third parties</i> | 635,927,167 | 16,890,168 |
| - <i>Non-current financial liabilities - related parties</i> | - | 50,000,000 |
| Deferred tax liabilities | 4,238,995 | 4,238,995 |
| TOTAL NON-CURRENT LIABILITIES | 640,614,242 | 71,583,008 |
| Trade payables | 3,020,217 | 2,852,921 |
| - <i>Trade payables - third parties</i> | 2,465,918 | 2,397,121 |
| - <i>Trade payables - related parties</i> | 554,299 | 455,800 |
| Current financial liabilities | 26,468,158 | 75,487,092 |
| - <i>Current financial liabilities - third parties</i> | 25,006,003 | 75,487,092 |
| - <i>Current financial liabilities - related parties</i> | 1,462,155 | - |
| Current tax liabilities | - | 50,457 |
| Other current liabilities | 41,554,634 | 35,497,317 |
| - <i>Other current liabilities - third parties</i> | 3,882,733 | 3,951,355 |
| - <i>Other current liabilities - related parties</i> | 37,671,901 | 31,545,962 |
| TOTAL CURRENT LIABILITIES | 71,043,009 | 113,887,786 |
| TOTAL LIABILITIES | 711,657,252 | 185,470,794 |
| TOTAL EQUITY AND LIABILITIES | 1,192,827,518 | 688,446,079 |



CEMENTIR HOLDING SPA

Income statement

| (EUR) | 2016 | 2015 |
|--|---------------------|---------------------|
| REVENUE | 20,942,421 | 17,862,907 |
| - Revenue - related parties | 20,942,421 | 17,862,907 |
| Increase for internal work | 905,102 | 664,020 |
| Other operating revenue | 246,000 | 379,670 |
| - Other operating revenue - third parties | 246,000 | 379,670 |
| - Other operating revenue - related parties | - | - |
| TOTAL OPERATING REVENUE | 22,093,523 | 18,906,597 |
| Personnel costs | (8,714,313) | (8,615,104) |
| - Personnel costs - third parties | (8,714,313) | (8,615,104) |
| - Personnel costs - related parties | - | - |
| Other operating costs | (12,797,928) | (12,284,019) |
| - Other operating costs - third parties | (10,623,928) | (10,390,387) |
| - Other operating costs - related parties | (2,174,000) | (1,893,632) |
| TOTAL OPERATING COSTS | (21,512,241) | (20,899,123) |
| EBITDA | 581,282 | (1,992,526) |
| Amortisation, depreciation, impairment losses and provisions | (1,142,704) | (860,587) |
| EBIT | (561,422) | (2,853,113) |
| Financial income | 4,055,810 | 7,063,799 |
| - Financial income - third parties | 793,466 | 5,108,850 |
| - Financial income - related parties | 3,262,344 | 1,954,949 |
| Financial expense | (11,411,549) | (6,406,886) |
| - Financial expense - third parties | (8,966,209) | (4,669,720) |
| - Financial expense - related parties | (2,445,340) | (1,737,166) |
| NET FINANCIAL INCOME (EXPENSE) | (7,355,739) | 656,913 |
| PROFIT (LOSS) BEFORE TAXES | (7,917,161) | (2,196,200) |
| Income taxes | 2,036,524 | (1,317,992) |
| PROFIT (LOSS) FROM CONTINUING OPERATIONS | (5,880,637) | (3,514,192) |
| PROFIT (LOSS) FOR THE YEAR | (5,880,637) | (3,514,192) |