

PRESS RELEASE

Cementir Holding to expand its presence in the United States by acquiring an additional 38.75% stake of Lehigh White Cement Company and reaching a majority of 63%

The Board of Directors has examined the preliminary consolidated results for 2017

- **Revenue: EUR 1,140.0 million up 10.9% compared to the 2016 Consolidated Financial Statements**
- **EBITDA: EUR 224.2 million up 13.3% compared to the 2016 Consolidated Financial Statements**
- **EBIT: EUR 142 million, up 50% compared to the 2016 Consolidated Financial Statements**
- **Net financial debt: EUR 536.6 million (EUR 562.4 million at 31 December 2016)**

Rome, 14 February 2018

Cementir Holding to expand its presence in the United States

Cementir Holding announces that its American subsidiary Aalborg Cement Company Inc. has signed today an agreement with Lehigh Cement Company LLC, a subsidiary of HeidelbergCement AG, to acquire an additional 38.75% stake in Lehigh White Cement Company (“LWCC”), the leading supplier and distributor of white Portland cement in the U.S., for a cash consideration of USD 106.6 million, on a cash and debt-free basis.

After this transaction, Cementir group will hold a stake of 63.25% in LWCC, while the remaining 36.75% will be owned by Cemex Inc.

The closing of the transaction, subject to customary conditions, is expected by the end of March 2018. Antitrust clearance has already been obtained.

“This acquisition gives us the opportunity to directly manage assets in the United States in our core white cement business, reinforcing our global leadership and supporting our growth strategy”, commented Francesco Caltagirone Jr., Chairman and CEO of Cementir Holding.

LWCC operates two white cement plants located in Waco (Texas) and York (Pennsylvania) with a total capacity of around 255,000 tonnes per year as well as a distribution network throughout the U.S. which is also used to distribute white cement imported from its partners in all North America. In 2017 LWCC reached gross sales of USD 149 million and EBITDA of USD 26 million (*preliminary figures not yet approved by LWCC’s Board of Directors*) and employs 140 people.

The investment will be financed with cash and available credit lines.

Preliminary consolidated results for 2017

The Board of Directors of Cementir Holding SpA, chaired by Francesco Caltagirone Jr., has examined the preliminary consolidated results at 31 December 2017.

The complete, definitive results for 2017 are currently being reviewed by the audit firm and will be examined and approved by the Board of Directors at its meeting scheduled for 8 March.

Following the agreement for the sale of Cementir Italia SpA and its wholly owned subsidiaries Cementir Sacci SpA and Betontir SpA (the “Cementir Italia Group”) finalised on 2 January 2018, the Group has recorded the effects of the sale as discontinued operations, in accordance with IFRS 5. However, to facilitate analysis of business performance in 2017, operating results are also shown inclusive of the contribution of the Cementir Italia Group.

Financial highlights

(millions of euros)	Year 2017 ⁽¹⁾	Year 2016 Reported	Year 2016 ⁽¹⁾	Change % ⁽¹⁾
Revenue from sales and services	1,140.0	1,027.6	925.8	23.1%
Total operating revenue	1,170.0	1,068.4	958.8	22.0%
EBITDA	224.2	197.8 (*)	208.5 (*)	7.5%
<i>EBITDA/Revenue from sales and services %</i>	19.7%	19.3%	22.5%	
EBIT	142.0	94.7	135.6	4.8%

Volumes sold

Grey and white cement ('000 tons)	10,282	10,110	8,254	24.6%
Ready-mixed concrete ('000 m ³)	4,948	4,420	4,308	14.9%
Aggregates ('000 tons)	9,335	4,462	4,462	109.2%

(1) The figures shown do not include Cementir Italia Group, which was recognised as “discontinued operations”. The 2017 figures also include the contribution of the Compagnie des Ciments Belges S.A. group (CCB), acquired on 25 October 2016.

(*) Includes EUR 15 million of positive effect of *Bargain Price* for CCB(IFRS 3)

Financial highlights (with the inclusion of Cementir Italia group) ⁽²⁾

(millions of euros)	Year 2017	Year 2016 Reported	Change %
Revenue from sales and services	1,287.5	1,027.6	25.3%
Total operating revenue	1,328.8	1,068.4	24.4%
EBITDA	220.5	197.8	11.5%
<i>EBITDA/Revenue from sales and services %</i>	17.1%	19.3%	
EBIT	98.1	94.7	3.6%

Volumes sold ⁽²⁾

Grey and white cement ('000 tons)	12,797	10,110	26.6%
Ready-mixed concrete ('000 m ³)	5,075	4,420	14.8%
Aggregates ('000 tons)	9,335	4,462	109.2%

⁽²⁾ The figures shown include the contribution of the Cementir Italia Group. The 2017 figures benefitted from the acquisitions completed in the second half of 2016: CCB Group, acquired on 25 October 2016 and Cementir Sacci, acquired on 29 July 2016

Net financial debt

(millions of euros)	31-12-2017	30-09-2017	30-06-2017	31-12-2016
Net financial debt	536.6	630.3	613.2	562.4

Group employees

	31-12-2017 ⁽¹⁾	31-12-2017 ⁽²⁾	31-12-2016
Number of employees	3,021	3,620	3,667

Effects of the disposal of Cementir Italia group and pro-forma figures of LWCC

(millions of euros)	Cementir Italia Group 2017	Pro-forma LWCC 2017
Revenue	147.6	132
EBITDA	-3.7	23

Performance in 2017

To represent the performance of the company more clearly – and in line with the quarterly results published during the year – the operating results (sales volumes, revenue and EBITDA) include the contribution of the Cementir Italia group.

Sales **volumes** of cement and clinker in 2017, equal to 12.8 million tons, saw an increase of 26.6%, thanks to the change in the scope of consolidation in Belgium and Italy and the good performance in Denmark, Turkey, Egypt and Malaysia.

Sales volumes of ready-mixed concrete, equal to 5.1 million cubic metres, were up 14.8%; this was driven by the acquisitions in 2016 and by strong performance in Denmark, Norway and Sweden, despite the fall in sales in Turkey.

In the aggregates segment, sales volumes amounted to 9.3 million tons, up by over 109% thanks to the contribution of the Belgian business (CCB) and good performance in Sweden and Denmark.

Group **revenue from sales and services** was EUR 1,287.5 million, up 25.3% compared to EUR 1027.6 million in 2016 due to the change in the scope of consolidation: specifically, in 2017, the revenue of the CCB group amounted to EUR 233.6 million (EUR 38.7 million in 2016, consolidated from 25 October 2016), while the revenue of Cementir Sacci amounted to EUR 70.1 million (EUR 21.8 million in 2016, consolidated from 29 July 2016).

On a like-for-like basis, revenue increased 1.7% compared to 2016, despite the negative impact of exchange rates, above all in Turkey and Egypt. The strong performance of operations in Denmark, Norway and Sweden, with an increase in sales volumes of cement, ready-mixed concrete and aggregates, and in China (mainly due to higher sales prices on the local market) offset the fall in revenue expressed in Euro in Turkey and Egypt.

It should be noted that the impact on revenue of the depreciation of the major foreign currencies compared to the Euro was negative at EUR 78.6 million. At constant 2016 exchange rates, revenue would have amounted to EUR 1,366.2 million, 33% higher than the previous year.

EBITDA was EUR 220.5 million, up 11.5% on EUR 197.8 million in 2016. The change in the scope of consolidation had a positive effect on EBITDA: the EBITDA of the CCB group was EUR 43.9 million (EUR 8.8 million in 2016), while Cementir Sacci posted negative EBITDA of EUR 2.5 million (EUR -3.0 million in 2016). In addition, EBITDA benefitted from non-recurring income (EUR 10.1 million compared to EUR 15.1 million in 2016), due to the writeback of real estate in Turkey.

On like-for-like basis, EBITDA remained essentially stable (+1.2%): the improvement in Italy, China, United Kingdom, Norway and Sweden offset the lower earnings in Turkey, Denmark and Malaysia, and the depreciation of foreign currencies against the Euro, mainly the Egyptian Pound and the Turkish Lira. The impact on EBITDA of the depreciation of the major foreign currencies compared to the Euro was negative EUR 19.5 million, so at constant exchange rates with last year EBITDA would have been EUR 240.0 million.

EBIT, net of amortisation, depreciation and impairment losses and provision, amounted to EUR 142.0 million.

Net financial debt at 31 December 2017 was EUR 536.6 million, down EUR 25.8 million compared to EUR 562.4 million at 31 December 2016. This improvement was due to cash flows from operating activities, despite investments worth EUR 92 million, the distribution of EUR 15.9 million in dividends, and a number of extraordinary transactions. These transactions included the acquisition of five ready-mixed concrete plants in northern France (EUR 2.6 million), the acquisition of a minority interest in the

Egyptian subsidiary Sinai White Cement Company (EUR 7.5 million), and the adjustment of the total price for the acquisition of CCB, which was paid in July (EUR 10.5 million).

It should be noted that for the year 2017, the Group expected to achieve EBITDA of around EUR 215 million and a net financial debt of around EUR 545 million at year-end.

On 2 January 2018 the total consideration of EUR 315 million related to the disposal of 100% of Cementir Italia's share capital was totally received in cash.

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The preliminary consolidated results for the financial year 2017 will be presented to the financial community in a **conference call** to be held on Wednesday 14 February at 6.00 pm (CET). The telephone numbers to call are:

Italy: +39 02 805 88 11

USA: +1 718 7058794

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Massimo Sala, as the Manager responsible for financial reporting, 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 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.*

CEMENTIR HOLDING is an international manufacturer of grey and white cement, ready-mixed concrete, aggregates and concrete products, exporting to over 70 countries worldwide. The global leader in white cement, the Group employs approximately 3,000 people in 18 countries on 5 continents.

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