

INTERIM FINANCIAL REPORT
31 MARCH 2009

 **cementir**holding





Directors, Officers and Auditors

Honorary Chairman

Luciano Leone

Board of Directors *

Chairman

Francesco Caltagirone Jr. ¹

Vice Chairman

Carlo Carlevaris

Directors

Alessandro Caltagirone

Azzurra Caltagirone

Edoardo Caltagirone

Saverio Caltagirone

Flavio Cattaneo ²

Mario Ciliberto ¹

Massimo Confortini ²⁻³⁻⁴

Fabio Corsico

Mario Delfini ³

Alfio Marchini

Walter Montevecchi

Riccardo Nicolini ¹

Enrico Vitali ²⁻³

Board of Auditors

Chairman

Claudio Bianchi

Standing members

Giampiero Tasco

Carlo Schiavone

Manager responsible for financial reports

Oprandino Arrivabene

Independent Auditors

PriceWaterhouseCoopers SpA

* The Board of Directors has been appointed by the shareholders' meeting of 21.04.2009

¹ Member of the Executive Committee

² Member of the Internal Control Committee

³ Member of the Remuneration Committee

⁴ Lead Independent Director



Interim financial report at 31 March 2009

Performance in the first quarter of 2009

This interim financial report of the Cementir Holding Group has been prepared in accordance with international accounting standards (IAS/IFRS) endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002, as well as with Art. 154-ter (Financial reporting) of Legislative Decree 58/1998, as amended. The following table reports performance for the first quarter of 2009, with comparative figures for the corresponding period of 2008:

Results

(EUR '000)	1 st Quarter 2009	1 st Quarter 2008	Δ %
REVENUES FROM SALES AND SERVICES	188,677	245,096	-23.02%
Change in inventories	2,322	14,092	
Other revenues ¹	3,299	2,874	
TOTAL OPERATING REVENUES	194,298	262,062	-25.86%
Raw material costs	(90,223)	(112,604)	-19.88%
Personnel costs	(41,704)	(42,645)	-2.21%
Other operating costs	(40,178)	(68,065)	-40.97%
TOTAL OPERATING COSTS	(172,105)	(223,314)	-22.93%
EBITDA	22,193	38,748	-42.72%
<i>EBITDA Margin %</i>	<i>11.76%</i>	<i>15.81%</i>	
Depreciation, amortisation and provisions	(20,147)	(18,409)	
EBIT	2,046	20,339	-89.94%
<i>EBIT Margin %</i>	<i>1.08%</i>	<i>8.30%</i>	
FINANCIAL INCOME (EXPENSE)	(1,648)	(16,500)	
PROFIT BEFORE TAX	398	3,839	-89.63%
<i>PROFIT BEFORE TAX Margin %</i>	<i>0.21%</i>	<i>1.57%</i>	

¹ Other revenues include the items of the income statements "Increases for internal work" and "Other revenues".

Sales volumes

(EUR '000)	1 st Quarter 2009	1 st Quarter 2008	Δ %
Grey and white cement (metric tons)	2,119	2,219	-4.50%
Ready-mixed concrete (m ³)	724	989	-26.79%
Aggregates (metric tons)	834	833	0.12%



Group employees

	31-03-2009	31-12-2008
Number of employees	3,609	3,847

In the first quarter of 2009 revenues from sales and services reached EUR 188.7 million (EUR 245.1 million at 31 March 2008). EBITDA came to EUR 22.2 million (EUR 38.7 million at 31 March 2008), while EBIT totalled EUR 2.0 million (EUR 20.3 million at 31 March 2008). Profit before tax came to EUR 0.4 million (EUR 3.8 million at 31 March 2008).

The decrease in revenues reflects the weakness of demand and strong pressures on sale prices in all the main areas in which the Group operates. In this market environment, the companies of the Cementir Holding Group, in addition to operating in their direct markets (the Scandinavian countries, Turkey and Italy), also sought to expand exports, where possible, to safeguard revenues.

The decrease in operating costs to EUR 172.1 million (-22.9% compared with 2008) mainly reflects the decline in energy and transportation costs, thanks to lower oil prices, as well as management's careful control of production costs.

In particular, personnel costs decreased by 2.2%, reflecting the first effects of corporate restructuring initiatives, which reduced the number of employees to 3,609, from 3,847 at 31 December 2008, and resulted in a one-off charge of about EUR 3 million in the first quarter of 2009.

EBITDA and EBIT came to EUR 22.2 and EUR 2.0 million respectively, significantly down on the previous year. The efficiency loss with respect to the first quarter of 2008 was due to the timing mismatch between costs and revenues, since energy costs fell more slowly than prices and sales. It should be noted that in the first quarter production is lower than during the rest of the year due to stoppages at plants for regular maintenance: efficiency losses are more visible when sales volume are smaller. In addition, weather conditions were particularly unfavourable in the quarter.

Financial management yielded a negative EUR 1.6 million (EUR -16.5 million at 31 March 2008), including about EUR 6 million in unrealised exchange rate losses.



Net financial position

(EUR '000)	31 March 2009	31 December 2008	31 March 2008
Cash and cash equivalents	40,224	41,639	21,507
Non-current financial liabilities	(204,685)	(206,586)	(198,677)
Current financial liabilities	(261,499)	(251,485)	(269,895)
NET FINANCIAL POSITION	(425,960)	(416,432)	(447,065)

The net financial position at 31 March 2009 showed net debt of EUR 425.9 million. The figure, which increased by EUR 9.5 million compared with 31 December 2008, reflects ongoing investments and recurrent maintenance of plants, which is traditionally carried out in the first part of the year.

Directors' report and significant events

Performance in the first quarter of 2009 is in line with management expectations: shrinking demand in all the Group's major geographical markets was only partially offset by the decline in the prices of energy and other raw materials. For this reason the Group has continued to implement measures to contain structural and contingent costs. At the structural level, costs have been limited through the planned corporate reorganisation initiatives to reduce fixed costs in relation to the decline in revenues, while the contingent response to cyclical conditions has involved temporary plant stoppages and a reduction in the quantity of cement produced in order to lower production costs and to avoid tying up working capital.

As regards developments in the business plan, in 2009, Cementir Holding is continuing work to increase production capacity in China by building the new white cement plant near the Group's existing facility, with an annual capacity of 600 thousand metric tons. The overall investment will come to about EUR 60 million; construction is scheduled to be completed in the first half of 2010.

As to the outlook, the gradual stabilization of some key macroeconomic variables, such as the price of oil, the euro/dollar exchange rate and interest rates, suggests that the most acute phase of the financial crisis may be coming to an end, but these developments are not sufficient to suggest that demand stands poised for recovery. The overall market context remains affected by significant uncertainty and highly selective credit conditions, prompting many companies to postpone or trim their investment plans.

Given this environment, it appears very difficult to provide a reliable forecast for the rest of the year. However, the Group is expected to recoup profitability during the second half, thanks above all to the



reflection of the full impact of declining energy prices in the income statement and the emergence of the benefits of the cost-containment measures undertaken.

Rome, 7 May 2009

Chairman of the Board of Directors

Francesco Caltagirone Jr.



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Oprandino Arrivabene, 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.