

BOARD OF DIRECTORS EXAMINES CONSOLIDATED RESULTS AT JUNE 30, 2016

**ITALCEMENTI GROUP**

- **CONSOLIDATED REVENUE:** 2,122.6 MILLION EURO (2,167.5 MILLION EURO IN H1 2015)
- **RECURRING EBITDA:** 300.0 MILLION EURO (324.5 MILLION EURO)
- **EBIT:** NEGATIVE AT 209.6 MILLION EURO (POSITIVE AT 113.0 MILLION EURO) REFLECTING IMPACT OF NON-RECURRING ITEMS FOR GROUP RE-ORGANIZATION AND IMPAIRMENT OF OPERATIONS IN BELGIUM FOR A TOTAL OF APPROXIMATELY 320 MILLION EURO
- **LOSS FOR THE HALF-YEAR:** -345.7 MILLION EURO (PROFIT OF 3.8 MILLION EURO)
- **NET DEBT:** 1,954.5 MILLION EURO AT JUNE 30, 2016, DOWN BY 215.1 MILLION EURO FROM THE END OF 2015

**Bergamo, August 1, 2016** – The Italcementi Board of Directors examined and approved the half-year report as at and for the six months ended June 30, 2016.

In the **first half of 2016**, the Group reported a small improvement in sales volumes in all three businesses, most notably in aggregates and ready mixed concrete.

In **cement and clinker**, sales volumes rose slightly in the first half, notably in North America.

In **aggregates**, the increase, after a marginal improvement in Europe and in North and Middle East and a decrease in North America, was sustained by significant growth rates in Asia.

In **ready mixed concrete**, sales volumes rose slightly in the first half, notably in North Africa and Middle East.

Sales volumes and internal transfers	Cement and clinker (millions of metric tons)			Aggregates (millions of metric tons)			Ready mixed concrete (millions of m <sup>3</sup> )		
	H1 2016	% change vs. H1 2015		H1 2016	% change vs. H1 2015		H1 2016	% change vs. H1 2015	
		A	B		A	B		A	B
Europe	7.7	0.8	0.8	15.0	3.5	3.5	3.5	1.8	1.8
North America	2.1	8.1	8.1	0.6	(8.8)	(8.8)	0.3	4.3	4.3
North Africa and Middle East	6.5	3.9	3.9	0.9	2.6	2.3	1.6	8.3	8.3
Asia	6.0	5.7	5.7	0.6	47.2	47.2	0.5	(0.6)	(0.6)
Trading	1.7	5.7	5.7	-	-	-	n.s.	n.s.	n.s.
Eliminations	(1.7)	n.s.	n.s.	-	-	-	-	-	-
<b>Total</b>	<b>22.3</b>	<b>2.9</b>	<b>(0.1)</b>	<b>17.1</b>	<b>3.9</b>	<b>3.9</b>	<b>5.9</b>	<b>3.3</b>	<b>3.3</b>

**Europe:** Italy, France-Belgium, Spain, Greece, Bulgaria **North America:** U.S.A., Canada

**North Africa and Middle East:** Egypt, Morocco, Kuwait, Saudi Arabia **Asia:** Thailand, India, Kazakhstan

A: Historic – B: Like-for-like basis; n.s.: not significant

**Revenue**, at 2,122.6 million euro (2,167.5 million euro in the first half of 2015), was down 2.1% from the same period of the previous year due to a negative exchange-rate effect (-3.1%), and a marginally positive consolidation effect (+0.6%) and sales performance (+0.4%).

At constant exchange rates and on a like-for-like basis, the fall arose in all regions, with the exception of North America.

The negative exchange-rate effect arose largely from the depreciation of the Egyptian pound, Thai baht, Kazakh tenge and Indian rupee.

**Recurring EBITDA**, at 300.0 million euro, was down 7.6% from the first half of 2015; net of the proceeds from the sale of CO2 rights, the recurring EBITDA in the first half of 2016 improves by 2% from the first half of 2015. After net non-recurring expense of 123.0 million euro (net expense of 8.5 million euro in the first half of 2015), **EBITDA** was 177.0 million euro, down 44% from the first half of 2015. **EBIT** was negative at -209.6 million euro (113.0 million euro in the first half of 2015).

The half-year results were affected by Group restructuring expenses and impairment on operations in Belgium for a total of approximately 320 million euro.

Revenue and operating results (in millions of euro)	Revenue		Recurring EBITDA		EBITDA		EBIT	
	H1 2016	% change.. H1 2015	H1 2016	% change.. H1 2015	H1 2016	% change.. H1 2015	H1 2016	% change.. H1 2015
Europe	1,016.4	(1.0)	125.6	(5.7)	12.3	(90.8)	(260.3)	n.s.
North America	277.5	14.4	16.4	>100.0	12.4	>100.0	(24.1)	31.0
North Africa and Middle East	506.4	(2.4)	111.1	(4.3)	109.4	(5.8)	66.4	(3.0)
Asia	292.4	(12.9)	51.2	(18.4)	51.2	(24.6)	29.3	(35.9)
Cement & clinker trading	80.2	(11.7)	5.1	(56.4)	(3.8)	n.s.	(5.0)	n.s.
Other	124.7	(28.2)	(9.5)	(>100.0)	50.5	n.s.	39.1	n.s.
Inter-area eliminations	(174.9)	n.s.	-	n.s.	-	n.s.	-	n.s.
<b>Total</b>	<b>2,122.6</b>	<b>(2.1)</b>	<b>300.0</b>	<b>(7.6)</b>	<b>177.0</b>	<b>(44.0)</b>	<b>(209.6)</b>	<b>n.s.</b>

**Finance costs net of finance income** were 85.1 million euro (59.3 million euro in the first half of 2015). Net finance costs relating to net debt decreased slightly (from 59.5 million euro in the first half of 2015 to 57.5 million euro in the period under review). The Group reported net exchange-rate losses, net of hedges, of 9.3 million euro (exchange-rate gains of 7.5 million euro in the first half of 2015), largely due to the impact of the euro/Egyptian pound exchange rate.

The **share of profit (loss) of equity-accounted investees** reflected profit of 3.6 million euro (3.5 million euro in the first half of 2015).

The **loss before tax** was 291.1 million euro (profit of 57.3 million euro in the first half of 2015). Estimated income tax expense was 54.6 million euro, substantially unchanged from the same period of the previous year (53.5 million euro).

The **loss for the period** was 345.7 million euro (profit of 3.8 million euro in the first half of 2015) with a loss **attributable to owners of the parent** of 372.8 million euro (loss of 32.6 million euro in the first half of 2015) and profit attributable to non-controlling interests of 27.1 million euro (profit of 36.4 million euro in the same period of the previous year).

At June 30, 2016, **net debt** was 1,954.5 million euro, a decrease of 215.1 million euro from December 31, 2015.

Cash flows from operating activities were down on the first half of 2015 and fully covered outflows for capital expenditure in the period, reduced as well.

The net debt improved largely from the sale of non-core assets (Italgen and Bravosolution) and real estate properties, generating an overall positive effect of about 240 million euro.

**Total equity** at June 30, 2016 was 3,346.8 million euro, a reduction of 453.0 million euro from December 31, 2015 (3,799.8 million euro) arising largely from the difference between comprehensive income (-515.9 million euro), dividends distributed (51.1 million euro) and the gain on the sale of non-core assets (114.0 million euro). This transaction has been recognized directly in the equity, in compliance with Assirevi Preliminary Orientation no.1.

Equity attributable to owners of the parent decreased by 367.9 million euro, while equity attributable to non-controlling interests decreased by 85.2 million euro.

### **Outlook**

The business climate of second half of the year is exposed to growing volatility, mainly related to the positive tendency of the Construction Industry in North America, to a still positive trend - although underperforming vs. the past average - in certain Emerging Countries of the Group, and to the uncertain perspectives in the Eurozone, also fed by financial instability.

In this macroeconomic scenario, the Italcementi Group is confident to reach – in the second half of the year – operational results slightly higher than the results booked in the equivalent period of 2015, before any effect related to non-recurring events or changes in consolidation scope.

The Net Financial Position should improve as well, subsequent to the efficiency actions undertaken and the agreed programs of assets sale.

### **BOND ISSUES AND MATURITIES**

No bonds were issued in the 12 months before June 30, 2016 by Italcementi or Italcementi Finance. In the 18 subsequent months the Ciments Français 2007-2017 bond for 500 million euro matures (April 2017).

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### ***Disclaimer***

This press release may contain forward-looking statements. These statements are based on the Group's current expectations and projections about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future, and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: continued volatility and further deterioration of capital and financial markets, changes in commodity prices, changes in general economic conditions, economic growth and other changes in business conditions, changes in legislation and the institutional context (in each case, in Italy or abroad), and many other factors, most of which are beyond the Group's control.

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*The manager in charge of preparing the company's financial reports, Carlo Bianchini, declares, pursuant to paragraph 2 article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documents results, books and accounting entries.*

**Attachments: pre-audit income statement, statement of financial position and net de**

Italcementi Group					
Income Statement (in thousands of euro)	H1 2016	%	H1 2015	%	% change
<b>Revenue</b>	<b>2,122,627</b>	<b>100.0</b>	<b>2,167,487</b>	<b>100.0</b>	<b>-2.1</b>
Other revenue	12,159		15,495		
Change in inventories	3,340		(14,984)		
Internal work capitalized	12,587		19,210		
Raw materials and supplies	(822,875)		(879,712)		
Services	(560,649)		(553,727)		
Employee expense	(444,850)		(446,193)		
Other operating income (expense)	(22,364)		16,939		
<b>Recurring EBITDA</b>	<b>299,975</b>	<b>14.1</b>	<b>324,515</b>	<b>15.0</b>	<b>-7.6</b>
Net gains from the sale of non-current assets	19,312		6,459		
Non-recurring expense for re-organizations	(131,991)		(14,720)		
Other non-recurring expense, net	(10,319)		(225)		
<b>EBITDA</b>	<b>176,977</b>	<b>8.3</b>	<b>316,029</b>	<b>14.6</b>	<b>-44.0</b>
Amortization and depreciation	(198,028)		(201,130)		
Impairment	(188,532)		(1,862)		
<b>EBIT</b>	<b>(209,583)</b>	<b>-9.9</b>	<b>113,037</b>	<b>5.2</b>	<b>n.s.</b>
Finance income	12,750		15,819		
Finance costs	(81,110)		(81,798)		
Net exchange-rate differences and derivatives	(16,752)		6,723		
Share of profit (loss) of equity-accounted investees	3,645		3,501		
<b>Profit (loss) before tax</b>	<b>(291,050)</b>	<b>-13.7</b>	<b>57,282</b>	<b>2.6</b>	<b>n.s.</b>
Income tax expense	(54,600)		(53,478)		
<b>Profit (loss) for the period</b>	<b>(345,650)</b>	<b>-16.3</b>	<b>3,804</b>	<b>0.2</b>	
Attributable to:					
<b>Owners of the parent</b>	<b>(372,755)</b>		<b>(32,561)</b>		
<b>Non-controlling interests</b>	<b>27,105</b>		<b>36,365</b>		
Earnings per share					
- Basic	-1.079 €		-0.094 €		
- Diluted	-1.079 €		-0.094 €		

Italcementi Group					
Statement of comprehensive income (in thousands of euro)	H1 2016	%	H1 2015	%	Change
<b>Profit (loss) for the period</b>	<b>(345,650)</b>	<b>-16.3</b>	<b>3,804</b>	<b>0.2</b>	<b>(349,454)</b>
<b>Other comprehensive income (expense)</b>					
<b>Items that will not be reclassified to profit or loss subsequently</b>					
Remeasurement of the net liability (asset) for employee benefits	(31,272)		374		
Income tax (expense)	4,912		(82)		
<b>Total items that will not be reclassified to profit or loss subsequently</b>	<b>(26,360)</b>		<b>292</b>		<b>(26,652)</b>
<b>Items that might be reclassified to profit or loss subsequently</b>					
Translation reserve on foreign operations	(128,629)		110,153		
Translation reserve on foreign operations - investments in equity-accounted investees	2,907		1,173		
Fair value gains (losses) on cash flow hedges	(21,660)		3,828		
Fair value gains (losses) on cash flow hedges - investments in equity-accounted investees	25		(21)		
Fair value gains (losses) on available-for-sale financial assets	(101)		24,309		
Fair value gains (losses) on available-for-sale financial assets - investments in equity-accounted investees	-		-		
Income tax (expense)	3,600		130		
<b>Total items that might be reclassified to profit or loss subsequently</b>	<b>(143,858)</b>		<b>139,572</b>		<b>(283,430)</b>
<b>Total other comprehensive income (expense)</b>	<b>(170,218)</b>	<b>-8.0</b>	<b>139,864</b>	<b>6.5</b>	<b>(310,082)</b>
<b>Total comprehensive income (expense)</b>	<b>(515,868)</b>		<b>143,668</b>		<b>(659,536)</b>
Attributable to:					
<b>Owners of the parent</b>	<b>(493,311)</b>		<b>90,517</b>		<b>(583,828)</b>
<b>Non-controlling interests</b>	<b>(22,557)</b>		<b>53,151</b>		<b>(75,708)</b>

<b>Italcementi Group</b>			
<b>Statement of Financial Position</b> (in thousands of euro)	<b>06/30/2016</b>	<b>12/31/2015</b>	<b>Change</b>
<b>Non-current assets</b>			
Property, plant and equipment	3,124,129	4,110,673	(986,544)
Investment property	21,555	22,148	(593)
Goodwill	1,282,237	1,603,107	(320,870)
Intangible assets	61,348	75,805	(14,457)
Equity-accounted investees	198,543	203,224	(4,681)
Other equity investments	17,246	19,310	(2,064)
Deferred tax assets	83,495	84,410	(915)
Other non-current assets	130,032	145,788	(15,756)
<b>Total non-current assets</b>	<b>4,918,585</b>	<b>6,264,465</b>	<b>(1,345,880)</b>
<b>Current assets</b>			
Inventories	633,871	704,611	(70,740)
Trade receivables	532,783	562,512	(29,729)
Other current assets including derivatives	274,466	252,789	21,677
Tax assets	13,175	25,143	(11,968)
Equity investments, bonds and financial assets	60,959	83,604	(22,645)
Cash and cash equivalents	616,821	537,092	79,729
Assets held for sale	982,776	177,941	804,835
<b>Total current assets</b>	<b>3,114,851</b>	<b>2,343,692</b>	<b>771,159</b>
<b>Total assets</b>	<b>8,033,436</b>	<b>8,608,157</b>	<b>(574,721)</b>
<b>Equity</b>			
Share capital	401,715	401,715	-
Share premium	711,879	711,879	-
Reserves	8,987	103,398	(94,411)
Treasury shares	(58,690)	(58,690)	-
Retained earnings	1,577,325	1,850,782	(273,457)
<b>Equity attributable to owners of the parent</b>	<b>2,641,216</b>	<b>3,009,084</b>	<b>(367,868)</b>
Non-controlling interests	705,559	790,716	(85,157)
<b>Total equity</b>	<b>3,346,775</b>	<b>3,799,800</b>	<b>(453,025)</b>
<b>Non-current liabilities</b>			
Financial liabilities	1,558,459	2,095,528	(537,069)
Employee benefits	380,988	287,955	93,033
Provisions	190,948	206,243	(15,295)
Deferred tax liabilities	102,880	200,407	(97,527)
Other non-current liabilities	87,584	68,115	19,469
<b>Total non-current liabilities</b>	<b>2,320,859</b>	<b>2,858,248</b>	<b>(537,389)</b>
<b>Current liabilities</b>			
Loans and borrowings	174,087	310,597	(136,510)
Financial liabilities	844,592	377,676	466,916
Trade payables	580,462	571,092	9,370
Provisions	1,837	1,386	451
Tax liabilities	13,166	19,838	(6,672)
Other current liabilities	588,908	612,352	(23,444)
Liabilities held for sale	162,750	57,168	105,582
<b>Total current liabilities</b>	<b>2,365,802</b>	<b>1,950,109</b>	<b>415,693</b>
<b>Total liabilities</b>	<b>4,686,661</b>	<b>4,808,357</b>	<b>(121,696)</b>
<b>Total equity and liabilities</b>	<b>8,033,436</b>	<b>8,608,157</b>	<b>(574,721)</b>

<b>Condensed statement of cash flows</b> (in millions of euro)	<b>H1 2016</b>	<b>H1 2015</b>
<b>Net debt at beginning of period</b>	(2,169.7)	(2,156.7)
Cash flows from operating activities:	156.4	198.5
Capital expenditure:		
PPE, investment property, intangible assets	(137.1)	(192.4)
Non-current financial assets	(0.4)	(2.0)
Total capital expenditure	(137.5)	(194.4)
Proceeds from the sale of non-current assets	22.1	9.4
Dividends paid	(15.3)	(52.3)
Share capital increase	-	(0.2)
Change in interests in subsidiaries	223.9	-
Translation differences and other	(34.4)	(42.0)
<b>Change in net debt</b>	<b>215.2</b>	<b>(80.9)</b>
<b>Net debt at end of period</b>	<b>(1,954.5)</b>	<b>(2,237.6)</b>



## ITALCEMENTI GROUP NET DEBT

An itemized correlation of **net debt** with the statement of financial position is set out below:

(in thousands of euro)			
<b>Financial asset and liability category</b>	<b>Statement of financial position caption</b>	<b>June 30, 2016</b>	<b>December 31, 2015</b>
<b>Non-current financial assets</b>		<b>(22,746)</b>	<b>(31,703)</b>
Securities, bonds and financial assets	Other non-current assets	(2,345)	(2,146)
Derivatives	Other non-current assets	(20,401)	(29,557)
<b>Current financial assets</b>		<b>(688,150)</b>	<b>(628,206)</b>
Cash and cash equivalents	Cash and cash equivalents	(616,821)	(537,092)
Current loan assets	Equity investments, bonds and financial assets	(60,692)	(83,337)
Other current financial assets	Other current assets	(826)	(1,381)
Derivatives	Other current assets	(9,811)	(6,396)
<b>Total financial assets</b>		<b>(710,896)</b>	<b>(659,909)</b>
<b>Non-current financial liabilities</b>		<b>1,621,428</b>	<b>2,138,227</b>
Non-current financial liabilities	Financial liabilities	1,558,459	2,095,528
Derivatives	Other non-current liabilities	62,969	42,699
<b>Current financial liabilities</b>		<b>1,048,666</b>	<b>699,589</b>
Bank overdrafts and short-term borrowings	Bank overdrafts and short-term borrowings	174,087	310,597
Current financial liabilities	Financial liabilities	844,592	377,678
Derivatives	Other current liabilities	29,987	11,314
<b>Total financial liabilities</b>		<b>2,670,094</b>	<b>2,837,816</b>
<b>Net debt</b>		<b>1,959,198</b>	<b>2,177,907</b>
Net (assets) and liabilities of assets held for sale		(4,655)	(8,253)
Net debt including assets held for sale		1,954,543	2,69,654