

## **Press Release of the Board of Directors of Italcementi S.p.A.**

Within the meaning of art. 103, paragraphs 3 and 3-*bis*, of the Legislative Decree of 24 February 1998, no. 58, as subsequently amended and supplemented, and art. 39 of the CONSOB Regulation adopted with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented on the

### **Full Public Tender Offer of the shares of Italcementi S.p.A.**

#### **Promoted by HeidelbergCement France S.A.S.**

pursuant to and for the effects of articles 102 and 106, paragraph 1-*bis*, the Legislative Decree of 24 February 1998, no. 58, as subsequently amended and supplemented

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## Definitions

"**Acquisition**" means the acquisition of the Total Participation by the Offeror

"**Financial Advisor of Independent Directors**" means J.P. Morgan Limited, commissioned by the Independent Directors as independent financial advisers pursuant to art. 39-*bis* of the Issuers Regulation.

"**Independent Directors**" means the independent directors of the Issuer within the meaning of art.-147 *ter*, paragraph 4 of the TUF and art. 3 of the Corporate Governance Code for listed companies in force on the Issuer's Press Release Date, who have contributed to the drafting of the opinion of the Independent Directors (*i.e.*, Paul Benazzo, Peter Caliceti, Victoire de Margerie, Lorenzo Renato Guerini, Maria Martellini, Claudia Rossi and Carlo Secchi).

"**Share**" or "**Shares**" means any of the 349,270,680 ordinary shares of the Issuer, without indication of the nominal value, listed on the Mercato Telematico Azionario, corresponding to the whole of the share capital of the Issuer at the date of the Issuer's Press Release.

"**Shares of HeidelbergCement**" means the 10,500,000 shares of HeidelbergCement issued by HeidelbergCement in favour of Italmobiliare in exchange for the conferment of the Conferred Shares.

"**Conferred Shares**" means the 74,351,887 ordinary shares, representing 21.29% of the share capital of the Issuer, purchased from HeidelbergCement, following the conferral, within the meaning of SPA on the Execution Date in exchange for the emission of 10,500,000 newly issued shares of HeidelbergCement, and resold by HeidelbergCement to the Offeror on the Execution Date.

"**Treasury Shares**" means the 3,861,604 treasury Shares held by the Issuer at the Date of the Press Release of the Issuer, equal to 1.1% of its share capital.

"**Shares Sold**" means the 82,819,920 Shares, representing 23.71% of the share capital of the Issuer, purchased directly by the Offeror from Italmobiliare within the meaning of SPA at the Execution Date.

"**Borsa Italiana**" means Borsa Italiana S.p.A., with registered office in Milan, Piazza degli Affari no. 6.

"**Code of Conduct**" means the code of conduct for listed companies prepared by the corporate governance committee of Borsa Italiana in force on the Issuer's Press Release Date.

"**Press Release of the Issuer**" means the present statement drawn up by the Board of Directors pursuant to art. 103, paragraphs 3 and 3-*bis*, of the TUF and art. 39 of the Issuers Regulations.

"**Press Release of the Offeror**" means the communication made by the Offeror on 1 July 2016, pursuant to art. 102, paragraph 1, of the TUF and art. 37-*ter* of the Issuers Regulation regarding the full public tender offer idea promoted by the Offeror for the Shares.

"**Board of Directors**" means the board of directors of the Issuer in office on the Issuer's Press Release Date.

"**CONSOB**" means the National Commission for Listed Companies and the Stock Exchange, with head office in Rome, Via G.B. Martini no. 3.

"**Consideration**" means the amount of Euro 10.60 per share, which will be paid by the Offeror to those who have tendered the Offer.

**"Issuer's Press Release Date"** means 1 August 2016, the date of approval of the Press Release of the Issuer by the Board of Directors.

**"Date of the Offer Document"** means the 28 July 2016, the date of publication of the Offer Document by the Offeror.

**"Execution Date"** means the date of 1 July 2016, when the acquisition of total participation was completed and the Offeror has communicated its decision to promote the Offer to the market.

**"Delisting"** means the withdrawal of Shares from the listing on the Mercato Telematico Azionario.

**"Documentation Examined"** means the documents examined by the Board of Directors for the purposes of the approval of the present Press Release of the Issuer, as better identified in Section 1. Paragraph 1.3.

**"Offer Document"** means the offer document prepared by the Offeror pursuant to Articles 102 and 106, paragraph 1-*bis* of the TUF and of the implementing provisions contained in the Issuers Regulations.

**"Issuer"** means Italcementi Fabbriche Riunite Cemento - Joint Stock Company; in abbreviated form Italcementi S.p.A., a company incorporated under Italian law, with registered office in via Camozzi no. 124 Bergamo, Italy, entered in the Register of Companies at the Chamber of Commerce of Bergamo to no. 00637110164, with share capital of Euro 401,715,071.15, divided into 349,270,680 ordinary shares without indication of nominal value, listed on the Mercato Telematico Azionario with the International Securities Identification Number (ISIN IT0001465159).

**"Maximum disbursement"** means the maximum total value of the offer to be calculated on the basis of the number of Shares at the date of the Offer Document, assuming that all the Shares are tendered to the Offer, and therefore equal to Euro 2,036,248,053.80.

**"Independent Expert"** means Credit Suisse International, appointed by the Board of Directors as independent expert within the meaning of art. 39, paragraph 1, letter d), of the Issuers Regulation.

**"Fairness Opinion of the Financial Advisor of Independent Directors"** means the fairness opinion regarding the fairness of the Consideration, within the meaning of art. 39-*bis* of the Issuers Regulation, issued on 29 July 2016 by the Financial Advisor of the Independent Directors to Independent Directors.

**"Fairness Opinion of the Independent Expert"** means the fairness opinion regarding the fairness of the Consideration, within the meaning of art. 39, paragraph 1(d) of the Issuers Regulation, issued on 1 August 2016 by the Independent Expert to the Board of Directors.

**"BravoSolution Group"** means BravoSolution S.p.A., a company incorporated under Italian law, with registered office in Bergamo, Piazza della Repubblica, 2, entered in the Register of Companies at the Chamber of Commerce of Bergamo and tax code 02799520164 and its subsidiaries and affiliates, operating in the field of e-procurement.

**"HC Group"** means HeidelbergCement, companies and other operators directly and/or indirectly controlled by it, with exclusion of the Italcementi Group.

**"The Italcementi Group"** means the Issuer, companies and other operators directly and/or indirectly controlled by it.

**"Italgen Group"** means Italgen S.p.A., a company incorporated under Italian law, with registered office in Bergamo, Via S. Bernardino, 149/A, entered in the Register of Companies

at the Chamber of Commerce of Bergamo and tax code 09438800154 and its subsidiaries and affiliates which are active in the sector of renewable energies.

**"HeidelbergCement"** means HeidelbergCement AG, a company constituted and organised within the meaning of German law, with headquarters in Berliner Straße 6, Heidelberg, Germany, entered in the Commercial Register of the Court of Mannheim under no. HRB 330082, with capital of Euro 595,249,431, whose shares are traded on a regulated market (Prime Standard) of the Frankfurt Stock Exchange, Germany, with International Securities Identification Number (ISIN) DE0006047004.

**"HeidelbergCement Finance"** means HeidelbergCement Finance Luxembourg S.A., a public company with limited liability (*société anonyme*) established and organized under Luxembourg law, with headquarters in rue Edward Steichen 13, L-2540 Luxembourg, with recorded share capital of Euro 2,544,640.

**"HeidelbergCement Holding"**, means HeidelbergCement Holding S.à.r.l, a limited liability company incorporated and organized under Luxembourg law, with headquarters in rue Edward Steichen 13, L-2540 Luxembourg, with recorded share capital of Euro 13,378,691,150.

**"HeidelbergCement International Holding"** means HeidelbergCement International Holding GmbH, a limited liability company incorporated and organised within the meaning of German law, with headquarters in Berliner Straße 6, 69120 Heidelberg, Germany, with recorded share capital of Euro 3,920,025,000.

**"Italmobiliare"** means Italmobiliare S.p.A. with registered office in Via Borgonuovo 20, Milan, Italy, entered in the Register of Companies at the Chamber of Commerce of Milan at no. 00796400158, with share capital of EUR 100,166,937, divided into 22,182,583 ordinary shares and 16,343,162 savings shares.

**"The Mercato Telematico Azionario"** means the Mercato Telematico Azionario organised and managed by Borsa Italiana.

**"Non-core Assets"** means, collectively, the BravoSolution Group, the Group Italgem and Real Estate Portfolio.

**"Offeror"** means HeidelbergCement France S.A.S., simplified public limited company constituted and organised under French law, with the registered office in Thourotte, rue Henri Barbusse 6T (60150), enrolled in the Register of Commerce and Companies of Compiègne under the no. 815304399, with a capital of Euro 1,482,000,000 divided in 148,200,000 shares without nominal value.

**"Offer"** means the full public tender offer, involving all Shares, except for the shares held by the Offeror, and therefore 192,098,873 shares, representing 55% of the share capital of the Issuer at the Issuer's Press Release Date, promoted by the Offeror pursuant to and for the effects of Art. 102 and 106, paragraph 1-*bis*, of the TUF, as well as the applicable implementing provisions contained in the Issuers Regulation as described in the Offer Document.

**"Opinion of Independent Directors "** means the reasoned opinion containing the assessments on the Offer and on the fairness of the Consideration, approved on 29 July 2016, drawn up by the Independent Directors pursuant to art.39 *bis* of the Issuers Regulation.

**"Total Participation"** means the 157,171,807 shares representing 45% of the share capital of the Issuer, corresponding to the Shares Sold purchased by the Offeror and the Conferred Shares, initially purchased from HeidelbergCement (and resold to the Offeror) within the meaning of SPA at the Execution Date, and previously held by Italmobiliare.

**"Persons Acting in Concert"** means, among others, HeidelbergCement, HeidelbergCement International Holding, HeidelbergCement Holding, in quality of persons acting in concert with the Offeror pursuant to art. 101-*bis*, paragraph 4-*bis*- letter b) of the TUF as control directly and indirectly the Offeror and HeidelbergCement Finance, in quality of the person who acts in concert with the Offeror pursuant to art. 101-*bis*, paragraph 4-*bis*- letter c) of the TUF because it is controlled by the same entity that controls the Offeror (*i.e.* HeidelbergCement Holding).

**"Real Estate Portfolio"** means the buildings located s in Rome, Via Sallustiana no. 26, Via Lucullo no. 8 and Via Piemonte no. 28, 32 and 34 disposed of by the Issuer to Italmobiliare.

**"Issuers Regulation"** means the CONSOB Regulation adopted with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented.

**"Regulation of Related Parties"** means the CONSOB Regulation adopted with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented.

**"SPA"** means the contract for the sale of the shares subscribed on 28 July 2015 (as amended on 15 December 2015 and on 21 June 2016) between HeidelbergCement and Italmobiliare, in virtue of which HeidelbergCement (or one of its subsidiaries as regards the Shares Sold) is committed to purchase from Italmobiliare, which undertook to sell to HeidelbergCement (or its subsidiary as regards the Shares Sold), the overall participation at a price per share equal to Euro 10.60.

**"TUF"** means the Legislative Decree of 24 February 1998, no. 58, as subsequently amended and supplemented.

## Introduction

On the Execution Date (*i.e.*, 1 July 2016), with the Press Release of the Offeror, the Offeror has made it known to Consob and the market, pursuant to and for the effects of the art. 102, paragraph 1, of the TUF and art. 37 of the Issuers Regulation, that the legal preconditions for the obligation to promote the Offer were met.

The obligation to promote the Offer is consequent to the completion of the Acquisition and therefore the purchase by the Offeror, on the Execution Date, of the Total Participation, representing 45% of the share capital of the Issuer.

In particular, on the Execution Date,

- (a) the Offeror has purchased from Italmobiliare, who sold, 82,819,920 Sold Shares, against the payment of a price per share equal to Euro 10.60, and therefore equal to a total of Euro 877,891,152;
- (b) HeidelbergCement has purchased from Italmobiliare the 74,351,887 Conferred Shares at a price per share of Euro 10.60 (and therefore amounting to Euro 788,130,000, taking account of a rounding off of Euro 2.20 in total), for 10,500,000 new Shares of HeidelbergCement issued in exchange for a price for each of the Shares of HeidelbergCement equal to Euro 75.06;
- (c) HeidelbergCement has sold to the Offeror, who has purchased the 74,351,887 Conferred Shares, against the payment of a price per share equal to Euro 10.60 and then equal to a total of Euro 788,130,002.20;

The consideration received by Italmobiliare for divestiture of the Total Participation has been paid therefore by (i) the issuance of 10,500,000 new shares of HeidelbergCement and (ii) in cash for Euro 877,891,152. As indicated in the Offer Document, neither the Offeror nor HeidelbergCement availed themselves of expert reports drawn up by independent parties or

special documents of assessment in determining the consideration for the Acquisition. The fulfilment of the purchase commitments undertaken with the SPA and the purchase of the Conferred Shares by HeidelbergCement has therefore involved a total disbursement of Euro 1,666,021,154.20 for the Offeror.

The offer refers to a maximum of 192,098,873 shares, representing 55% of the share capital of the Issuer, corresponding to all the Shares issued by the Issuer, after deduction of the Shares held by the Offeror at the Issuer's Press Release Date and possibly minus the additional Shares purchased by the Offeror or by Persons Acting in Concert in connection with the Offer. The Offer is aimed at Delisting

The Offer is offered indistinctly on equal terms to all shareholders of the Issuer. Since this is a mandatory public tender, it is not subject to any condition of effectiveness. The Offer is promoted in Italy, in the United States of America and in Canada.

On 1 August 2016, at 10:30 a.m., the Board of Directors met at the headquarters to examine, *inter alia*, the Offer and to decide on the approval of the Press Release of the Issuer, containing, *inter alia*, the reasoned assessment of the Board of Directors itself on the Offer and on the fairness of the Consideration as provided for by art. 103, paragraphs 3 and 3-*bis*, of the TUF and by art. 39 of the Issuers Regulations.

For a complete and full knowledge of the prerequisites and terms and conditions of the Offer please refer exclusively to the Offer Document. The present Press Release of the Issuer, therefore, is in no way intended to replace the Offer Document and does not constitute in any way, nor can it be understood as a recommendation to adhere or not adhere to the Offer and does not replace the judgement of each shareholder in relation to the Offer.

\* \* \* \* \*

# 1. Description of the meeting of the Board of Directors

## 1.1 Participants at the meeting of the Board of Directors

Preliminarily, merely for the purposes of informative completeness, it is pointed out that, as announced for the first time by the Issuer to the market:

- (a) On 8 April 2016, the shareholders of the Issuer has appointed the Board of Directors, in the persons of Giampiero Pesenti, Carlo Pesenti, Giulio Antonello, Giorgio Bonomi, Italo Lucchini, Pietro Caliceti, Lorenzo Renato Guerini, Victoire de Margerie, Maria Martellini, Claudia Rossi, Carlo Secchi and Laura Zanetti, for a period of three financial years, up to the date of the Meeting that will be called upon to act in order to the approval of the financial statements of the Issuer, which will close on 31 December 2018;
- (b) On 1 July 2016, due to the completion of the Acquisition, the resignations of directors Giampiero Pesenti, Carlo Pesenti, Giulio Antonello, Giorgio Bonomi and Italo Lucchini have become effective;
- (c) On the same date the Board of Directors also proceeded to co-opt Paolo Benazzo, Roberto Callieri, Lorenz Näger, Luca Sabelli and Dominik von Achten as directors. Laura Zanetti, who declared at the nomination not to meet the requirements of independence within the meaning of the Code of Conduct is of the TUF, as a consequence of the change of the majority shareholder and considered the new composition of the Board of Directors, has declared to meet both of these requirements.

As of the Issuer's Press Release Date, the Board of Directors is therefore composed of twelve Directors, seven of whom are appointed by the shareholders meeting of 8 April 2016 and five of whom are appointed co-opted by the Board of Directors of 1 July 2016.

At the meeting of the Board of Directors on 1 August 2016, at which the Offer has been examined and the present Release of the Issuer was approved within the meaning of art. 103, paragraphs 3 and 3-bis, of the TUF and art. 39 of the Issuers Regulation, the following Directors participated, in person and in audio conference,

Luca Sabelli	President	in person
Lorenz Näger	Executive Vice President	in person
Dominik von Achten	Executive Vice President	in person
Roberto Callieri	CEO	in audio conference
Paul Benazzo	Independent Director	in person
Pietro Caliceti	Independent Director	in person
Lorenzo Renato Guerini	Independent Director	in person
Victoire de Margerie	Independent Director	in person
Maria Martellini	Independent Director	in person
Claudia Rossi	Independent Director	in person
Carlo Secchi	Independent Director	in person
Laura Zanetti	Independent Director	in person

For the Board of Statutory Auditors the following persons attended the meeting: the President Giorgio Mosci and the Statutory Auditor Mario Comana. Statutory Auditor Luciana Gattinoni has justified her absence.



## 1.2 Specification of own or third party interests relating to the Offer

In the context of the meeting of the Board of Directors on 1 August 2016, also pursuant to art. 2391 of the Italian Civil Code and art. 39, paragraph 1, letter b) of the Issuers Regulation:

- (a) the President Luca Sabelli has declared his indirect interest in relation to the offer, because he is partner of the Sabelli Law Firm, which has lent its expertise in favour of HeidelbergCement and of the Offeror both in relation to the conclusion of the SPA and in relation to the promotion of the Offer;
- (b) the Executive Vice President Lorenz Näger has declared his indirect interest in relation to the Offer because he also acts as the Chief Financial Officer of HeidelbergCement;
- (c) the Executive Vice President Dominik von Achten has declared his indirect interest in relation to the Offer because:
  - (i) he is also the Vice-CEO of HeidelbergCement;
  - (ii) together with his wife, he holds bonds issued by Italcementi Finance S.A. for a nominal value of Euro 200,000;
- (d) the Independent Director Lorenzo Renato Guerini has declared his indirect interest in relation to the Offer since, through his spouse, he owns 85,713 shares of the Issuer;
- (e) the Independent Director Laura Zanetti has declared her indirect interest in relation to the Offer since:
  - (i) she is also Independent Director of Italmobiliare;
  - (ii) she holds, directly, n. 15,713 Shares of the Issuer.

Still in the context of the meeting of the Board of Directors, the Statutory Auditor Mario Comana stated to hold 5,426 Shares.

## 1.3 The documentation examined

For the purposes of the approval of the Press Release of the Issuer, the Board of Directors has examined the following documentation:

- (a) The Press Release of the Offeror, in which the Offeror has communicated on 1 July 2016, pursuant to art. 102, paragraph 1, of the TUF and art. 37-ter of the Issuers Regulation, the obligation to promote the Offer, in concert with the Persons Acting in Concert;
- (b) The press releases published by the Issuer and by the Offeror with reference to the Offer;
- (c) The Offer Document;
- (d) The Fairness Opinion of the Independent Expert issued on 1 August 2016 by the Independent Expert to the Board of Directors pursuant to art. 39, paragraph 1, letter d) of the Issuers Regulation;
- (e) The opinion of the Independent Directors pursuant to art.39 bis of the Issuers Regulation, issued on 29 July 2016;

- (f) The Fairness Opinion of the Financial Advisor of Independent Directors issued on 29 July 2016 by the Financial Advisor of the Independent Directors to Independent Directors pursuant to art. 39-*bis* of the Issuers Regulation;
- (g) The Disclosure Document relating to operations of greater significance with related parties (drawn up pursuant to art. 5 of the CONSOB Regulation adopted with resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented) related to the sale of Non-Core Assets;
- (h) The extract of agreements notified to CONSOB from HeidelbergCement and Italmobiliare, pursuant to art. 122 of the TUF, published on 29 July 2015 and the subsequent extract of modification of the same published on 29 June 2016;
- (i) An extract with *omissis*, of certain stipulations of SPA made available by the Offeror in a confidential form;
- (j) The dossier containing the half-yearly Financial Report of the Issuer for the six months ended 30 June 2016, approved by the Board of Directors of the Issuer dated 1 August 2016;

(The "**Documentation Examined**").

#### 1.4 Outcome of the meeting of the Board of Directors

On August 1, 2016, the Board of Directors unanimously approved this Press Release of the Issuer.

Following the approval of the Press Release of the Issuer, the Board of Directors mandated to the President, each Executive Vice-President and the Chief Executive Officer in order to proceed with the publication of the Press Release of the Issuer itself and, if appropriate, to make the changes and additions that would be required by CONSOB or by any other competent authority or to make updates that prove necessary pursuant to art. 39, paragraph 4 of the Issuers Regulation.

## 2. Data and elements useful for the appreciation of the Offer

For a complete analytical and knowledge of all the terms and conditions of the Offer please refer to the content of the Offer Document and, in particular, the paragraphs of the Offer Document listed below:

- (a) Warnings: Section A of the Offer Document, with particular regard to the following paragraphs;
  - (i) Paragraph A2 (*Approval of the consolidated financial statements at 31 December 2015 and financial relations on 31 March 2016*);
  - (ii) Paragraph A3 (*Information relating to the financing of the Offer*);
  - (iii) Paragraph A4 (*Related Parties*);
  - (iv) Paragraph A5 (*Reasons for the offer and future programs of the Offeror in respect of the Issuer*);
  - (v) Paragraph A8 (*Declaration of the Offeror regarding the possible restoration of the float and to purchase obligation within the meaning of art. 108, paragraph 2, of the TUF*);
  - (vi) Paragraph A9 (*Statement of the Offeror in relation to the fulfilment of the obligation to purchase pursuant to art. 108, paragraph 1 of the TUF and*

*contextual to the exercise of the right to purchase pursuant to art. 111 of the TUF);*

- (vii) Paragraph A10 (*Possible scarcity of float*);
  - (viii) Paragraph A11 (*Potential conflicts of interest*);
  - (ix) Paragraph A12 (*Possible alternative scenarios for the holders of the Shares*);
  - (x) Paragraph A15 (*Earning for the holders of the Shares residing in the United States of America*);
  - (xi) Paragraph A16 (*Warning for the holders of the Shares residing in Canada*).
- (b) Information relating to the Offeror: Section B, paragraph B.1, of the Offer Document;
  - (c) Information relating to the activity of the Offeror and the HC Group: Section B, paragraph B.1.5, of the Offer Document;
  - (d) Recent trends and prospects of the Issuer: Section B, paragraph B.2.5, of the Offer Document;
  - (e) Category of financial instruments covered by the Offer and relative quantity: Section C, paragraph C.1, of the Offer Document;
  - (f) Indication of the Consideration and its determination: Section E, paragraph E.1, of the Offer Document;
  - (g) Procedures and time limits laid down for accepting the Offer: Section F, Paragraph F.1, of the Offer Document;
  - (h) Mode of financing and performance guarantees relating to the operation: Section G, Paragraph G.1, of the Offer Document;
  - (i) Motivation of the operation and programs drawn up by the Offeror: Section G, Paragraph G.2, of the Offer Document;
  - (j) Reconstitution of the float: Section G, Paragraph G.3, of the Offer Document.

### **3. Evaluations of the Board of Directors on the Offer and on the adequacy of the Consideration**

#### **3.1 Factors to be considered by the Board of Directors in its evaluations**

In expressing their evaluations on the Offer and on the Fairness of the Consideration, the Board of Directors has considered, *inter alia*, the elements of information contained in the Documentation Examined.

#### **3.2 Evaluations of the Board of Directors about the reasons for the Offer and to future programs of the Offeror**

The Board of Directors took note of the fact that the Offer is aimed at fulfilling an obligation imposed by law, arising as a result of the closing of the Acquisition and the purchase by the Offeror of the Total Participation.

With reference to the motivations of the Offer, in section G, Paragraph G.2.1, of the Offer Document, the Offeror has indicated that:

- (a) The objective of the Offeror is the acquisition of the entire share capital of the Issuer and achieve the Delisting in order to fully integrate the activities of the Italcementi Group in an incisive and effective way;
- (b) The Acquisition and the Offer represent a strategic operation of significant importance for the HC group and the Offeror and are aimed at achieving a sustainable growth for its construction materials business, developing synergies in the area of investments, costs, productive activity as well as research and development.

With reference to future programs that the Offeror intends to pursue with regard to the activity of the Issuer, as illustrated in section G, Paragraphs G.2.2, G.2.3, G.2.4, G.2.5 and G.2.6 of the Offer Document, the Offeror has indicated the following programs:

- (a) Programs related to the management of activities:
  - (i) The HC group intends to fully integrate the Issuer in their existing global activities of cement, aggregates and ready mixed concrete, also with the objective to achieve greater synergy - both commercial and in terms of costs - for example, eliminating redundant organizational entities by improving the operational efficiency of the Issuer (on all lines of business) and unifying the commitments as far as possible (for example exploiting the greater volume of supply). On the basis of what is stated in the Offer Document, the HC Group believes that such benefits can only be realized by unifying the activities of companies under the management of group HC; this embodiment will require a considerable effort in relation to the costs of implementation for the realization of the respective synergies; there are possibilities of recovery in many of the key markets where the Issuer operates, in particular Italy, France and Egypt;
  - (ii) In respect of the applicable legislation, and in particular in respect of the social interest of the Issuer, in order to improve the financial viability of the HC group the Offeror provides that the treasury functions can be centralised within HeidelbergCement. In such case the Offeror provides that the financial debt of the Issuer toward third parties can be refinanced at the best conditions from loans by HC Group companies;
- (b) Future investment and financing sources: the HC Group continually revises its portfolio of activities with the aim of further strengthening its position on local markets (for example through acquisitions or the ex-novo creation of productive activities or the conversion of existing activities) - or to leave or change their positions on the market (if they are critical or locally not competitive). The HC Group will continue to work in this direction after the completion of the transaction with the Issuer, but no definitive agreement with third parties for any relevant operation has been achieved by the HC group - with the exception of supplies required by the antitrust authorisations issued by the European Commission and the Federal Trade Commission of United States. In relation to the transfer of Compagnie des Ciments Belges S.A., an income of Euro 312 million on the debt free cash free basis is expected in the second half of 2016.
- (c) Possible restructuring and/or reorganizations:
  - (i) The Offeror provides to reorganize partially both the corporate structure of the Issuer and the Italian management structure, as well as the local organization in other countries (where efficiency savings can be obtained). The strategy of HC group is to combine the functions of service and business support in Heidelberg and reallocate these functions of the Issuer from Bergamo to Heidelberg. The headquarters of the Italian territorial

organization should remain in Bergamo. In addition, the Offeror intends to create a global product innovation function for the whole HC Group in Bergamo, based on the Issuer's existing research and product development activities. The reorganization that is expected to be completed in 2020 will have a possible impact on about 400 workers at the corporate level of the Issuer and of the Italian head office, out of a current total of 2,500. HeidelbergCement has offered 170 positions within the HC Group to workers will be made redundant as a result of the reorganization. Any excesses will be managed through the social shock absorbers agreed upon with trade union representatives;

- (ii) The Offeror plans to restructure the Canadian activities of the Italcementi Group by the end of 2016. Ciments Français S.A. (France) holds all the shares of Essroc Corporation (USA). Essroc Corporation (USA) holds directly and indirectly all shares of four American subsidiaries, a Porto Rico company and Essroc Canada Inc., which is the parent company of the Canadian subgroup. The Offeror provides to transfer the shares of Essroc Canada, Inc. in Lehigh Hanson Materials Limited (Canada) via a vehicle company of new constitution in exchange for newly issued shares of the Lehigh Hanson Materials Limited (Canada) and a cash consideration. The Offeror also provides for transfer of the newly issued shares of the Lehigh Hanson Materials Limited to an HC Group company in the United Kingdom against a cash consideration and shares by Essroc Corporation (USA);
- (d) Planned changes in the composition of the company bodies: The Offeror has not taken any final decision on the modification of the current composition of the board of directors and control bodies of the Issuer, except for changes in the composition of the Board of Directors of the Issuer that have already been made and communicated to the market on 1 July 2016;
- (e) Amendments to the statutes of the company: The Offeror has not identified any specific changes or modifications to be made to the current statutes of the Issuer.

With reference to the foregoing, the Board of Directors considers that the programs of the Offeror are consistent with the industrial strategy of growth of the Issuer since the Offeror and Issuer appear complementary in terms of their respective business.

### **3.3 Evaluations of the Board of Directors on the Consideration of the Offer**

#### **3.3.1 *The main information on the Consideration contained in the Offer Document***

The Board notes that the Consideration of the Offer, as indicated in the Offer Document, is equal to Euro 10.60 for each Share Offered in acceptance of the Offer and that the consideration is net of stamp fees, as due, and fees, commissions and costs that will be borne by the Offeror, while the substitute tax on capital gains, if due, will be borne by the entities participating in the Offer.

The total maximum value of the Offer, in the event of full joining of the Offer by all holders of Shares, will therefore be equal to Euro 2,036,248,053.80.

As shown in section E, paragraph E.1 of the Offer Document, given the mandatory nature of the Offer and taking account of the structure of the operation, resulting in the obligation to promote the Offer, the consideration was fixed by the Offeror in accordance with the provisions of art. 106, paragraph 2, of the TUF, pursuant to which the Offer must be promoted at a price not lower than the highest price paid by the Offeror and the Persons Acting in Concert for the purchase of the Shares of the Issuer in the twelve months prior to the date of the communication referred to in art. 102, paragraph 1, of the TUF.

In particular, the Offeror has stated that the Consideration coincides:

- (a) with the price paid by HeidelbergCement on the Execution Date for the purchase from Italmobiliare of the Shares Conferred under the SPA;
- (b) with the price paid by the Offeror on the Execution Date:
  - (i) To Italmobiliare, for the purchase of the Shares Sold under the SPA;
  - (ii) To HeidelbergCement, for the purchase of the Conferred Shares.

The consideration received by Italmobiliare for the Total Participation has been paid therefore by (i) the issuance of 10,500,000 new shares of HeidelbergCement and (ii) in cash for Euro 877,891,152. The fulfilment of the purchase commitments undertaken with the SPA and the purchase of Conferred Shares by HeidelbergCement has therefore involved a total disbursement of Euro 1,666,021,154.20 for the Offeror.

As indicated in the Offer Document (i) the resources necessary for the abovementioned disbursement have been found by means of a capital injection by the Offeror's immediate parent (*i.e.*, HeidelbergCement Holding, for approx. Euro 700,000,000 and an intra-group financing by HeidelbergCement Finance for a value of approx. Euro 1,000,000,000; (ii) HeidelbergCement, during the period subsequent to the announcement of the Acquisition, has found financial resources on the capital market for a total of Euro 2,375,000,000 as a result of emissions of debt certificates and bonds.

The Offeror has stated that in the last twelve months the Offeror and Persons Acting in Concert have not yet taken any steps to purchase and/or sale the Shares except: (i) For the acquisition by of the Offeror of the Total Participation and (ii) For the acquisition by HeidelbergCement of the Conferred Shares and the sale of the same to the Offeror. The Offeror has also indicated that Dr. Bernd Scheifele, CEO of HeidelbergCement has purchased 60,000 Shares, equal to 0.017% of the share capital of the Issuer, at a price equal to Euro 9.80, through his company GKS Vermögensverwaltungs KG, on 29 July 2015 (after the date of announcement of the Acquisition, which took place on 27 July 2015) In this respect, the Offeror has stated that the Shares held by Dr. Bernd Scheifele are included in the Shares which are the object of the Offer.

For the purposes of overall clarity of the operation, it should be noted that in the context of the Acquisition resulting from SPA, the purchase by Italmobiliare of Non-Core assets of the Issuer (*i.e.*, the shareholdings in Group Italgem in Group BravoSolution and Real Estate Portfolio) was carried out on 30 June 2016. These operations were put in place as a result of the positive opinion of the Committees for Transactions with Related Parties of the Issuer and Italmobiliare, as well as in accordance with the fairness opinion issued by the professional and independent evaluators Lazard S.r.l., commissioned by the Issuer, and by Professor Angelo Provasoli, commissioned by Italmobiliare. In particular, the Non-Core assets were sold by the Issuer to Italmobiliare at a price of Euro 200,994,680 (corresponding to the price of Euro 241,000,000, minus the net financial position of the Group Italgem and BravoSolution group multiplied by the participation of respective possession by the Issuer).

As indicated in section E, paragraph E.1 of the Offer Document, the Consideration gives to the market a premium equal (i) to 80.3% compared to the weighted average price of the Shares of the last year preceding the announcement of the Acquisition, which took place on 28 July 2015, (ii) to 70.7% compared to the weighted average price of the Shares in the three months preceding the announcement of the Operation, and (iii) to 69.1% compared to the official price of the Shares detected on 27 July 2015 (the last day of trading prior to the announcement of the Acquisition).

As indicated in section E, paragraph E.4 of the Offer Document, the following table summarizes the comparison between the Consideration and (i) the official price of the

shares of the Issuer registered on 27 July 2015 (included), or the last day of trading prior to the announcement of the Acquisition, and (ii) the weighted arithmetic average of official prices of the Shares of the Issuer (calculated as the average price, weighted according to the relative amounts of all contracts concluded during the "VWAP" day), relative to 1, 3, 6 months and 1 year prior to 27 July 2015 (included), the last day of trading prior to the announcement of the Acquisition.

<b>Comparison between the Consideration and the official price of shares</b>			
	<b>VWAP</b>	<b>Comparison against the Consideration</b>	<b>the</b>
27-July-15	6.27		69.1%
1 month before the Offer's announcement	6.18		71.5%
3 months before the Offer's announcement	6.21		70.7%
6 months before the Offer's announcement	6.59		60.8%
12 months before the Offer's announcement	5.88		80.3%

Source: Bloomberg

Note: The VWAP calculated using the official prices daily and the daily volume; VWAP rounded to the second decimal place

(1) The months referred to in this table begin on the 28th day of the preceding calendar month and end on the twenty-seventh day of the month shown

For a comparison of the Consideration with some indicators concerning the Issuer and for more information about the Consideration itself please refer to the above-mentioned Section E, Paragraph E.4 of the Offer Document.

### 3.3.2 *Opinion of Independent Directors*

Within the meaning of art. 39-bis of Consob Regulation, the fact that the Offeror holds a stake of more than 30% of the share capital of the Issuer requires that Issuer's Independent Directors who are not related parties of the Offeror draw up a reasoned opinion containing the assessments on the Offer and on the fairness of the Consideration.

On 29 July 2016, the Independent Directors issued their motivated opinion pursuant to art.39 - bis of the Issuers Regulation. A copy of the opinion of the Independent Directors is attached to this Press Release of the Issuer as **Annex 1**, to which reference is made for a detailed analysis of the considerations made by Independent Directors.

The Independent Directors have assessed that:

- (a) The Offer conforms to the requirements dictated by the statutory scheme for mandatory public offers, not containing accessory or accidental elements that affect its essential content;
- (b) The Consideration - higher than the maximum value of the range indicated by the Financial Advisor of Independent Directors with reference to each method and evaluation criteria used - can be considered **fair**.

The Independent Directors of the Issuer, in order to prepare their Opinion of Independent Directors pursuant to art. 39-*bis* of Consob Regulation, availed themselves of J.P. Morgan Limited as Financial Advisor of Independent Directors, which issued the Fairness Opinion of the Financial Advisor of Independent Directors about the fairness of the Consideration on 29 July 2016. A copy of the Fairness Opinion of the Financial Advisor of Independent Directors is attached to this Press Release of the Issuer as **Annex 1** (at the bottom of the opinion of the Independent Directors), to which reference is made for a detailed analysis of the considerations of the Financial Advisor of Independent Directors.

In particular, below is a summary of the evaluation methodologies used by the Financial Advisor of Independent Directors and the results obtained using these methods:

- (a) *Historical market share prices analysis (for reference purposes only)*: with reference to this methodology of assessment the Financial Advisor of Independent Directors has expressed a price range for each of the Shares between Euro 4.14 and Euro 7.45;
- (b) *Broker target prices analysis (for reference purposes only)*: with reference to such a methodology of assessment the Financial Advisor of Independent Directors has expressed a price range for each of the Shares between Euro 5.70 and Euro 10.00;
- (c) *DCF sum-of-the-parts valuation*: with reference to such a methodology of assessment the Financial Advisor of Independent Directors has expressed a price range for each of the Shares between Euro 6.91 and Euro 8.76;
- (d) *Trading multiples valuation*: with reference to such a methodology of assessment the Financial Advisor of Independent Directors has expressed a price range for each of the Shares between Euro 4.94 and Euro 6.78;
- (e) *Transaction multiples valuation*: with reference to such a methodology of assessment the Financial Advisor of Independent Directors has expressed a price range for each of the Shares between Euro 4.83 and Euro 9.98.

On the basis of the analyses carried out and taking account of the limitations set forth in the Fairness Opinion of the Financial Advisor of Independent Directors, the Financial Advisor of Independent Directors has concluded that the Consideration is **fair** from a financial point of view.

### **3.3.3 Opinion of the Independent Expert**

The Board of Directors, in order to be able to assess with greater certainty the fairness of the Consideration, has commissioned Credit Suisse International as Independent Expert within the meaning of art. 39, paragraph 1, letter d) of the Issuers Regulation, which has been given a mandate with the purpose to provide elements, data and useful references in support of the evaluations of the Board of Directors regarding the fairness of the Consideration.

The Independent Expert has carried out its own analysis in an autonomous way and has released the Fairness Opinion of the Independent Expert, within the meaning of the invoked art. 39, paragraph 1(d) of the Issuers Regulation, dated 1 August 2016.

Copy of the Fairness Opinion of the Independent Expert is attached to this Press Release of the Issuer as **Annex 2**, to which reference is made for a detailed analysis of the considerations carried out by the Independent Expert.

In particular, below is a synthetic indication about the evaluation methodologies used by the Independent Expert and the result reached by the Independent Expert as the outcome of these methods:



- (a) *Discounted cash flow analysis:* With reference to such a methodology of assessment, the Independent Expert has expressed a price range for each of the Shares between Euro 8.09 and Euro 10.26;
- (b) *Trading analysis:* With reference to such a methodology of assessment, the Independent Expert has expressed a price range for each of the Shares between Euro 4.14 and Euro 7.45;
- (c) *Selected Companies analysis:* With reference to such a methodology of assessment, the Independent Expert has expressed a price range for each of the Shares between Euro 5.17 and Euro 7.01;
- (d) *Selected Companies sum-of-the-Parts analysis:* With reference to such a methodology of assessment, the Independent Expert has expressed a price range for each of the Shares between Euro 7.55 and Euro 11.25;
- (e) *Acquisition premia analysis:* With reference to such a methodology of assessment, the Independent Expert has expressed a price range for each of the Shares between Euro 7.64 and Euro 8.24;
- (f) *Selected transactions analysis:* With reference to such a methodology of assessment, the Independent Expert has expressed a price range for each of the Shares between Euro 6.05 and Euro 7.77;
- (g) *Analysts' target prices:* With reference to such a methodology of assessment, the Independent Expert has expressed a price range for each of the Shares between Euro 5.70 and Euro 10.00.

On the basis of the analyses carried out and taking account of the limitations set forth in the Fairness Opinion of the Independent Expert, the Independent Expert has concluded that the consideration is **fair** from a financial point of view.

### **3.3.4 Evaluations of the Board of Directors on the Consideration of the Offer**

The Board of Directors took note of what is stated in the Offer Document as well as the other information contained in the Documentation Examined.

Therefore, in line with the findings of the Opinion of the Independent Directors and the Opinion of the Expert, the Board of Directors considers in turn **fair** the Consideration offered by the Offeror.

## **4. Indication on the participation of the members of the Board of Directors in the negotiations for the definition of the Operation**

The President Luca Sabelli, as a member of Studio Legale Sabelli, has lent its expertise in favour of HeidelbergCement and of the Offeror in relation to the conclusion of the SPA in relation to the promotion of the Offer.

The Executive Vice President Lorenz Näger, who is also the Financial Director of HeidelbergCement, and Executive Vice President Dominik von Achten, who is also the Vice-Chief Executive Officer of HeidelbergCement, have also participated in the negotiations with Italmobiliare for the definition of the Acquisition.

The Independent Director Laura Zanetti, that acts also as Independent Director of Italmobiliare, on 1 August 2016 has declared that she participated to the approval resolution of the Acquisition by the Board of Directors of Italmobiliare.

No other member of the Board of Directors in office on the Issuer's Press Release Date has participated in any way in negotiations for the definition of the Operation in the context, in which the Offer was promoted by the Offeror.

See also Section 1. Paragraph 1.2, of the present Press Release of the Issuer.

## 5. Update of publicly available information and communication of relevant facts within the meaning of art. 39 of Issuers' Regulation

### 5.1 Information on significant events subsequent to the approval of the last budget or the last infra-annual periodical published accounting situation

On August 1, 2016, the Board of Directors examined and approved the half-year report as at and for the six months ended June 30, 2016, which is incorporated as a reference in the present Press Release of the Issuer. At the same date, the dossier containing the half-yearly financial report for the six months ended 30 June 2016 was made available to the public on the Issuer's Internet site ([www.italcementigroup.com](http://www.italcementigroup.com) in section "Investor Relations/Financial Reports"),

Below is a summary of the main economic, patrimonial and financial data from the half-yearly financial report for the six months ended 30 June 2016.

In the first semester 2016, **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 Italcementi 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 Italcementi 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.

## 5.2 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 Italcementi 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

There are no significant events to other than those indicated therein.

### **5.3 Information on the recent development and prospects of the Issuer, if not included in the Offer Document**

In addition to the foregoing, it is noted that:

- (a) On 22 July 2016, the Issuer, through its subsidiaries, has reached an agreement with Aalborg Portland Holding A/S, a company forming part of the Group of the Cementi holding, regarding the sale of Compagnie des Ciments Belges S.A. The agreed Consideration provides a valorisation of Euro 312,000,000 (*enterprise value*) on the debt free cash free basis. The consideration for the sale of Compagnie des Ciments Belges S.A. will be adjusted according to the net financial position at the date of closing, which will also rectify the enterprise value agreed upon. The agreement is conditional on approval of the European Commission. The European Commission will have to verify and confirm that Aalborg Portland Holding A/S is a suitable purchaser and that the content of the agreement is in line with the authorisation of the European Commission and with the commitments made by HeidelbergCement for the purpose of obtaining this authorization. The operation is estimated to be completed in the second half of 2016 as a result of obtaining the aforesaid authorisation by the European Commission;
- (b) Among the obligations imposed by the Federal Trade Commission of United States in order to authorize the Acquisition on the part of the Offeror there is a provision that the production site of Essroc and the quarry of Martinsburg together with seven terminals are alienated to a purchaser of satisfaction of the Federal Trade Commission of United States. At the request of the designated purchaser, also two additional terminals in Ohio will have to be disposed of. A further terminal in Indianapolis has now been sold to Cemex, Inc. on 5 July 2016, while the other commitments should be fulfilled within 120 days from the Execution Date.

There is no additional information on recent developments and prospects of the Issuer, with respect to the foregoing and to what has already been indicated in Section B, paragraph B.2.5 of the Offer Document and in the half-yearly financial report for the six months ended 30 June 2016.

## **6. The effects of the eventual success of the Offer on the employment levels of the Issuer and on the location of production sites**

As indicated in section G, Paragraph G.2.4. of the Offer Document, the Offeror provides to reorganize partially both the corporate structure of the Issuer and the Italian management structure, as well as the local organization in other countries (where savings they can be obtained in terms of efficiency). The strategy of HC group is to combine the functions of service and business support in Heidelberg and reallocate these functions of the Issuer from Bergamo to Heidelberg. The headquarters of the Italian territorial organization should remain in Bergamo. In addition, the Offeror intends to create a global product innovation function for the whole HC Group in Bergamo, based on the Issuer's existing research and product development activities. The reorganization that is expected to be completed in 2020 will have a possible impact on about 400 workers at the corporate level of the Issuer and of the Italian head office, out of a current total of 2,500. HeidelbergCement has offered 170 positions within the HC Group to workers will be made redundant as a result of the reorganization. Any excesses will be managed through the social amortisation agreed with the trade unions.

The opinion of the Issuer's representatives of the employees of the Issuer has not been received. If released, will be made available to the public in compliance with the applicable laws and regulations.

The Press Release of the Issuer is transmitted to the representatives of workers within the meaning of art. 103, paragraph 3-bis of the TUF.

## **7. The information referred to in art. 39, paragraph 1(h) of the Regulation on Issuers**

The Offeror has represented in the Offering Document that if the Delisting were not reached at the end of the Offer, the Offeror will consider the opportunity to proceed to the merger of the Issuer with the Offeror or the merger of the Issuer with another non-listed company of the HC Group, with consequent Delisting and/or other disposals, de-mergers, aggregations of the Italcementi Group companies with the HC Group companies in order to fully integrate the activities of the Issuer also on local markets.

The Offeror has also declared that it will assess the opportunity to proceed with a merger of the Issuer with a non-listed company of the HC Group and/or other disposals, de-mergers, aggregations of the Italcementi Group companies with the HC Group companies even if the shares had already stopped to be traded on the market.

In addition, in order to complement the activities of the Offeror and of the Issuer, the Offeror has stated that will also consider the opportunity to implement additional extraordinary operations, as well as other mergers within the group, transactions or transfers of company or companies or company branches involving entities of the HC Group and of the Italcementi Group.

The Offeror has however stated that, at the date of the Offer Document, it has not taken any decision with reference to possible mergers involving the Issuer nor the implementing rules.

The effects of a possible future merger on the indebtedness of the Issuer, on existing financing contracts and related guarantees, as well as the possible need to conclude new financing contracts will depend on the identity of the non-listed company of the HC Group, with which the Issuer would merge, the modes of implementation of the merger and the sufficiency of the assets and financial flows of the company resulting from the merger to repay the debt.

## **8. Conclusions of the Board of Directors**

With reference to the Consideration, the Board of Directors, unanimously, in the light of its own assessments, and also taking account of the views expressed by the Independent Directors and the Opinion of the Expert, believes that it is **reasonable** from a financial point of view.

In this regard, the Board of Directors, still in the context of the meeting of 1 August 2016, has resolved unanimously to offer all of the 3,861,604 Treasury Shares held by the Issuer as of the Issuer's Press Release Date, equal to 1.1% of its share capital.

The Board of Directors specifies, in any case, that the economic advantage of the acceptance of the Offer will be evaluated by the individual shareholder at the time of joining, taking account of the foregoing, the trend of the share price and the declarations of the Offeror in particular and of the information contained in the Offer Document.

\* \* \* \* \*

The present release of the Issuer, together with its annexes, is published on the Issuer's Internet site [www.italcementigroup.com](http://www.italcementigroup.com) in section "Investor Relations/OPA HEIDELBERGCEMENT".

\* \* \* \* \*

Bergamo, 1 August 2016

For the Board of Directors

Luca Sabelli, Chairman

## Appendices

**Annex 1** Opinion of the Independent Directors and Fairness Opinion of the Financial Advisor of Independent Directors;

**Annex 2** Fairness Opinion of the Independent Expert.

## OPINION OF THE INDEPENDENT DIRECTORS OF ITALCEMENTI S.P.A.

IN ACCORDANCE WITH ARTICLE 39-BIS OF THE REGULATION ADOPTED BY CONSOB UNDER RESOLUTION NO. 11971 OF MAY 14, 1999, AS AMENDED AND SUPPLEMENTED (“ISSUERS’ REGULATION”), CONCERNING THE MANDATORY PTO PURSUANT TO ARTICLE 106, PARAGRAPH 1-BIS OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998, AS AMENDED (THE “TUF”), MADE BY HEIDELBERGCEMENT FRANCE S.A.S. COVERING ALL OF THE COMMON SHARES OF ITALCEMENTI S.P.A.

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#### **I. SUBJECT MATTER OF THE OPINION**

This opinion was drafted pursuant to Article 39-bis, paragraph 2, of the Issuers’ Regulation (“**Opinion**”) and contains the evaluations made by the independent directors of Italcementi S.p.A. (“**Italcementi**”, “**Issuer**”, or “**Company**”), Peter Caliceti (“**Lead Independent Director**”), Paolo Benazzo, Victoire de Margerie, Lorenzo Renato Guerini, Maria Martellini, Claudia Rossi, and Carlo Secchi (“**Independent Directors**”). To wit (i) on the mandatory PTO that HeidelbergCement France S.A.S. (“**Offeror**”) – a company wholly and indirectly controlled by HeidelbergCement – has made an offer under Article 106, paragraph 1-bis, of the TUF, for 100% of the common stock of Italcementi (“**PTO**” or “**Offer**”) and (ii) on the fairness of the consideration offered within the context of that PTO.

Note that Prof. Laura Zanetti, while having the status of an independent director of Italcementi, decided not to participate in the work of the Independent Directors in issuing this Opinion for reasons of propriety. This is connected to the fact that the independent directors are being called up-



on to express their opinion on the PTO and on the fairness of the price contained in the Offer. Those same the independent directors see the company Italmobiliare (former majority shareholder with respect to Italcementi) as an involved party, being the seller of the Total Stake (as defined below), where Prof. Laura Zanetti was and still is a member of the Board of Directors and the Executive Committee.

Terms with capital letters, unless otherwise defined in this Opinion, have the same meaning as that ascribed to them in the Offering Document (as defined below).

## **2. PURPOSE AND LIMITATIONS ON THE SCOPE OF THE OPINION**

This Opinion is being drafted exclusively for the purposes of and within the meaning of Article 39-*bis* of the Issuers' Regulation and thus shall be made available to the Board of Directors of the Issuer only for the purposes of the release, by the latter, of the subsequent communiqué, which, pursuant to Article 103, paragraphs 3 and 3-*bis*, of the TUF and Article 39 of the Issuers' Regulation<sup>1</sup>, the Board of Directors of Italcementi must disseminate in order to make known all data useful for the evaluation of the PTO, its reasoned valuation thereof and assessment of the fairness of the consideration, as well as an evaluation of the effects that an eventual successful PTO would have on the interests of the enterprise, on employment, and on the location of production sites (“**Issuer's Notice**”).

Therefore, the purpose of the Independent Directors' Opinion is only to elucidate the evaluations that – within the limits and for the purposes referred to in Article 39-*bis* of the Issuers' Regulation – they have made as a result of analyses, also with the assistance of the Independent Expert (as defined below at Article 3), both in relation to the Offer as a whole as well as from the point of view of the fairness of the consideration of the PTO.

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<sup>1</sup> Note that pursuant to Article 39, paragraph 1, of the Issuers' Regulation: “*The issuer's statement shall: a) indicate the names of the members of the board of directors and control body present during the meeting for assessing the offer, as well as the names of those absent; b) indicate any members of the board of directors or the supervisory board who have notified the fact that they have a possible conflict of interest, their own or of third parties, relating to the offer, specifying the nature, terms, origin and scope thereof; c) contain all the information serving to evaluate the offer together with the reasoned opinion on the offer and the fairness of the price by the board of directors and the supervisory board, with an indication, where applicable, of its approval by majority vote and the names of those dissenting and abstaining, specifying the reasons for any dissent or abstention. The statement shall also specify, positively or negatively, any participation by any title of the members of the administrative body and supervisory board in negotiations to define the transaction; d) indicate whether, in forming their opinion on the offer, the issuer made use of independent expert opinions or specific assessment documents. In these latter cases, the methods used and the results of each criteria applied shall be indicated; e) provide information on material matters not covered in the latest annual report or the latest interim report published; f) provide information on the issuer's recent performance and prospects if they are not reported in the bid document; g) contain, for bids on securities other than those pursuant to Article 101-*bis*, subsection 3 of the Consolidated Law, an assessment of the effects that a successful bid would have on the company's interests, as well as on employment and the location of production sites; h) where a merger is envisaged that involves the issuer and one of the parties specified by article 39-*bis*, subsection 1, paragraphs a) and b) and that involves an increase in the debt of the issuer, supplies information on the company's debt resulting from the merger; in this case, it also indicates the effects of the transaction on the loan agreements in place and on the related guarantees as well as on the need to stipulate new loan agreements*”.

As a result, the Opinion – within the limits of and in line with the purposes provided for by the Italian legislation referred to above – does not in any manner replace the Issuer’s Notice or the Offering Document and in no manner does it have the purpose of (nor can it be deemed suitable for) providing guidance or soliciting, recommending, or providing assurance to anyone (whether a shareholder or a third-party investor) with respect to a decision whether or not to join the PTO (or to carry out any transaction on the financial instruments of the Issuer). Nor it does it eliminate the need for all interested parties to perform their own assessments on subscribing to the Offer and any other transaction involving the Issuer and the financial instruments issued by it, particularly on the basis of the Offering Document and of the Issuer’s Notice.

Note that, as indicated by the Offeror in the Offering Document (see paragraphs F.4.2 and F.4.3), the PTO is also being made: (i) *“in the United States of America pursuant to Section 14(e) of, and Regulation 14E under, the U.S. Securities Exchange Act, subject to the exemptions provided by Rule 14d-1(d) under the U.S. Securities Exchange Act”* and (ii) *“in Canada pursuant to the de minimis exemption rule provided by Section 4.5 of Canadian National Instrument 62-104”*. As expressly stated in the Offering Document: *“The Offer is being made for the Shares of Italcementi, an Italian company with shares listed on the MTA, and is subject to Italian disclosure and procedural requirements, which may be different from those of the United States of America”* (see paragraph A.15).

In view of the above, it is reiterated that the Opinion – drafted exclusively on the basis of, within the meaning of, and for the purposes of Italian rules and, in particular, with the purposes and within the limits of Article 39-bis of the Issuers’ Regulation – is in no manner intended to comply with rules other than those of Italy, nor is it, under any circumstance, to be evaluated, interpreted, and/or used in light of or in application of any other rules, including those of the United States of America and/or of Canada.

### **3. EVALUATION PROCESS: (I) SELECTION AND APPOINTMENT OF THE INDEPENDENT EXPERT**

As allowed by Article 39-bis, paragraph 2, of the Issuers’ Regulation, the Independent Directors have seen fit to avail themselves, at the expense of the Company: (i) of the assistance of an independent expert, which, as a result of a selection process, was identified as J.P. Morgan Limited (“**Independent Expert**” or “**J.P. Morgan**”) and (ii) of advice from the Pedersoli law firm of Milan.

The Independent Expert, having confirmed the absence of economic, capital, and financial relations or other circumstances that may affect its independence, on 29 July 2016 issued the fairness opinion which is attached to this Opinion as “Annex A”, the conclusions of which are described below in Paragraph 7.2 (“**Fairness Opinion**”).

### **4. CONTINUED: (II) DOCUMENTATION REVIEWED TO DRAFT THE OPINION**

To prepare this Opinion, the Independent Directors reviewed the following documentation:

- a) the press releases published by the Issuer and by the Offeror concerning the PTO as well as several comments and news items that appeared in the press regarding the Offer, the Issuer, and the Offeror;

- b) the Offeror Notice where the applicability of the obligation to make the Offer was acknowledged, on 1 July 2016, pursuant to Article 102, paragraph 1, of the TUF and Article 37-ter of the Issuers' Regulation;
- c) the offer document provided by the Offeror in accordance with Article 102 of the TUF ("**Offering Document**"), which the Independent Directors received, after its filing with CONSOB on 12 July 2016, on 21 July 2016 and, in its latest version – as approved by CONSOB Resolution No. 19681 of 26 July 2016 – on 25 July. The Offering Document was made public on 28 July 2016;
- d) the Fairness Opinion of the Independent Expert;
- e) the Informational Document relating to transactions of major significance with related parties (drafted pursuant to Article 5 of the Regulation adopted by CONSOB under Resolution No. 17721 of 12 March 2010, as amended) that refers to the disposal of Non-Core Assets<sup>2</sup>;
- f) summary of the agreements reported to CONSOB pursuant to Article 122 of the TUF Issuers' Regulation, made public on 29 July 2015, and the amended summary thereof made public on 29 June 2016.

With reference to the transaction that led to the acquisition by the Offeror of the Total Stake, note that the latter provided an extract from the agreement (specifically Articles 2.1, 2.2, 2.3, and 2.4, as well as a portion, with omissions, of the appendix concerning the definitions used) signed between Italmobiliare and HeidelbergCement, dated 28 July 2015, relating to the acquisition by HeidelbergCement of the Contributed Shares following the execution of an in-kind capital increase reserved for Italmobiliare, resolved as indicated below in Paragraph 6.1(b) (the "**SPA**").

##### **5. CONTINUED: (III) MEETINGS AND ACTIVITIES PERFORMED IN PREPARING THE OPINION**

Since the date of JP Morgan's assignment of the task, the Independent Directors (partially through the Lead Independent Director) have maintained constant contact with the Independent Expert, which has made several presentations concerning, among other things, the reference scenario and evaluation methods used with regard to Italcementi for the formulation of the Fairness Opinion.

Furthermore, the Independent Directors themselves carried out the following investigative and valuation activities for the purposes of the preparation of the Opinion:

- a) on 6 May 2016, the Independent Directors met to examine how to proceed in the envisioned eventuality of a full or partial change in the composition of the Board of Directors as a result of the change in control. At that meeting the Independent Directors decided to request an opinion from a legal expert of clear authority and independence, later choosing Prof. Mario Notari, who was asked to provide his opinion with respect to the procedures to be followed in such circumstances as well as for the purposes of the issuance of an opinion from the Independent Directors in connection with the Offer;
- b) on 17 June 2016, the Independent Directors met for information on the contacts made be-

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<sup>2</sup> For a description of the transaction that involved Non-Core Assets, see Note 4 of the Opinion, below.

- tween the Lead Independent Director and Prof. Mario Notari in connection with the above-mentioned opinion. On that occasion, after appropriate selection, they also agreed to assign the task of independent expert to JP Morgan, for the purposes of preparation of the Opinion; the attorney Carlo Pedersoli was retained as legal advisor;
- c)** on 29 June 2016 – following the signing by Italmobiliare and HeidelbergCement of an agreement supplementing the SPA that enabled the parties to finalize the transaction for acquiring the Total Stake on 1 July 2016 – the Independent Directors met to examine the backgrounds of possible candidates to co-opt the posts of directors of Italcementi, also in view of the conclusions expressed by Prof. Mario Notari in the opinion given to the Independent Directors on 28 June 2016;
  - d)** on 5 July 2016, the Independent Directors met with the Independent Expert and with the legal advisors to discuss and select the relevant documentation set to be gathered and reviewed as a priority;
  - e)** following the meeting referred to above at point d), on 6 July 2016 the Lead Independent Director held a conference call with the Independent Expert and the Company, in which clarifications and more detailed steps were provided regarding the relevant documentation set for the purposes of the task assigned to the Independent Expert;
  - f)** on 18 July 2016, the Independent Directors, the Independent Expert, and the legal advisor met and discussed the structure of the Offer – particularly the methods by which the Offeror had acquired the Total Stake directly from Italmobiliare and indirectly by conferral of shares of Italmobiliare to HeidelbergCement and the simultaneous sale to the Offeror – as well as the appropriateness of the Issuer providing additional financial documentation to the Independent Expert over and above what had been gathered up to then;
  - g)** also on 18 July 2016, the Lead Independent Director held a conference call with the Independent Expert, the legal adviser, and the Company. At that time, they examined and discussed several financial documents on the Italcementi group analysed by JP Morgan;
  - h)** on 19 July 2016, the Lead Independent Director held a conference call with the Independent Expert, the legal adviser, and the Company. At that time, they examined and discussed several financial documents on the Italcementi group analysed by JP Morgan;
  - i)** on 21 July 2016, the Independent Directors held a conference call with the legal advisor, during which they discussed and ultimately agreed on the appropriateness of exercising the power granted under Article 39-bis, paragraph 4<sup>3</sup>, of the Issuers’ Regulation, and on making a formal request to the Offeror of the “*the information on the bid provided to the lenders;*”

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<sup>3</sup> Recall that, pursuant to Article 39-bis, paragraph 4, of the Issuers’ Regulation, in the case of offers made by directors “*or by parties acting in concert with them, if said parties have contracted debts for the acquisition, the bidder shall promptly notify the independent [...], upon their request, of the information on the bid provided to the lenders, also following the publication of the opinion*”.

- j) on 22 July 2016, the Lead Independent Director, as a result of what had been agreed with the other Independent Directors, forwarded a formal communication to the Offeror requesting any relevant documentation pursuant to Article 39-bis, paragraph 4, of the Issuers' Regulation. Note that, on 28 July 2016, the Offeror received the above-mentioned communication, acknowledging that those financing the Offer had not received additional information from the HC Group over and above the information contained in the Offering Document or otherwise already known to the Independent Directors by virtue of the offices they held;
- k) on 25 July 2016, the Lead Independent Director held a conference call with the legal advisor and the Company. At that time, they examined and discussed several financial documents on the Italcementi group analysed by JP Morgan;
- l) on 28 July 2016, the Lead Independent Director held a conference call with the Independent Expert and the legal advisor. At that time, the Independent Expert described the procedures followed and the analyses carried out in connection with its own task, making reference to the principal components of the Fairness Opinion still being completed;
- m) lastly, on 29 July 2016, the Independent Directors met with the Independent Expert and with the legal advisors and examined the conclusions from the analyses and assessments made by the Independent Expert in the final version of the Fairness Opinion and, accordingly, they finalized and approved the Opinion.

## **6. EVALUATION OF THE OFFER.**

### **6.1 Essential elements and nature of the Offer.**

From the review of the Offering Document (see the Offering Document for a complete and detailed description of the contents of the Offer), the Independent Directors discussed the following information.

- a) The Offer, being promoted by HeidelbergCement France S.A.S. ("**HeidelbergCement France**" or "**Offeror**") (company whose share capital is held wholly and indirectly by HeidelbergCement) concerns 192,098,873 common shares of Italcementi, without indication of the par value, with regular dividend rights; included are 3,861,604 ordinary treasury shares held by the Issuer, these shares corresponding, on the publication date of the Offering Document ("**Offering Document Date**"), to approximately 1.11% of the share capital of the Issuer ("**Treasury Shares**").

All of the shares which are the subject of the PTO represent, as of the Offering Document Date, 55.00% of the share capital of Italcementi ("**Shares**"), and thus correspond to all of the common shares issued by Italcementi, having deducted the Total Stake, or – according to the Offering Document – the Issuer's 157,171,807 common shares, corresponding to 45% of the Company's capital.

The Offeror declared (see paragraph C.1), that it reserved "*the right to purchase ordinary shares of the Issuer outside of the Offer, within the Acceptance Period, which may be re-opened following the Re-opening of the Acceptance Period or extended as well as during and/or following the Obligation to Purchase pursuant to Art. 108, paragraph 2, TUF, to*

*the extent permitted by law and regulation, resulting in decrease of the number of ordinary shares subject to the Offer”.*

Further, as indicated in the Offering Document (see paragraph C.1), *“the Issuer has not issued convertible bonds, warrants and/or financial instruments that grant voting rights, even limited to specific topics, at ordinary and special shareholders’ meetings, and/or other financial instruments that could grant to third parties in the future rights to purchase Issuer’s shares or merely voting rights, even limited”.*

- b)** The Offeror declared that the Offer shall take the form of an obligatory offer, pursuant to Article 106, paragraph 1-bis, of the TUF and specified that *“the obligation to proceed with the Offer follows the completion, on July 1, 2016 (the “Closing Date”), of the transaction for the purchase of No. 157,171,807 ordinary shares representing 45.00% of the share capital of Italcementi (the “Total Stake”) by Offeror, at a price of EUR 10.60 for each share constituting the Total Stake (the “Acquisition”).*

It is helpful to cite what the Offeror stated in this regard: **(I)** *“On July 28, 2015 HeidelbergCement and Italmobiliare S.p.A. (“Italmobiliare”) executed a share purchase agreement (the “Contract with Italmobiliare” or “SPA”) pursuant to which HeidelbergCement agreed to purchase from Italmobiliare, which agreed to sell to HeidelbergCement, the Total Stake at a price per share of EUR 10.60. The total consideration for the Acquisition was agreed to be paid partially by exchanging a number of newly issued shares of HeidelbergCement comprised between 10,500,000 and 7,750,000 and the remaining portion in cash. The price of the shares of HeidelbergCement that would have been issued against the Contributed Shares (as defined below), would have been equal to the higher value of (i) EUR 72.5 and (ii) the volume-weighted average price of the HeidelbergCement shares based on the share prices fixed by Xetra in the thirty (30) business days period ending 10 business days prior to the Closing Date*<sup>4</sup>; **(II)** *on 21 June 2016, [...] (i) HeidelbergCement notified to Italmobiliare that the price of the HeidelbergCement shares to be issued in exchange of the Contributed Shares, was equal to EUR 75.06 and (ii) Italmobiliare elected to receive No. 10,500,000 shares of HeidelbergCement in exchange for 74,351,887 shares of Italcementi representing 21.29% of the share capital of Italcementi (the “Contributed Shares”);* **(III)** *on June 27, 2016 Italmobiliare was notified that, according to the SPA, the Offeror, as assignee of certain rights pursuant to the SPA, would acquire No. 82,819,920*

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<sup>4</sup> According to the Offering Document, *“Italmobiliare undertook also to purchase from Italcementi its participation in certain non-core assets in renewable energies (Italgen S.p.A. and its controlled and affiliated companies the “Italgen Group”) and eprocurement (Bravosolution S.p.A. and its controlled and affiliated companies the “Bravosolution Group”) businesses, as well as certain real estate assets located in Rome (Bravosolution Group, Italgen Group and the real estate assets, the “Non-Core Assets”), for a price to be EUR 241,000,000.00 in total (less the net financial position of the Italgen Group and the Bravosolution Group multiplied by the relevant participation held) or, if higher, the aggregate fair value of the Non-Core Assets determined by any one of the two experts appointed by Italcementi and Italmobiliare respectively (less the net financial position of the Italgen Group and the Bravosolution Group multiplied by the relevant participation held)”. The operation was also approved by the Committee for transactions with related parties of Italcementi with the relevant opinion, available on the Issuer's website <http://www.italcementigroup.com/NR/rdonlyres/9CD7B490-B18C-471F-A570-06224F2BE794/0/201512Documentoinformativo.pdf>).*

*Italcementi Shares representing 23.71% of the share capital of Italcementi (the “Sold Shares”) at a price per share of EUR 10.60, while the purchase of the Contributed Shares would remain as an obligation of HeidelbergCement; (IV) on July 1, 2016 (the “Closing Date”) the Offeror [...], purchased the Sold Shares for a cash consideration per share of EUR 10.60, HeidelbergCement, following the contribution in kind, acquired the Contributed Shares at a price per share of EUR 10.60 in exchange for No. 10,500,000 HeidelbergCement shares. On the same date, HeidelbergCement re-transferred the Contributed Shares, purchased by way of contribution in kind, to the Offeror for a per share cash consideration equal to EUR 10.60”.*

- c) Considering the obligatory nature of the Offer, the consideration of the PTO must be set in compliance with Article 106, paragraph 2 of the TUF, pursuant to which the Offer must be made at “*at a price no less than the highest price paid by the bidder, and by persons acting in concert with the bidder, in the twelve months prior to issue of the notice pursuant to article 102 subsection 1, to acquire securities of the same class*”.
- d) Because the PTO is an obligatory full PTO pursuant to Article 106, paragraph 1-bis of the TUF, no condition of efficacy can be appended to it and no distribution scenario is provided for; the Offer is not conditional to obtaining any authorization.
- e) Notwithstanding the provision of Article 2 above, the Offer shall be made, indiscriminately and at the same conditions, to all the shareholders and is being made in Italy, the United States of America and Canada.
- f) According to the Offering Document (see paragraphs C.1 and F.1.2), the Shares subject to the PTO must be freely transferrable to the Offeror and free of liens and encumbrances of every type, be they real, obligatory or personal.

## **6.2 Considerations on the possible, different scenario at the outcome of the Offer.**

In order to be able to formulate considerations on the PTO that go beyond its compliance with the law, it would be helpful to consider the scenario that could occur at its completion, also considering the statements by the Offeror in the Offering Document, concerning the goals pursued by the Offer.

- a) In general terms, it is necessary to point out that in the Offering Document (see paragraphs 1.2 and 1.5) the Offeror expressly stated that its purpose is to “*acquire the entire share capital of the Issuer and achieve the Delisting*”, namely remove Italcementi shares from trading on the **Mercato Telematico Azionario [Screen Based Stock Exchange]**, “*in order to fully integrate Italcementi's business into the HC Group*”.
- b) In this regard, the Offeror set out in the Offering Document the different methods it plans to use to achieve Delisting based on the percent of participation in the PTO, declaring that: (i) it does not intend, in any case, to reconstitute the float, with the resulting possibility that Borsa Italiana S.p.A. order the suspension or revocation from the trading of the shares, where it is held that the conformity of trading is not guaranteed due to the insufficiency of the float; and that (ii) if Delisting is not achieved at the end of the Offer, it will consider the suitability of merging Italcementi with the Offeror or to the merger of Italcementi with an-

other unlisted company of the HC Group, with resulting Delisting of the Issuer (“**Merger**”).

- c) In light of the above, the Independent Directors believe that for the purposes of the decision on whether or not to consent to the PTO, the shareholders of Italcementi should above all consider the eventuality, in the event that they were to decide not to consent to the PTO, to be able to become, as a result of the Offer and the subsequent transactions presented by the Offeror, shareholders of an unlisted company. In particular, in case of Delisting, the shareholders of Italcementi would have to consider certain aspects and elements, including but not limited to the following:
- (i) the shareholders would become holders of Italcementi shares that could not be traded on any regulated market, with the resulting difficulty of liquidating their investment;
  - (ii) pursuant to Article 6 of the Italcementi Articles of Association currently in effect, *“the introduction or cancellation of constraints on the circulation of stocks is not a cause for the right of withdrawal by the shareholders who did not participate in approving the relevant resolution”*;
  - (iii) Article 2437-*quinquies* Civil Code provides that *“if shares traded on regulated markets the shareholders who were not involved in the resolution that entails the exclusion from listing have the right of withdrawal”*: therefore, if the exclusion from trading of the Italcementi shares is not the result of a Merger resolution, notwithstanding any additional causes for withdrawal, the shareholders would not be entitled to the right of withdrawal pursuant to Article 2437-*quinquies* Civil Code;
  - (iv) the information obligations imposed on unlisted companies are significantly less than those required for listed companies and essentially limited to financial statements. The same considerations would apply if, at the conclusion of the PTO, Italcementi could be classified as a joint stock corporation whose capital is significantly widely-held by the public, pursuant to Article 2-*bis* of the Issuers’ Regulation<sup>5</sup>: in this scenario, even if the information obligations are greater than those pro-

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<sup>5</sup> Pursuant to Article 2-*bis* of the Issuers’ Regulation: 1. *“1. Issuers of shares widely distributed among the public shall mean Italian issuers that contemporaneously: (a) have different shareholders to the majority shareholders accounting for more than five hundred, overall holding an at least 5% share in the share capital; (b) are not eligible to draw up simplified annual financial statements under the first subsection of Article 2435-bis of the Italian Civil Code. 2. The limits referred to in the previous subsection shall be considered to have been exceeded only if the shares: - have been the subject of a public subscription offer and sale or payment of an exchange tender offer; - have been the subject of placement, in any form such may have been implemented, also with regards to qualified investors only, as defined in accordance with Article 34-ter, paragraph 1, letter b); - are or have been traded on multilateral trading systems with the consent of the issuer or controlling shareholder or have been admitted to trading on regulated markets and subsequently been revoked; - are issued by banks and purchased or subscribed by their offices or dependencies. 3. Issuers whose shares are subject to legal limitations concerning their circulation, including the exercise of property rights, or whose corporate purpose is exclusively to engage in non-profit social activities or the enjoyment of a good or service by the shareholders shall not be considered issuers of widely distributed shares. 4. Italian issuers of bonds of a nominal value that totals at least 5 million euro and with bondholders numbering more than five hundred are issuers of bonds diffused amongst the public to a significant extent”*



vided for “closed” companies (or those that utilize the risk capital market), they are however significantly lower than those provided for listed companies;

- (v) The exercise of specific rights (e.g. right to object to shareholders meeting resolutions pursuant to Article 2377 Civil Code, promotion of liability actions pursuant to Article 2393-bis Civil Code, etc.) by minority shareholders of “closed” companies requires the ownership of stakes higher than those required for “open” companies (or companies that are placed on the risk capital market).
- d) Still in general, the Offeror stated in the Offering Document that:
  - (i) “the Acquisition and the Offer represent a significant strategic transaction for the Offeror and HC Group, which aims at building sustainable growth in its business of building materials” (see paragraph 1.5), “creating synergies among investments, costs, production, research and development” (see paragraph A.5);
  - (ii) even if the Italcementi shares had already stopped being traded on the market, the Offeror, in order to fully integrate Italcementi's activities in an incisive and effective fashion, should evaluate the advisability of merging the Issuer with an unlisted HC Group company and/or of other transfers, spin-offs, combinations of companies of the Italcementi Group with companies of the HC Group.
- e) In this last respect, it should be pointed out that, based on what the Offeror has reported, on the Date of the Offering Document, the Offeror “the Offeror has not made any decision regarding possible mergers involving the Offeror or as to how they would be accomplished” (see paragraph A.12.2 and G.3).
- f) With reference to the possibility of a completed Merger note (not limited to) the following profiles:
  - (i) the Merger will entail the Delisting of Italcementi with, among other things, the consequences illustrated in Paragraph 6.2(c) above, notwithstanding that, if the incorporating company or the company resulting from the merger were to be a foreign company, the minority rights could be different and lesser compared to those provided for by Italian law;
  - (ii) if, when the Merger is resolved, the Italcementi shares are listed, the shareholders would be entitled to the right of withdrawal pursuant to Article 2437-quinquies Civil Code. In that case it should be pointed out that the liquidation value of the Italcementi shares, for which the right of withdrawal can be exercised, shall be determined in application of Article 2437-ter Civil Code<sup>6</sup>, referring only to the arithmetic average of the closing prices for the six months prior to the publication of the notice of the shareholders’ meeting called to vote on the Merger. Thus it is necessary to emphasize that the liquidation value of the stake subject to withdrawal could be lower

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<sup>6</sup> Pursuant to Article 2437-ter, paragraph 3, of the Civil Code: “the liquidation value of shares listed on regulated markets is determined by exclusive reference to the arithmetic mean of the closing prices in the six months that precede the publication or receipt of the notice of convocation of the shareholders meeting whose resolutions the withdrawal”.

than the Consideration provided by the PTO;

- (iii) since the exchange rate between the Italcementi shares and the shares of the incorporating company (or the company resulting from the Merger) had not been fixed in advance by the Offeror (taking into account by the provision of Paragraph 6.2(e) above, the valuation of Italcementi could be different than the implicit valuation in the Consideration of the PTO;
- (iv) the effects of a possible future Merger on the Issuer's borrowing, the existing financing agreements and the guarantees in question, as well as the need to make new loan agreements will depend on with which unlisted HC Group company Issuer could be merged, on the method for implementing the Merger and on the fitness of the assets and the financial flows of the incorporating company or resulting from the merger to repay the debt. Currently, these methods have not been illustrated by the Offeror (taking into account the provision of Paragraph 6.2(e)) above and which therefore can in no way be considered for the purposes of the Opinion.

The Offering Document (see paragraph A.3.2. and G.1.2) states:

- the Offeror declared that *“to fully cover the financial needs arising from the payment obligations connected with the Offer, [...] the Offeror will make use, in whole or in part, of its available cash and of intragroup financing for approximately EUR 1,302,000,000.00 provided by HeidelbergCement Finance - [...] and of an additional capital contribution for approximately EUR 734,000,000.00 provided by HeidelbergCement Holding S.à r.l.”*;
- the Offeror further states in the Offering Document (see paragraph G.1.2) that *“HeidelbergCement, through HeidelbergCement Finance, provided a line of credit to cover the Offeror’s general financial needs (including those relating to the financing of the Acquisition for EUR 1,000,000,000.00 and those relating to the financing of the Offer for EUR 1,302,000,000.00) up to a maximum of EUR 2,950,000,000.00”*;
- with reference to the debt taken on by the HC Group, the Offeror claimed that *“in order to allow, inter alia, the financing (or the refinancing) of the acquisition of the Shares by the Offeror under the Offer, Heidelberg Cement may use: (i) financial resources, deriving from the Debt Issuance, for the part not used to finance the Acquisition; (ii) facilities agreement entered into on February 25, 2014 for up to EUR 3,000,000,000.00 (the “Existing Financing Agreement”) with maturity as of 28 January 2019; and/or (iii) the Bridge Financing Agreement<sup>7</sup> for up to EUR 2,050,000,000.00, with maturity as of 28 January*

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<sup>7</sup> The Bridge Financing Agreement is defined in the Offering Document as the *“Syndicated term loan facility agreement executed on July 28, 2015, (amended pursuant to an amendment agreement called “Syndication and Amendment Agreement” on August 21, 2015) with a duration of up to 18 months from July 28, 2015 and which may be extended at the discretion of HeidelbergCement until July 28, 2018. According to the Bridge Financing Agreements, the Lending Banks made available to HeidelbergCement a credit facility for an amount as of today of EUR 2,050,000,000.00”*.

*2017 and which may be extended at the discretion of HeidelbergCement until July 28, 2018”.*

In the event that the Merger is carried out (see Paragraph 6.2(e)), where the financing agreements for the purchase and the payment of the Consideration of the PTO have not been repaid at the time of the Merger, the requirements could be fulfilled for the application of the so-called “merger following purchase with debt” regime pursuant to Article 2501-bis Civil Code<sup>8</sup>, that sets out specific rules and controls with reference, in particular, to the suitability of the assets and financial flows of the incorporating company or resulting from the merger to the repayment of the assumed debt.

- g)** According to the Offering Document (see paragraph A.5), *“for the purpose of the integration of the activities of both Offeror and Issuer, the Offeror will evaluate other extraordinary transactions as well as other intercompany mergers or transfers of assets or companies, or companies branches involving both HeidelbergCement and Italcementi group entities”.*

Also note that, some of the aforementioned operations could be realized without the need for resolutions by the Shareholders Meeting of Italcementi and, therefore, these could be decided directly by the Italcementi Board of Directors (obviously observing, among other things, the rules concerning transactions with related parties, if applicable).

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Having completed these introductory remarks, we believe it would be useful to illustrate the different scenarios that could be finalized, depending on the capital percentage that the Offeror could have at the completion of the PTO, including the possible Re-opening of the Acceptance Period, also due to the effect of purchases possibly made outside the Offer itself, within the Acceptance Period and/or during the Re-opening of the Acceptance Period as well as during and/or following the performance of the purchase obligations pursuant to Article 108 of the TUF.

It must be taken into account that the Offeror, in paragraph A.8 of the Offering Document, specifies that *“for the purpose of calculating the reaching of the thresholds provided for by Arts. 108*

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<sup>8</sup> Pursuant to Section 2501-bis of the Civil Code: *“In the case of a merger of companies, one of which has taken on debt to acquire control of the other, when due to effect of the merger the assets of the latter company is used to furnish a generic collateral or source of repayment of said debts, the rules of this Section shall apply. The draft merger pursuant to Section 2501-ter must specify the financial resources provided for satisfying the company's obligations resulting from the merger. The report pursuant to Section 2501-quinquies must indicate the reasons that justify the operation and contain an economic and financial plan with indication of the source of the financial resources and a description of the goals planned to be achieved. The expert report pursuant to Section 2501-sexies, proves the reasonableness of the indications contained in the proposed merger according to the second paragraph above. The draft must also contain a report by the individual charged with the statutory audit of the accounts of the target company or the acquiring company. The provisions of Sections 2505 and 2505-bis do not apply to the mergers described under paragraph one”.*

and 111 of the TUF<sup>9</sup>, the No. 3,861,604 Treasury Shares held by the Issuer (if they have not already been tendered in the Offer), representing 1.11% of the Issuer's share capital, will be included anyway in the shareholding of the Offeror (numerator) without being deducted from the Issuer's share capital (denominator)".

### **6.2.1 Stake of at least 95% of the share capital of the Issuer: squeeze out and direct delisting of Italcementi.**

In this scenario:

- the law grants the Offeror the right of mandatory purchase of shares still held by parties that have not participated in the PTO. Specifically, Article 111 TUF provides that *"a bidder coming into possession following a global takeover bid of a holding of at least ninety-five per cent of the capital represented by securities in an Italian listed company shall have the right to squeeze-out on remaining securities within three months of expiry of the time limit for bid acceptance, if the intention to exercise said right was declared in the takeover bid document"* ("**Right to Purchase**");
- the shareholders of Italcementi, regardless of their intention, would be forced to transfer their shares to the Offeror if the Offeror has already stated *"its intent to exercise its Right to Purchase the remaining Shares pursuant to Art. 111 TUF"* (see paragraph G.3);
- pursuant to Article 2.5.1, paragraph 6, Rules of the Markets Organised and Managed by Borsa Italiana [Italian Stock Exchange] in force on the Offering Document Date ("**Market Rules**"), when the presuppositions set out in Article 111 TUF exist, Borsa Italiana shall order the suspension and/or removal of the listing of the Issuer's shares, taking into account the time periods provided for the exercise of the Right of Purchase;
- pursuant to Article 108, paragraph 1, TUF<sup>10</sup>, the Offeror shall also be under a symmetrical obligation of residual purchase of ordinary capital from anyone who so requests;
- the purchase price for the remaining capital, pursuant to Article 108, paragraph 3<sup>11</sup> and Article 111 TUF, shall be equal, in both cases, to the Consideration.

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<sup>9</sup> For the content of the provisions of Articles 108 and 111 of the TUF see notes 10, 11 and 13, below and Paragraph 6.2.1 below, respectively.

<sup>10</sup> Article 108, paragraph 1, TUF provides that *"If as a result of a global takeover bid, the bidder becomes holder of at least ninety-five per cent of the capital represented by securities in an Italian listed company, the bidder shall be committed to squeeze-out of the remaining securities should any other party so request. Where more than one class of securities is issued, the commitment to squeeze-out shall subsist only for classes of securities for which the ninety-five per cent threshold is reached"*.

<sup>11</sup> Article 108, paragraph 3, TUF provides that *"Where the situation indicated under subsection 1 applies, and in cases referred to under subsection 2 in which the holding indicated is reached solely as a result of a global takeover bid, the price is equal to that of the previous global takeover bid provided that, in the case of a voluntary takeover bid, as a result of said bid the bidder has acquired securities that represent not less than ninety per cent of the share capital with voting rights included in the bid"*.

### **6.2.2 Stake ranging from 90%+ 1 share<sup>12</sup> to 95% of the Issuer's share capital: "Sell Out" and direct Delisting.**

In this scenario:

- the Offeror shall not have the Right of Purchase, but shall likewise be required to purchase the remaining Italcementi shares, pursuant to Article 108, paragraph 2 TUF<sup>13</sup>, unless within ninety days it restores an adequate free float to ensure the regular progress of trading ("**Obligation to Purchase**");
- the aforesaid Purchase Obligation shall undoubtedly be operant, considering in that regard that the Offeror has already stated that "*it will not restore the float and will comply with the Obligation to Purchase pursuant to Art. 108, paragraph 2, TUF as to any shareholder so requesting*" (see paragraphs A.8 and G.3);
- the consideration for the Obligation to Purchase pursuant to Article 108, paragraph 2 of the TUF will be equal to the Consideration (see paragraph G.3);
- as provided for by Article 2.5.1, paragraph 6, of the Market Rules, whenever there is a residual purchase obligation, the Issuer's shares will be automatically removed from listing starting from the trading day after the last day of payment of the consideration for the Obligation to Purchase;
- Shareholders who decide not to participate in the Tender Offer and who do not ask the Offeror to purchase their Shares pursuant to the Obligation to Purchase will become holders of Italcementi shares not traded on any regulated market with, among other things, the consequences described in Paragraph 6.2(c) above.

### **6.2.3 Stake ranging from 2/3 to 90% of the Issuer's share capital; increased control at ordinary and extraordinary shareholders' meetings.**

In this scenario:

- the Offeror would find itself the holder of a stake suitable for granting it legal control of the ordinary and extraordinary shareholders' meetings of Italcementi and therefore of adopting the Merger resolution with, among other things, the consequences described in Paragraph 6.2(f) above;
- in any case (regardless of any Merger), if a scarce free float should occur such as not to ensure the regular progress of trading of Italcementi shares, Borsa Italiana

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<sup>12</sup> Or the higher percentage that may be stipulated by the CONSOB on recommendations by Borsa Italiana S.p.A., pursuant to Article 112 TUF and Article 50, paragraph 3, letter a), Issuers' Regulations.

<sup>13</sup> Article 108, paragraph 2, TUF provides that "*With prejudice to the provisions of subsection 1, any party becoming holder of a quota exceeding ninety per cent of capital represented by securities admitted to trading on a regulated market shall be committed to squeeze-out the remaining securities admitted to trading on a regulated market by any holder thereof unless a float sufficient to ensure regular trading performance is not restored within ninety days. Where more than one class of security is issued, the commitment to squeeze-out shall subsist only for classes of securities for which said ninety per cent threshold is reached.*"

could order the suspension and/or removal of Italcementi shares from listing pursuant to Article 2.5.1 of the Market Rules;

- the Offeror has expressly stated in the Offering Document that in the event of scarce free float, it “*does not intend to implement any measures aimed in terms of timing and methods to restore the minimal free float conditions*” (see paragraph A.10): consequently, it must be considered that, in the event of the removal of Italcementi shares from listing, shareholders will be the holders of financial instruments not negotiated on any regulated market with, among other things, the consequences described in Paragraph 6.2(c)<sup>14</sup> above

## **7. EVALUATIONS OF THE APPROPRIATENESS OF THE OFFER CONSIDERATION.**

### **7.1 Introduction to the Consideration for the PTO.**

Pursuant to Article 106, paragraph 2, TUF, the Offer must be made at “*a price no less than the highest price paid by the bidder, and by persons acting in concert with the bidder, in the twelve months prior to issue of the notice pursuant to article 102 subsection 1, to acquire securities of the same class*”.

In the instant case, the Offeror stated, in paragraph E.1 of the Offering Document:

- (i) that “*the Offeror will pay to each Adherent the Consideration of EUR 10.60 per Share tendered in the Offer (the “Consideration”)*”;
- (ii) that “[...] *taking account of the structure of the transaction triggering the obligation to launch the Offer, the Consideration was set in accordance with the provisions of Art. 106, paragraph 2, of the TUF [...]*”
- (iii) that, in fact:
  - a. “*the Consideration [...] is the same as the per share price paid by the Offeror and by HeidelbergCement for the purchase of the Sold Shares and the Contributed Shares pursuant to the Contract with Italmobiliare and as well as the consideration paid by the Offeror for the purchase of the Contributed Shares from HeidelbergCement*”
  - b. on 1 July 2016: on July 1, 2016: “*(i) the Offeror has acquired No. 82,819,920 ordinary shares representing 23.71% of the Issuer for a per share consideration of EUR 10.60 paid in cash, and therefore for a total of EUR 877,891,152.00; (ii) HeidelbergCement, according to the contribution in kind, acquired No. 74,351,887 ordinary shares representing 21.29% of the share capital of the Issuer for a per share consideration of EUR 10.60 and therefore for a total value of EUR 788,130,002.20. HeidelbergCement issued No. 10,500,000 HeidelbergCement shares and the value of each HeidelbergCement share has been set at EUR 75.06 therefore for EUR 788,130,000.00 (and therefore with a negative rounding of EUR 2.20 in respect of the total value of the Contributed Shares). The Contributed Shares have been re-*

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<sup>14</sup> Note that the Offeror, if it should come to hold a stake smaller than 2/3 of the capital of Italcementi, may not be in a position to approve the Merger by itself. If the Merger were approved anyway, the considerations set out in Paragraph 6.2(f), among others, would be valid.

transferred by HeidelbergCement to the Offeror on the Closing Date at EUR 10.60 per share”;

- c. “according to the Contract with Italmobiliare, the value of each new HeidelbergCement shares has been determined in EUR 75.06, as the higher of (i) EUR 72.5 and (ii) the volume-weighted average price of the HeidelbergCement Shares based on the share prices fixed on Xetra in the thirty business days period ending on June 17, 2016”;
- d. “the number of Contributed Shares was calculated by multiplying EUR 75.06 (the price per HeidelbergCement share) with the number of shares HeidelbergCement issued to Italmobiliare, all divided by EUR 10.60 (the price per Italcementi share)”;
- (iv) that “in determining the consideration for the Acquisition, neither HeidelbergCement nor the Offeror used appraisals from independent persons or specific evaluation documents. Such determination is based solely on the value attributed independently by HeidelbergCement to the Italcementi ordinary shares for the purchase of the Total Stake, in the context of the SPA negotiations, through the analyses performed by HeidelbergCement”;
- (v) that “with reference to the value of the Total Stake, fairness opinions by two reputable international investment banks have been provided on July 28, 2015”<sup>15</sup>;
- (vi) that, “except for what is described in the Offering Document, no other agreements were entered into, nor was any additional consideration, including in kind, agreed to, that could be relevant for purposes of determining the Consideration”;
- (vii) that “the Consideration includes a premium to the market of approximately 80.3% over the weighted arithmetic average of the Official Prices of the Issuer shares in the most recent preceding year to the announcement of the Acquisition occurred on July 28, 2015”;
- (viii) that the Consideration is understood as net of stamp duty, if owed, and of charges, fees, and expenses that will remain payable by the Offeror, while the substitute tax on capital gains, if owed, shall remain payable by the participants.

The Independent Directors, acknowledging such statements by the Offeror, state the following.

- In connection with the transaction for the acquisition of the Total Stake by the Offeror, it was also agreed for Italmobiliare to purchase the Non-core Assets (see what is stated in this regard in Note 4 above). This transaction was approved by the Board of Directors of Italcementi on 18 December 2015, on the basis of: (i) the fairness opinion issued, on 3 December 2015, by Lazard S.r.l., in the capacity of independent expert, which concluded that, on that date, the consideration agreed was appropriate, from a financial point of view, for Italcementi; and (ii) the favourable opinion expressed on 9 December 2015 by the Related-Party Transactions Committee on its interest in carrying out the transactions and on the substantial appropriateness and correctness of the respective conditions. Following confir-

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<sup>15</sup> Also note that, as stated by the Offeror in the Offering Document, “according to German law, KPMG, in its role of expert appointed by the local court, confirmed that the value of the Contributed Shares is not lower than the nominal value of the newly issued HeidelbergCement shares”.

mation of the fairness opinion of Lazard S.r.l. on 24 June 2016 and of the positive opinion of the Related-Party Transactions Committee on 28 June 2016, the Non-Core Assets were sold on 30 June 2016 by Italcementi to Italmobiliare<sup>16</sup>.

- For the transfer of the Total Stake, Italmobiliare received cash consideration in part and a contribution in kind in part according to the terms described by the Offeror and mentioned above (see Paragraph 6.1(b) above).
- The negotiations and the operations for the acquisition of the Sold Shares, the Contributed Shares and the valuations of the value of HeidelbergCement and of the shares issued by it in connection with the capital increase for contribution in kind, involving only the legal and economic sphere of Italmobiliare and the HC Group, were conducted and managed directly between the abovementioned interested parties (with the assistance and verification of their advisors) and did not involve the Issuer or its Independent Directors, who may not (cannot and could not) make any inquiry or express any evaluation or opinion in this regard.
- As was confirmed by the Offeror's advisors to the Independent Directors in the discussions held, the new shares of HeidelbergCement issued on 1 July 2016 in implementation of the capital increase for cash (and allocated to Italmobiliare against the contribution of Italcementi shares) were not entitled to profits for the year 2015, the distribution of which was decided on 4 May 2016; from an extract of the SPA (regarding the acquisition by HeidelbergCement of the Contributed Shares, following the implementation of a capital increase for cash reserved for Italmobiliare; see Paragraph 6.1(b) above), it appears that such shares would have been entitled to the possible profit for the year 2015 only if they had come into existence before the date of the shareholders' meeting that decided on the distribution<sup>17</sup>.

## 7.2 *The Fairness Opinion.*

The Independent Expert issued the Fairness Opinion (attached to this Opinion as Annex A, to which the reader is referred for any more in-depth analysis), dated 29 July 2016.

As noted in the Fairness Opinion, the Independent Expert: (i) used a standalone valuation approach, i.e. before taking into consideration any synergy that the Offeror could achieve following the acquisition of the Total Stake and the planned Delisting following the PTO; and (ii) using both an analytical valuation methods based on a “*DCF sum-of-the-parts approach*”, as well as

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<sup>16</sup> Furthermore, as indicated in the Offering Document, the appropriateness of the amount of the transaction for the Non-core Assets received a positive opinion from the Related-Party Transactions Committee of Italmobiliare, issued on 17 December 2015 and confirmed on 27 June 2016, on the basis of the fairness opinion issued by the independent expert commissioned for that purpose by the said committee, first on 16 December 2016 and then confirmed on 23 June 2016.

<sup>17</sup> Specifically, the extract for Article 2.2 of the SPA provides that: “*the New Purchaser Shares shall be entitled to profits or other distributions (including the right to receive dividends) starting from 1 January 2015, provided however, the New Purchaser Shares have come into existence before Purchaser's shareholders' meeting adopts the resolution on the distribution of profits for the financial year 2015*”. Moreover, again pursuant to the SPA, “*New Purchaser Share*” “*shall mean each such new share issued according to the Purchaser Authorized Capital II*”; “*Purchaser Authorized Capital II*” “*shall mean capital Purchaser's management faculty to increase the share capital of the Purchaser once or several times until 6 May 2020 by up to a total of EUR 56,374,941 through the issuance of new no-par value bearer shares against contributions in kind*”.



empirical methods and analyses.

In any case, the Independent Expert specified that for the preparation of the Fairness Opinion, considering the specific characteristics of Italcementi, it selected a variety of valuation criteria and methodologies (both analytical and empirical). Also, note that these methodologies and analyses must not be considered individually, but only as integral parts of a combined valuation process. As indicated by the Independent Expert, the documentation used for purposes of the Fairness Opinion, where it contains future estimates, forecasts and/or projections relative to the Italcementi Group, was examined by the Company's management and represented by it as reasonable.

See the Fairness Opinion for an analytical description of the methodologies used and of the analyses made in connection with each of them, below we describe the outcome reached by the Independent Expert as a result of each of the methodologies used:

- (a) ***Historical market share prices analysis (for reference purposes only)***: with reference to this valuation methodology, the Independent Expert stated a range of values for each Italcementi share, from EUR 4.14 to EUR 7.45;
- (b) ***Broker target prices analysis (for reference purposes only)***: with reference to this valuation methodology, the Independent Expert stated a range of values for each Italcementi share, from EUR 5.70 to EUR 10.00;
- (c) ***DCF Sum-of-The-Parts valuation***: with reference to this valuation methodology, the Independent Expert stated a range of values for each Italcementi share, from EUR 6.91 to EUR 8.76;
- (d) ***Trading multiples valuation***: with reference to this valuation methodology, the Independent Expert stated a range of values for each Italcementi share, from EUR 4.94 to EUR 6.78;
- (e) ***Transaction multiples valuation***: with reference to this methodology, the Independent Expert stated a range of values for each Italcementi share, from EUR 4.83 TO EUR 9.98.

On the basis of the analyses made and considering the limitations mentioned in the Fairness Opinion, the Independent Expert concluded that the Consideration for the PTO is appropriate, from a financial point of view, for the shareholders of Italcementi.

## **8. CONCLUSIONS.**

The Independent Directors, taking note (i) of the statements by the Offeror contained in the Offering Document; (ii) the conclusions stated in the Fairness Opinion; and (iii) that, to the best of their knowledge, on the date on which this Opinion is being prepared and issued, no elements have emerged that contrast the abovementioned conclusions by the Independent Expert and their shared endorsement, including in light of all the considerations described in the Opinion – what is already indicated in Article 2 above – believe unanimously that:

- the PTO is consistent with the provisions of the legal regime for mandatory PTOs, not containing accessory or incidental elements that would influence its essential content;
- the Consideration for the PTO – greater than the maximum value in the range indicated by the Independent Expert with reference to each valuation method and criterion used –

may be deemed appropriate.

Milan, 29 July 2016

**The Independent Directors**

Signed by Pietro Caliceti (*Lead Independent Director*); Paolo Benazzo; Victoire de Margerie; Lorenzo Renato Guerini; Maria Martellini; Claudia Rossi; Carlo Secchi.

**Annex A**

**Fairness Opinion issued by JP Morgan.**

STRICTLY CONFIDENTIAL

July 29<sup>th</sup>, 2016

Independent Directors of Italcementi S.p.A.

Italcementi S.p.A.  
Via Camozzi, 124  
24121 Bergamo  
Italy

*Independent Directors of the Board of Directors:*

You have requested our opinion as to the fairness, from a financial point of view, to the holders of the ordinary shares (the “**Company Shares**”) in the share capital of Italcementi S.p.A. (the “**Company**”) of the proposed Consideration (as defined below) to be paid to such holders in the mandatory tender offer for approximately 55% of the Company’s share capital (the “**Mandatory Tender Offer**” or the “**Transaction**”) to be launched on or about the date hereof by HeidelbergCement France S.A.S. (the “**Offeror**”), a company entirely and indirectly controlled by HeidelbergCement AG (“**HeidelbergCement**”).

As indicated in the notice published by the Offeror on July 1<sup>st</sup>, 2016 (the “**Notice**”), the obligation of the Offeror to proceed with the Mandatory Tender Offer occurred on July 1<sup>st</sup>, 2016 upon the completion of the acquisition by the Offeror and HeidelbergCement of n.157,171,807 Company Shares from Italmobiliare S.p.A., such shares representing approximately 45% of the Company’s share capital, at a price of €10.60 per share (the “**Initial Acquisition**”). In particular, (a) the Offeror acquired n.82,819,920 Company Shares for a cash consideration of €10.60 per share and (b) HeidelbergCement acquired n.74,351,887 Company Shares against the issuance of n.10,500,000 HeidelbergCement’s shares for a total value equal to approximately €788 million or €10.60 per share (such n.74,351,887 Company Shares were immediately resold at the same price per share to the Offeror, which, as of the date of the Notice, then directly owned n.157,171,807 Company Shares).

**J.P. Morgan Limited**

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Authorised and regulated by the Financial Conduct Authority.

Pursuant to the Notice and the offer document dated July 28<sup>th</sup>, 2016 (the “**Offer Document**”) prepared by the Offeror, the Offeror has calculated that it shall pay to each holder of Company Shares under the Mandatory Tender Offer a cash consideration equal to €10.60 for each Company Share tendered in the Mandatory Tender Offer (the “**Consideration**”). We also note that in the Notice and the Offer Document, the Offeror stated that (a) considering the mandatory nature of the Transaction and taking into account the structure of the transaction triggering the obligation of the Offeror to launch a Mandatory Tender Offer, the Consideration was set by the Offeror at the minimum level pursuant to the provisions of art. 106, paragraph 2, of the Legislative Decree n.58 as of February 24<sup>th</sup>, 1998 as subsequently amended (the “**TUF**”) and (b) the Consideration is the same as the per share price paid by HeidelbergCement and the Offeror for the purchase of the Company Shares pursuant to the Initial Acquisition.

Please be advised that while certain provisions of the Mandatory Tender Offer are summarised above, the terms of the Initial Acquisition and the Mandatory Tender Offer are more fully described in the Offer Document. As a result, the description of the Mandatory Tender Offer and certain other information contained herein is qualified in its entirety by reference to the more detailed information appearing or incorporated by reference in the Offer Document.

We understand that our opinion hereunder is being requested pursuant to section 39-*bis* of the Consob regulation n.11971/1999, as subsequently amended.

In arriving at our opinion, we have:

- (i) reviewed the Notice;
- (ii) reviewed the Offer Document;
- (iii) reviewed certain publicly available business and financial information concerning the Company and HeidelbergCement, the industries in which they operate and certain other companies engaged in businesses comparable to them;
- (iv) compared the financial and operating performance of the Company with publicly available information concerning certain other companies we deemed relevant and reviewed the current and historical market prices of the Company Shares and certain publicly traded securities of such other companies;
- (v) reviewed the audited financial statements of the Company for the fiscal year ended December 31<sup>st</sup>, 2015;
- (vi) reviewed certain internal, unaudited financial analyses, projections, assumptions and forecasts prepared by or at the direction of the management of the Company relating to its business for the first half of 2016 and the fiscal year 2016 as well as long-term financial assumptions and projections beyond 2016 and information on net financial indebtedness and other provisions adjustments;

- (vii) reviewed certain publicly available broker-based financial projections of the Company and discussed with the management of the Company (a) its updated long-term financial projections guidance and assumptions *vis-à-vis* such broker-based forecasts and (b) the extrapolation of financial projections on a standalone basis from the fiscal year 2017 until the fiscal year 2026, which the management of the Company has vetted, confirmed to be reasonable and has authorised us to use for the purposes of this opinion (the “**Financial Projections**”);
- (viii) compared the proposed financial terms of the Transaction with the publicly available financial terms of certain transactions involving companies we deemed relevant and the consideration paid for such companies; and
- (ix) performed such other financial studies and analyses and considered such other information as we deemed appropriate for the purposes of this opinion.

In addition, we have held discussions with certain members of the management of the Company and the Independent Directors with respect to certain aspects of the Transaction, and the past and current business operations of the Company, the financial condition and future prospects and operations of the Company, and certain other matters we believed necessary or appropriate to our inquiry.

In giving our opinion, we have relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with us by the Company, the Independent Directors or otherwise reviewed by or for us. We have not independently verified any such information or its accuracy or completeness and, pursuant to our engagement letter with the Independent Directors, we did not assume any obligation to undertake any such independent verification. We have not conducted or been provided with any valuation or appraisal of any assets or liabilities, nor have we evaluated the solvency of the Offeror, HeidelbergCement or the Company under any laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses, projections, assumptions and forecasts provided to us or derived therefrom, we have assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management of the Company as to the expected future results of operations and financial condition of the company or business to which such analyses, projections, assumptions and forecasts relate. We express no view as to such analyses, projections or forecasts or the assumptions on which they were based and we understand that such analyses, projections, assumptions and forecasts, including the Financial Projections, have been vetted and confirmed to be reasonable by the management of the Company. We have also assumed that the Transaction and the other transactions contemplated by or mentioned in the Offer Document will have the tax consequences described in the Offer Document and in discussions with, and materials furnished to us by, representatives and advisors of the Company, and will be consummated as described in the Offer Document. We have also assumed that the representations and statements made by the Offeror in the Offer Document (including but not limited to the Consideration being set by the Offeror at the minimum level payable under Italian law pursuant the provisions of art.

106, paragraph 2, of the TUF) are and will be true, accurate and correct in all respects material to our analysis and we have performed no independent verification thereof. We are not legal, regulatory, accounting or tax experts and we have not conducted any enquiry on such matters but instead have relied on the assessments made by such experts with respect to such issues in the Offer Document and the other documentation relating to the Transaction. We have further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction (as well as the implementation of any antitrust remedy already agreed by the Offeror or HeidelbergCement with the relevant authorities) will be obtained (or completed) without any adverse effect on the Company or on the contemplated benefits of the Transaction. In giving our opinion, we have relied on the Company's commercial assessments of the Transaction and we express no view as to, and our opinion does not address, the underlying business decision of the parties to enter into the Transaction. The decision as to whether or not the Company enters into, and/or the Independent Directors recommend, a Transaction is one that can only be taken by each of the Company and/or the Independent Directors, respectively.

\* \* \* \* \*

We have set out below an overview of such analyses and valuation methodologies that we have deemed necessary or appropriate for the purposes of this opinion. Such summary is not deemed to be an exhaustive description of all detailed analyses carried out in the context of arriving at our opinion. The order of the analyses described and the results of the analyses do not reflect the relative importance or the relative weight attributed by us to such analyses. The preparation of this opinion required a complex valuation process based on a number of elements and valuation methodologies and we have not attributed any particular significance or relevance to any one of them. As a result, the valuation methodologies described below and the results derived from the application of such valuation methodologies cannot be considered on an individual basis and separate from each other since they are part of a complex and unitary valuation process.

In arriving at our opinion and to derive ranges of the value per share of the Company Shares we have (i) followed a standalone valuation approach, *i.e.* before taking into account any potential synergies that the Offeror might extract upon completion of the Initial Acquisition and the contemplated delisting following the Mandatory Tender Offer and (ii) used both an analytical valuation methodology based on a DCF sum-of-the-parts approach (which derived equity values as of the date of this opinion on the basis of net adjusted debt positions estimated as of June 30<sup>th</sup>, 2016) and empirical methods or analyses.

It has to be noted that our valuation process also presents the following limitations and difficulties:

- (a) a number of forecasts, financial projections and other information used for the purposes of the valuation analyses have not been audited or reviewed by independent third-parties.

In addition, the Company did not have a recent business plan to be used for the purposes of deriving the Financial Projections on a standalone basis;

- (b) the current high volatility of financial markets, which might impact the price of the securities of the Company in the market, might also have an impact on the future operating, economic and financial performance, including the Financial Projections used for the purpose of the analyses and valuation carried out;
- (c) the use of the DCF method with a “*sum of the parts*” approach has required the use of a variety of economic, financial and capital structure information related to the various business units / countries where the Company operates and thus required a complex allocation of the relevant projections or financial information to each business unit / country considered; and
- (d) the analyses based on the historical market share prices of the Company Shares and on the target prices as published by brokers had to be applied with reference to time horizons until the considered “*unaffected*” date, *i.e.* the last trading day before the announcement of the Initial Acquisition, and therefore do not necessarily incorporate the most recent conditions of the financial markets or of the business of the Company. Such analyses should be considered for reference purposes only.

Standalone valuation methodologies and analyses of the Company and summary results

In arriving at our opinion, taking into account the specific characteristics of the Company, we selected a variety of valuation methodologies and criteria (analytical and empirical). Such methodologies and analyses should not be considered individually, but only as an integral part of a combined valuation process.

**(a) Historical market share prices analysis – for reference purposes only**

Analysis of the market price evolution of the Company Shares on the basis of the official prices (as published by Bloomberg) during the year before the Initial Acquisition announcement date (*i.e.* July 27<sup>th</sup>, 2015, the unaffected date assumed is the day before the Initial Acquisition announcement). We have considered the minimum and maximum price recorded during the period analysed as well as the arithmetic and volume-weighted averages, in addition to the official price on the unaffected date.

**(b) Broker target prices analysis – for reference purposes only**

Analysis of a sample of the target prices as published by brokers before the Initial Acquisition announcement date (*i.e.* July 27<sup>th</sup>, 2015). We have considered the minimum and maximum target price of the sample as well as its average and median.

**(c) DCF Sum-of-the-Parts valuation**

The Discounted Cash Flow analysis of Italcementi on a standalone basis estimates the implied value of the Company by calculating the present value of the estimated future unlevered free cash flows over the projection period assumed (10 years, in addition to H2-2016) and the terminal value at the end of such projection period. The analysis has



been conducted on a business unit / country basis using the Financial Projections vetted by the management of the Company. By their nature, such forecasts include subjective elements, which may be inaccurate and do not take into account the recent change of ownership of the Company following the consummation of the Initial Acquisition. The implied estimated terminal value for the Company was based on perpetuity growth rates ranging from 1.75% to 2.25%. The estimated unlevered free cash flows by business unit / country and the estimated terminal value have been discounted to present value (as of June 30<sup>th</sup>, 2016). The implied blended discount rate ranges from approximately 8.3% to 8.8%, reflecting the estimated weighted average cost of capital of the Company.

For the purposes of determining the estimated implied value per Company Share, the firm value range derived from this analysis has then been adjusted to take into account the estimated (as of June 30<sup>th</sup>, 2016) adjusted net debt position, minorities, associates and certain other items, based on information provided by the Company or included in the financial assumptions or forecasts provided to us by the management of the Company. The value of the economic capital derived has then been capitalised to the date thereof (i.e. the DCF valuation date).

**(d) Trading multiples valuation**

An estimate of the implied value of the Company through the analysis of the public valuation and trading multiples of a sample of companies operating in the same industry and which have been selected on the basis of certain factors (such as size, geographic presence, etc.). The selected companies we have considered are Lafarge Holcim, Cemex, Buzzi Unicem, Vicat, Titan and Cemtir. The multiple FV / EBITDA to calendar year 2016 and 2017 has also been considered, implying a median of the sample of 8.2x and 7.3x, respectively. A range of 7.5x to 8.5x FV / EBITDA 2016E has been selected and applied to the relevant Financial Projections to determine the estimated firm value of the Company. The estimated (as of June 30<sup>th</sup>, 2016) adjusted net debt position, minorities, associates and certain other items, based on information provided by the Company or included in the financial assumptions or forecasts provided to us by the management of the Company, has then been used to calculate the estimated value per Company Share.

**(e) Transaction multiples valuation**

An estimate of the implied value of the Company through the analysis of the publicly available financial terms of certain transactions involving companies we deemed relevant and the consideration paid for such companies. The selected transaction multiples fall in a range for the sample of transactions between 7.7x to 10.6x FV/EBITDA last reported fiscal year, to which the relevant 2015 estimated recurring pro-forma EBITDA has been applied. The estimated (as of June 30<sup>th</sup>, 2016) adjusted net debt position, minorities, associates and certain other items, based on information provided by the Company or included in the financial assumptions or forecasts provided to us by the management of the Company, has then been used to calculate the estimated value per Company Share.

The table below summarises the results obtained by applying the various valuation methods and analyses used to determine value ranges of Company Shares, as more particularly described above.

	Value per Company Share (€)
<b>Historical market share prices analysis</b> <i>for reference purposes only</i>	4.14 – 7.45
<b>Broker target prices analysis</b> <i>for reference purposes only</i>	5.70 – 10.00
<b>DCF Sum-of-the-Parts valuation</b>	6.91 – 8.76
<b>Trading multiples valuation</b>	4.94 – 6.78
<b>Transaction multiples valuation</b>	4.83 – 9.98

In arriving at our opinion, we took furthermore into consideration the premium analysis as implied in example transactions compared with the parameters resulting valuing the Company Shares equal to the proposed Consideration.

\* \* \* \* \*

Our opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion and that we do not have any obligation to update, revise, or reaffirm this opinion.

Our opinion is limited to the fairness, from a financial point of view, of the Consideration to be paid to the holders of the Company Shares in the proposed Mandatory Tender Offer and we express no opinion as to the fairness of the Mandatory Tender Offer to, or any consideration paid in connection therewith by, the holders of any other class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company and/or the Independent Directors to engage in the Transaction. Furthermore, we express no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the Transaction, or any class of such persons relative to the Consideration to be paid to the holders of the Company Shares in the Transaction or with respect to the fairness of any such compensation. As a result, other factors after the date hereof may affect the value of the Company (and its business, assets or properties) after consummation of the Transaction, including but not limited to (i) the total or partial disposition of the share capital of the Company by shareholders of the Company within a short period of time after the expiration of the tender period of the Mandatory Tender Offer

(including any re-opening of the Mandatory Tender Offer and/or sell-out procedure), (ii) changes in prevailing interest rates and other factors which generally influence the price of securities, (iii) adverse changes in the current capital markets, (iv) the occurrence of adverse changes in the financial condition, business, assets, results of operations or prospects of the Company, (v) any necessary actions by or restrictions of governmental agencies or regulatory authorities, (vi) timely execution to complete the Transaction on terms and conditions that are acceptable to all parties at interest, and (vii) reduction of liquidity of the Company Shares due to lower free float as a result of the Mandatory Tender Offer (should the Offeror not reach the squeeze-out threshold under applicable regulation) and/or delisting of the Company Shares should the Offeror not restore the required free float under applicable CONSOB and Borsa Italiana S.p.A. regulation or requirements. No opinion is expressed as to whether any alternative transaction might be more beneficial to the Company or the holders of the Company Shares.

In addition, we were not requested to and did not provide advice concerning the structure, the specific amount of the Consideration, or any other aspects of the Initial Acquisition or the Transaction, or to provide services other than the delivery of this opinion. We were not authorized to and did not solicit any expressions of interest from any other parties with respect to the sale of all or any part of the Company or any other alternative transaction. We also note that we did not participate in negotiations with respect to the terms of the Initial Acquisition, the Transaction and related transactions. Consequently, we have assumed that such terms are the most beneficial terms from the Company's perspective that could under the circumstances be negotiated among the parties to such transactions.

We will receive a fee from the Company for the delivery of this opinion. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our engagement. Please be advised that during the two years preceding the date of this letter, neither we nor our affiliates have had any other significant financial advisory or other significant commercial or investment banking relationships with the Company, Italmobiliare S.p.A. or HeidelbergCement. In addition, we and our affiliates hold, on a proprietary basis, less than 2% of the outstanding common stock of the Company and less than 1% of the outstanding common stock of Italmobiliare S.p.A. In the ordinary course of our businesses, we and our affiliates may actively trade the debt and equity securities of the Company, HeidelbergCement or Italmobiliare S.p.A. for our own account or for the accounts of customers and, accordingly, we may at any time hold long or short positions in such securities.

On the basis of and subject to the foregoing, it is our opinion as of the date hereof that the Consideration to be paid to the holders of the Company Shares in the proposed Transaction is fair, from a financial point of view, to such holders.

This letter is provided to the Independent Directors of the Board of Directors of the Company in connection with and for the purposes of their evaluation of the Transaction. We are not advising nor have we provided any financial advice to the non-independent members of the Board of Directors, who we understand are being advised by Credit Suisse Securities Europe Limited. This opinion does not constitute a recommendation to any shareholder of

the Company in the context of the Mandatory Tender Offer or any other matter. This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party for any purpose whatsoever except with our prior written approval. This opinion may be reproduced in full in any proxy or information statement mailed to shareholders of the Company but may not otherwise be disclosed publicly in any manner without our prior written approval.

This opinion is rendered in the English language. If this opinion is translated into any language other than English and in the event of any discrepancy between the English language and any such other language version, the English language version shall always prevail. This opinion is given on the basis that it shall be governed by, and construed in accordance with English law.

Very truly yours,

J.P. MORGAN LIMITED

*J.P. Morgan Limited*

Italcementi S.p.A.  
Via G. Camozzi 124  
24121 Bergamo

1 August 2016

Attention:

Board of Directors of Italcementi S.p.A.

Dear Sirs:

You have asked us to advise you with respect to the fairness, from a financial point of view, of the consideration to be received by the shareholders of Italcementi S.p.A. (the “Company” or “Italcementi”), other than HeidelbergCement AG and its affiliates (the “Acquiror” or “HeidelbergCement”) pursuant to the terms of the public mandatory tender offer (the “Mandatory Offer”) to be launched by HeidelbergCement in accordance with article 106 of the Italian Legislative Decree 58/1998 and as subsequently amended. The Mandatory Offer provides for the acquisition by the Acquiror of all of the outstanding ordinary shares (each a “Share” and together, the “Shares”) of the Company not already owned by the Acquiror, for a consideration equal to €10.60 in cash per Share (the “Consideration”) tendered to the Mandatory Offer.

The Mandatory Offer will be made to the holders of Shares other than the controlling entity HeidelbergCement (the shareholders addressees of the Mandatory Offer are also defined as “Outstanding Shareholders”).

We understand that the number of Shares in the Company held by Outstanding Shareholders is 192,098,873 representing 55.00% of the Company’s share capital.

The requirement to launch the Mandatory Offer was triggered by the closing, occurred on July 1, 2016, of the acquisition by HeidelbergCement from Italmobiliare S.p.A. (“Italmobiliare”) of a stake representing 45.00% of the share capital of the Company.

Such acquisition was closed pursuant to the sale and purchase agreement executed between HeidelbergCement and Italmobiliare on 28 July 2015, and subsequently amended on 21 June 2016 (the “Acquisition”). Pursuant to such Acquisition, amongst other things:

(i) HeidelbergCement acquired the entire stake in the Company owned by Italmobiliare, in aggregate equal to 157,171,807 Shares representing 45.00% of the Company share capital (“Italmobiliare Interest”), at a price of €10.60 for each Italcementi Share. The Italmobiliare Interest was acquired partly (82,819,920 Italcementi shares) in cash and the remaining part (74,351,887 Italcementi shares) in exchange for HeidelbergCement newly issued shares (the “Acquisition”);

(ii) certain non-core assets of the Company, including the stakes held in Italgem S.p.A. and in BravoSolutions S.p.A. as well as certain real estate assets, were sold by the Company to Italmobiliare (the “Non-core Assets”).

In arriving at our opinion, we have reviewed certain publicly available business and financial information relating to the Company, including amongst others: (i) certain available equity research reports on the Company and (ii) certain available research analyst estimates for revenue, EBITDA, EBIT, net working capital and capex data for the Company for the years 2017-2018 (the “Analyst Consensus”).

Within the limits contemplated under Section 114, paragraph 4 of the Italian Financial Act (D.Lgs. n. 58/98), we have also been provided with certain non-public information as regards to the Company, such as: (i) the Mandatory Offer document published on 28 July 2016 (the “Offer Document”); (ii) draft balance sheet data for Italcementi as of June 30, 2016; (iii) the Company’s 2016 budget updated as of May 31, 2016 (the “2016 Budget”); (iv) estimated revenue, EBITDA, EBIT, net working capital and capex for the Non-core Assets for the period 2016-2020 (the “Non-Core Asset Forecasts”); and (v) estimated revenue, EBITDA, EBIT, net working capital and capex data for the Company for the years 2019-2020 (the “Italcementi 2019/2020 Estimates”). Other than as set out at (iii) and (v) above, we have not been provided with any financial forecasts for the Company. We have also discussed with the Company’s management the business prospects of the Company.

We have also considered certain financial and stock market data of the Company, and we have compared such data with similar data for other listed companies operating in businesses which we deemed similar to those of the Company and we have considered, to the extent publicly available and appropriate, the financial terms of certain other similar business combinations and/or transactions recently effected. We also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which we deemed relevant.

We have been unable to perform a valuation analysis of the businesses of the Company on a country by country basis as the financial forecasts for the Company provided to us did not allow us to do so due to the lack of country by country detail for certain cash flow items.

We do not assume any responsibility for independent verification of any of the information provided to us and we have fully relied on such information being correct, complete and accurate.

Without limitation to the foregoing, with regards to the financial forecasts for the Company, for the purposes of our analysis you advised us, and we have assumed, that: (i) the 2016 Budget represents the best currently available estimates and judgments of the Company's management as to the future financial performance of the Company in the calendar year 2016, (ii) the Italcementi 2019/2020 Estimates represent the best currently available estimates and judgments of the Company's management as to the future financial performance of the Company in the calendar years 2019 and 2020; and (iii) the Non-Core Asset Forecasts represent the best currently available estimates and judgments of the Company's management as to the future financial performance of the Non-core Assets in the calendar years 2016 – 2020. In addition, the management of the Company has reviewed the Analyst Consensus for the calendar years 2017 and 2018 and advised us (a) to utilize the Non-Core Asset Forecasts to adjust the Analyst Consensus, by way of deduction of Non-core Assets; and (b) to make certain other adjustments (the resulting adjusted forecasts for the Company, the "Adjusted Analyst Consensus"), and advised us, and we have assumed, that the Adjusted Analyst Consensus represents the best currently available estimates and judgments of the Company's management as to the future financial performance of the Company in the calendar years 2017 and 2018.

We also have assumed, with your consent, that in the process aimed to obtain the necessary regulatory and third party approvals and consents for the Mandatory Offer, no modification, delay, limitation, restriction or condition will be imposed that will have an adverse, or anyhow significant, effect on the Company, its economic financial situation and business, or that will be able to affect the valuations analysis results underlying this fairness opinion. We assumed that the Mandatory Offer will be consummated in accordance with the terms of the Offer Document, without waiver, modification or amendment of any term, condition or agreement therein. In addition, we have not been requested to make, and have not made, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of the

Company, nor have we been furnished with any evaluations or appraisals prepared by third parties.

Our opinion addresses only the fairness, from a financial point of view, to the shareholders of the Company, other than the Acquiror, of the consideration to be paid in the Mandatory Offer and does not address any other aspect, issue or effect of the Acquisition, the Mandatory Offer or any other agreement, arrangement or understanding, even possibly entered into in connection with the Acquisition, or otherwise. Our opinion is necessarily based upon information made available to us on the date hereof and upon financial, economic, market and other conditions as they exist and can be evaluated on the date hereof. Our opinion does not address the underlying business decision of the Board of Directors, of the Independent Directors or of any other corporate body of the Company as the case may be, to recommend the Mandatory Offer or not. We were not requested to, and did not, solicit or investigate any possible indication of interest by any entity or person involved in the Mandatory Offer.

We have acted as financial advisor to the Board of Directors of the Company in connection with the the provision of this opinion and will receive a fee for rendering this opinion. In addition, the Company has agreed to indemnify us for certain possible liabilities and/or losses arising out of our engagement. We are providing, with your consent, financing to selected potential acquirers of certain assets currently being divested by Italcementi. From time to time, we and our affiliates have in the past provided and in the future we may provide, investment banking and other financial services to the Company and the Acquiror, for which we have received, and would expect to receive, compensation. We are a full service securities firm engaged in securities trading and brokerage activities, as well as providing investment banking and other financial services. In the ordinary course of business, we and our affiliates may acquire, hold or sell, for our and our affiliates' own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of the Company, the Acquiror and any other company that may be involved in the Acquisition, as well as provide investment banking and other financial services to such companies.

It is understood that this letter is for the support of the Board of Directors of the Company only, in connection with its assessment of the consideration set forth in the Mandatory Offer, to be carried out by such Board of Directors pursuant to Section 39 of the Consob Regulation no. 11971/1999 (so called Issuers' Regulation) and does not constitute a




recommendation to any shareholder as to how such shareholder should act during the Mandatory Offer and whether or not such shareholder should tender its shares pursuant to the Mandatory Offer. It is understood that this letter may not be disclosed to any person without our prior written consent and is not to be quoted, relied on or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent, except that the Company will publish and/or reproduce this letter in full in any document relating to the Mandatory Offer to be published in accordance with Section 39 of the Issuers' Regulation and/or, in any case, to the extent required under any imperative applicable law or any order of a competent governmental, regulatory or market authority.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Consideration to be received by the Outstanding Shareholders in the Mandatory Offer is fair to such shareholders from a financial point of view.

Yours faithfully,

CREDIT SUISSE INTERNATIONAL

By:  \_\_\_\_\_

Name: Davide Sala  
Title: Managing Director



By: \_\_\_\_\_

Name: Gregory Dalle  
Title: Managing Director

## Appendix

In connection with rendering the opinion to which this appendix is attached, and in accordance with customary practice of internationally recognised investment banking firms when rendering similar opinions and performing similar valuations, we have performed a variety of financial analyses, in order to estimate ranges of the implied value per Italcementi share, including those described below. No one valuation methodology should be considered individually. Each valuation methodology should be considered as an integral part of the relative valuation analysis we have performed for the purpose of rendering our opinion.

This summary should not be considered or interpreted as, nor does it represent, a comprehensive description of all analyses performed and all factors considered in connection with our opinion. This summary is qualified in its entirety by reference to the full text of the opinion to which this appendix is attached. The preparation of a fairness opinion is a complex analytical process, involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances, and, therefore, a fairness opinion is not readily susceptible to summary description.

We arrived at our opinion based on the results of all analyses undertaken by us and assessed as a whole, and did not draw, in isolation, conclusions from, or with regard to, any one factor or method of analysis for purposes of our opinion. Accordingly, we believe that our analyses must be considered as a whole and that selecting portions of our analyses and factors, without considering all analyses and factors, could create a misleading or incomplete view of the processes underlying our analyses and opinion.

The estimates contained in our analyses and the valuation ranges resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favourable than those suggested by our analyses.

In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold or acquired. Accordingly, the estimates used in, and the results derived from, our analyses are inherently subject to substantial uncertainty.

We used the following valuation methodologies for the purpose of rendering our opinion:

#### Discounted cash flow analysis

We have applied the discounted cash flow methodology to the 2016 Budget, the Adjusted Analyst Consensus and the Italcementi 2019/2020 Estimates (together, the “Italcementi Forecasts”). We have been unable to perform the discounted cash flow methodology to the businesses of the Company on a country by country basis as the financial forecasts for the Company provided to us were lacking country by country details for certain cash flow items. We have calculated the net present value of the unlevered after tax free cash flow of Italcementi and of the terminal value in 2020. Equity value has been estimated as of the date of this letter, and therefore reflects, among other information, the Italcementi *interim* accounts as of June 30, 2016. Using this methodology, the price per Italcementi Share ranges from €8.09 to €10.26.

#### Trading analysis

Analysis of the historic trading performance of the Italcementi shares during the period of twelve calendar months prior to the day of the announcement of the Acquisition, taking into account the highest and the lowest price per Italcementi share in such period, as well as the volume weighted average price of Italcementi shares for certain periods prior to the day of the announcement of the Acquisition. Using this methodology, the price per Italcementi Share ranges from €4.14 to €7.45.

#### Selected companies analysis

We have considered certain financial and stock market data of Italcementi and we have compared that data with similar data for other listed companies operating in businesses which we deemed similar to those of Italcementi. No company considered in this analysis is perfectly comparable with Italcementi. In performing this analysis, we made judgments and assumptions with regard to the different industry, operating and financial profile of the companies considered. We have calculated their valuation multiples based on their EBITDA for the calendar year 2016 as estimated by IBES<sup>1</sup> consensus. Using this

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<sup>1</sup> Financial forecasts database compiled by Thomson Reuter.

methodology, the price per Italcementi Share ranges from €5.17 to €7.01.

#### Selected companies Sum-of-the-Parts analysis

We have performed a valuation of Italcementi by geographical operating segment in line with Italcementi's operating segment reporting for Europe, North America, North Africa and Middle East, Asia, Trading and Others. We have considered certain financial and operating data of Italcementi in each such operating segment and we have compared that data with similar data for other listed companies operating in businesses which we deemed similar to those of Italcementi. No company considered in this analysis is perfectly comparable with Italcementi. In performing this analysis, we made judgments and assumptions with regard to the different industry, operating and financial profile of the companies considered. We have calculated their valuation multiples based on (i) their EBITDA for the calendar year 2016 as estimated by IBES consensus (ii) their current installed production capacity (in cement tonnes) and additionally (iii) in respect of Suez Cement, CimENTS du Maroc, their current market value. Using this methodology, the price per Italcementi Share ranges from €7.55 to €11.25.

#### Acquisition premia analysis

We have considered, on various bases, the historic average premia paid in previous mandatory and voluntary tender offers launched in the Italian stock market during the period from 2006 to 2016 and have applied such premia to the price per Italcementi share on the day prior to the announcement of the Acquisition and the volume weighted share price per share for certain periods prior to the day of the announcement of the Acquisition. Using this methodology, the price per Italcementi Share ranges from €7.64 to €8.24.

#### Selected transactions analysis

We have considered certain publicly available information relating to the financial terms of certain other selected transactions which have recently been effected. While none of the companies involved in the selected transactions is directly comparable to Italcementi, the target companies involved in those transactions are companies whose operations, for the purposes of this analysis, may be considered relevant. Using this methodology, the price per Italcementi Share ranges from €6.05 to €7.77.

#### Analysts' target prices

We have reviewed selected analyst reports issued by the research analysts covering Italcementi, published before the day of the announcement of the Acquisition. Using this methodology, the price per Italcementi Share ranges from €5.70 to €10.00.