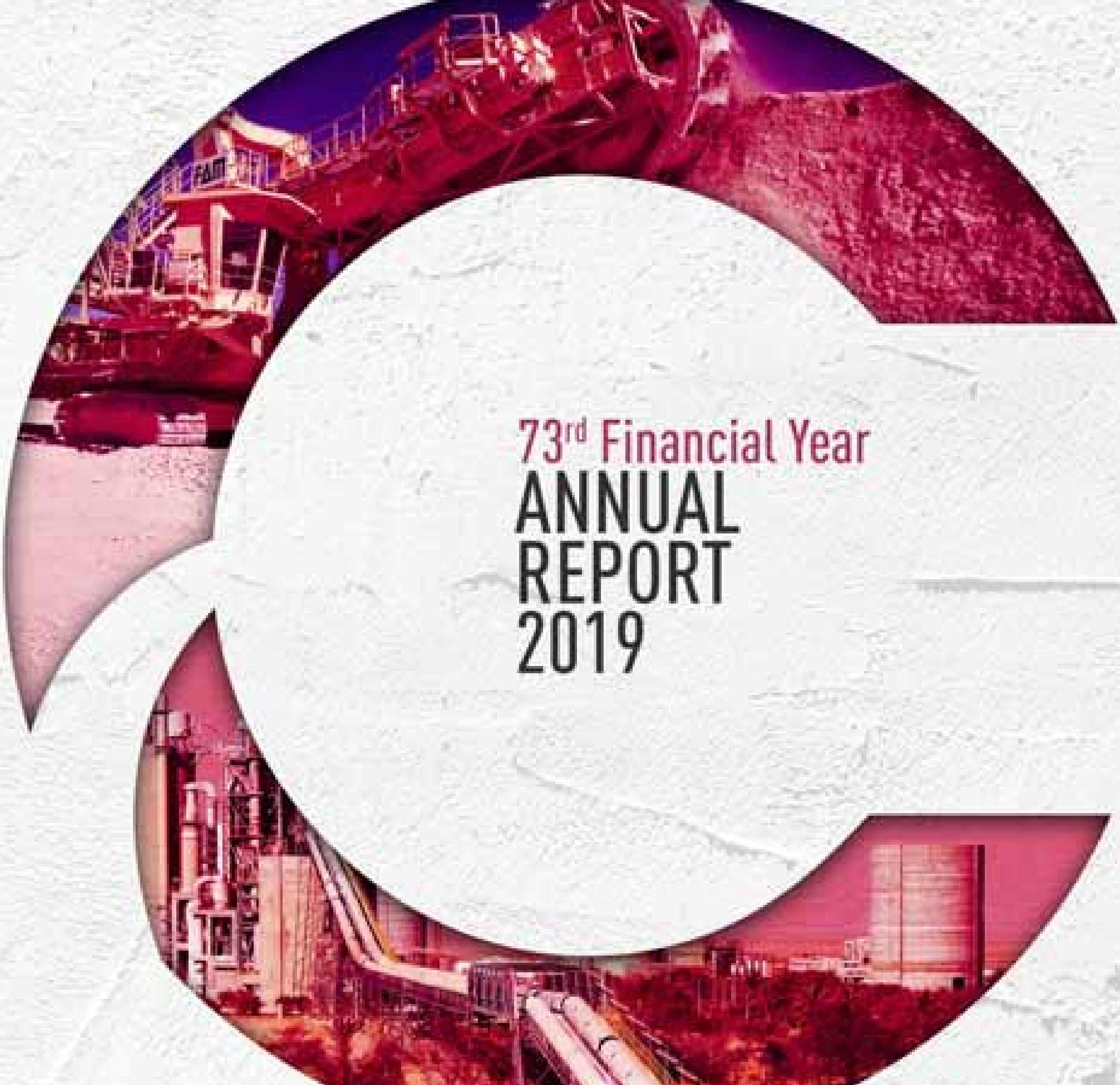

73rd Financial Year ANNUAL REPORT 2019

cementirholding
CALTAGIRONE GROUP

73rd Financial Year
ANNUAL REPORT 2019

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CALTAGIRONE GROUP

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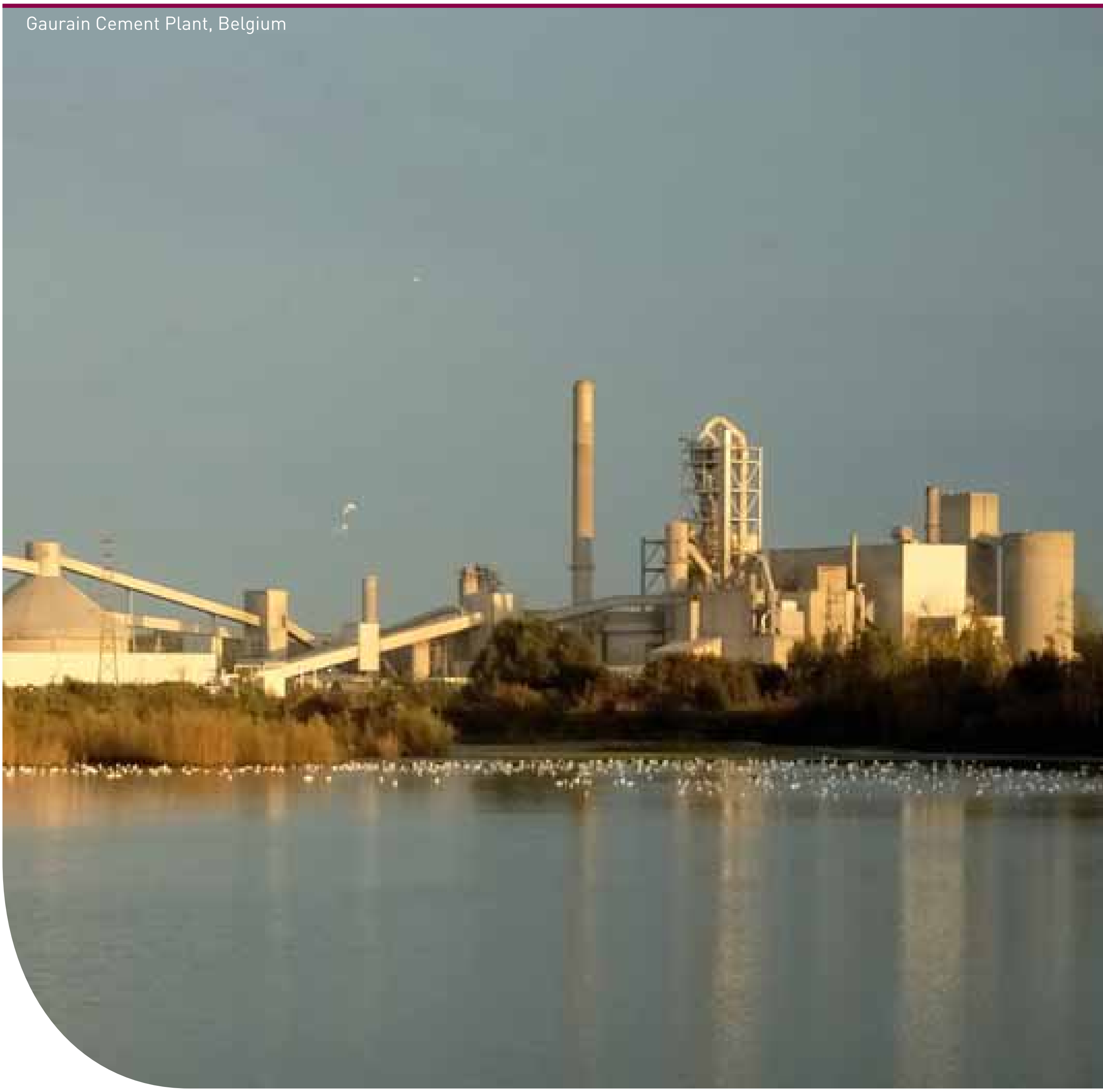
4 SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

5 OTHER INFORMATION

Gaurain Cement Plant, Belgium



1 GENERAL INFORMATION

LETTER FROM THE CHAIRMAN OF THE BOARD

Dear Shareholders,

2019 was another year of growth which, with over 1.2 billion euros, marked the highest level of revenues ever achieved by the Cementir Group. 2019 was also a year of consolidation and strengthening of our organizational and operational structure after an intense M&A activity between 2015 and 2018.

In November 2019 we presented the 2020-2022 Industrial Plan in which operational excellence, innovation and sustainability represent fundamental levers for value creation, thanks to profitability improvement, processes digitization and investments to improve our environmental footprint. We set ambitious organic growth targets, with an EBITDA of over 300 million euros at the end of 2022 and a solid cash flow generation, which will bring net debt to zero at constant perimeter.

We launched an ambitious sustainability investment program of 100 million euros, equal to approximately 8% of Group's revenues and which would put Cementir at the forefront of our industry in terms of environmental sustainability, with a CO_2 emissions reduction target of 30% by 2030.

This goal, which will involve our entire organization, with a Sustainability Committee to coordinate the industrial plan guidelines and objectives, entails a series of initiatives of great environmental and social value. In fact, we will increase the number of homes reached by district heating in Aalborg by more than 40%, covering about half of the urban population. In addition, the same plant will almost exclusively use electricity from renewable sources thanks also to 8 MW wind generation investment. In Belgium, the revamping of a production line will increase the use of alternative fuels from 40% to around 80%.

But the thrust that will lead us to become one of the most virtuous building materials manufacturers worldwide will be provided by technology and innovation, where we have been leaders for years. Thanks to our low clinker cement FUTURECEM™, a proprietary technology patented worldwide, we are counting on reducing clinker content in cements by 40%, with the launch of a series of applications ranging from fiber reinforced to magnetic concrete and products for 3D printing.

Furthermore, our investment plan aims at the digitization of industrial processes with Cementir 4.0, a program with the objective of implementing digital technologies on the entire value chain, from production to planned maintenance, to integrated logistics. We expect these investments, in addition to those to reduce the environmental impact, to produce efficiency gains of around 25 million Euro per annum since mid-2022.

With these important medium-term objectives, I present today the 2019 results of the Cementir Group at the meeting which, compared to 2018, have seen us improve our industrial profitability and, net of extraordinary items, achieve a higher return for shareholders.

In 2019 our EBITDA reached 264 million Euro, the best result since 2008, representing an increase of over 10% from 2018. EBITDA Margin grew by 190 basis points reaching 21.8%, thanks to careful cost control and our Return on Invested Capital (ROCE) reached 10.7%. Group net profit was 83.6 million Euros, down on 2018, which included around 60 million Euro of extraordinary result from Lehigh White Cement stake revaluation and hedging on commodities.

Our considerable cash generation of around 100 million Euro allowed us to reduce Net Debt to EBITDA ratio to 0.9, one of the most solid parameters in our sector.

However, 2019 was not a year without challenges. The serious geopolitical crisis in Turkey that began in mid 2018, strongly affected Çimentaș results which in 2019 reported a negative EBITDA, with volumes of cement and concrete in sharp contraction, a circumstance that inevitably has impacted on the performance of the entire Group. However, we remain confident that the result of our subsidiary in Turkey may stabilize during 2020 and offer a boost to our industrial plan results.

I would like to express my gratitude to all our employees, who made these results possible and who, with their daily efforts, contribute to make Cementir a unique workplace. Being a Group means sharing common goals and helping to improve each other. It also means making Cementir an increasingly safe workplace, spreading a solid culture in the field of Health and Safety throughout our organization and focusing on professional training with our "Cementir Academy" hub.

With renewed pride, I also thank all our shareholders, customers and partners who have made these excellent results possible with their professionalism and dedication.

Francesco Caltagirone Jr.

Chairman of the Board of Directors

GROUP PROFILE

Cementir Holding is a multinational group with registered office in the Netherlands operating in the building materials sector. Through its subsidiaries in 18 countries, the Cementir Group is world leader in white cement and is specialised in producing and distributing grey cement, ready-mixed concrete, aggregates, concrete products and is active in the processing of urban and industrial waste.

The company was incorporated in 1947 and is part of the Caltagirone Group. It has been listed on the Milan Stock Exchange since 1955 and is currently included in the STAR segment.

The Group's international growth over the years was mainly driven by investments and acquisitions for over 1.7 billion euros, which have transformed the company from a domestic to a multinational player with production sites and products commercialised in more than 70 countries.

With about 3.3 million tons of installed capacity, Cementir Group is the world leader in the white cement segment; It is also leader in the production of cement and ready-mixed concrete in Scandinavia, is third in Belgium and one of the main international producers of cement in Turkey.

The company pursues a strategy which aims to achieve both geographical and product diversification and a growing integration of its operations.

11 CEMENT PLANTS

13.1 MILLION T CEMENT PRODUCTION CAPACITY

100 READY-MIXED CONCRETE PLANTS

30 TERMINALS

4.1 MILLION M^3 READY-MIXED CONCRETE SOLD

9.7 MILLION T AGGREGATE SOLD

1,212 MILLION/€ REVENUE

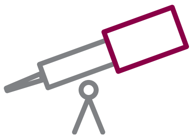
264 MILLION/€ EBITDA

3,042 EMPLOYEES

IDENTITY

Cementir is an International Group that:

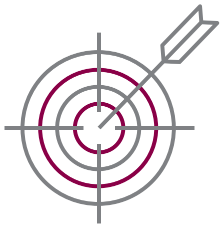
- aspires to be a product leader;
- believes that continuously seeking quality in every business process is the key to success;
- is dynamic on the market, constantly seeking new opportunities;
- gives importance to the growth of its employees, its shareholders and the communities in which it operates;
- believes in sustainable development and works to achieve it;
- believes that diversity is an element of strength and value on which to base its actions.



VISION

We want to maintain our uniqueness on the market through product segmentation and business diversification.

We want to create value, thanks to an agile organization capable of sustaining growth, respecting the environment and fostering integration with local communities.



MISSION

We develop our growth through product leadership and a continuous improvement of processes.

We work dynamically to seize the best opportunities, leveraging our know-how and our people's flexibility.

We adapt our organization to the territory where it operates, to increase its value and to ensure mutual benefit.

VALUES

Dynamism

We look beyond to anticipate and seize the best opportunities. Being dynamic and flexible is the feature that makes us unique on the market and allows us to quickly meet our customers' demands.

Quality

We engage and invest in constantly improving the quality of our products. We seek the efficiency and effectiveness of our processes.

Value of people

We build relationships with our employees and stakeholders that last over time. We believe it is our responsibility to recognize the merits and abilities of our people and anyone working with the Group.

Diversity and inclusion

We consider diversity and inclusion a great asset. We work every day promoting diversity in all its forms and expressions.

Sustainability

We believe that there can be no success without respect for the environment. We are responsible for the communities in which we live and work. It is our responsibility to take care of our property while safeguarding the environment and natural resources.

GLOBAL PRESENCE

Grey cement production capacity 9.8 million t	Cement plants 11
White cement production capacity 3.3 million t	Terminals 30
Grey cement sales 6.8 million t	Ready-mixed concrete plants 100
White cement sales 2.7 million t	Quarries 11
Ready-mixed concrete sales 4.1 million m³	Cement product plants 1
Aggregate sales 9.7 million t	Waste management facilities 3

NORDIC & BALTIC

Denmark
Grey cement production capacity: **2.1 million t**
White cement production capacity: **0.85 million t**
Cement plants: **1 (7 kilns)**
Ready-mixed concrete plants: **37**
Terminals: **9**
Quarries: **3**

Norway
Ready-mixed concrete plants: **28**
Terminals: **1**

Sweden
Ready-mixed concrete plants: **9**
Quarries: **7**

Latvia
Terminals: **1**

Iceland
Terminals: **3**

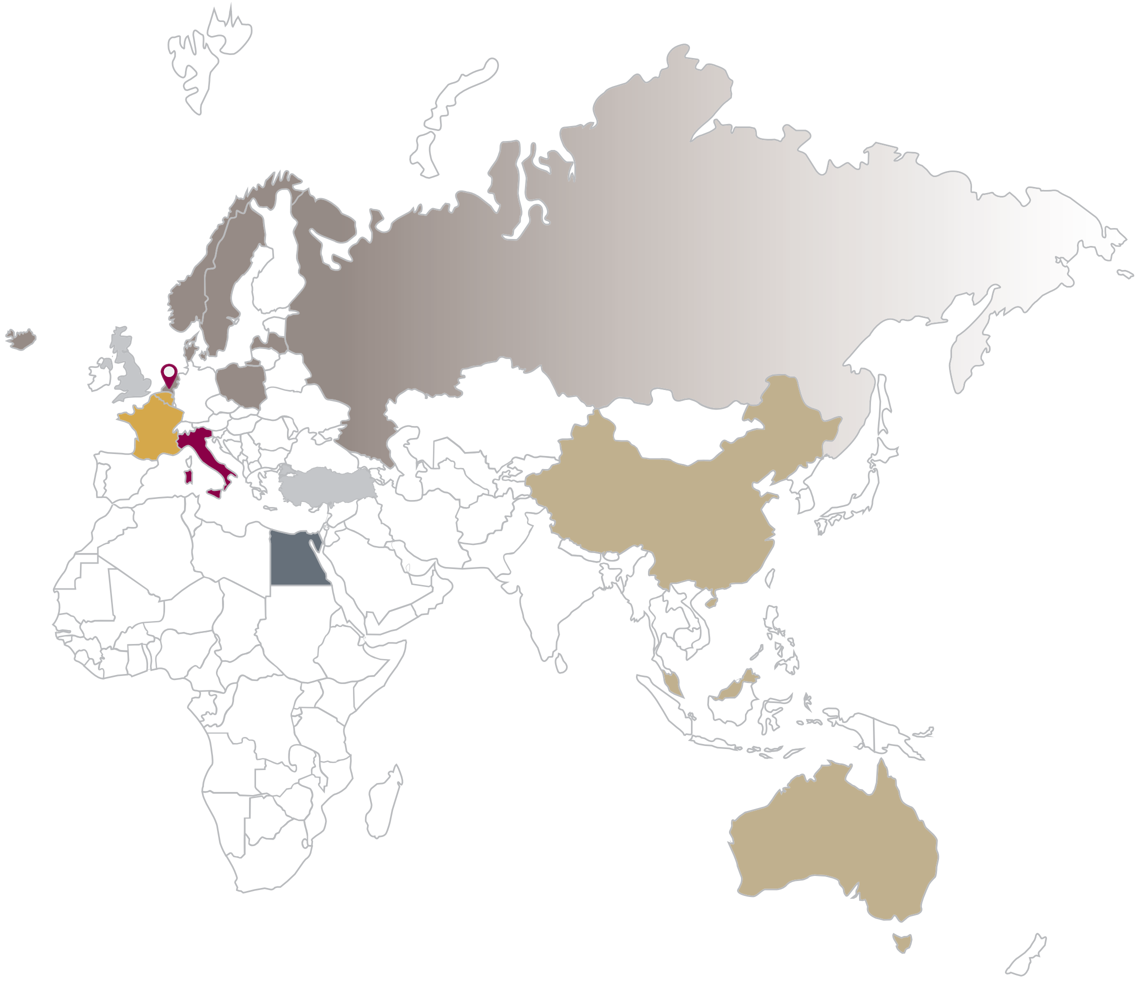
Netherlands
Terminals: **1**
Registered office of Cementir Holding N.V.

Poland
Terminals: **1**

BELGIUM / FRANCE

Belgium
Grey cement production capacity: **2.3 million t**
Cement plants: **1**
Ready-mixed concrete plants: **9**
Terminals: **1**
Quarries: **3**

France
Ready-mixed concrete plants: **5**
Terminals: **1**



NORTH AMERICA

USA
White cement production capacity: **0.26 million t**
Cement plants: **2**
Cement product plants: **1**
Terminals: **3**

TURKEY

Turkey
Grey cement production capacity: **5.4 million t**
Cement plants: **4**
Ready-mixed concrete plants: **12**
Waste management facilities: **2**

United Kingdom
Waste management facilities: **1**
Terminals: **1**

EGYPT

Egypt
White cement production capacity: **1.1 million t**
Cement plants: **1**

ASIA PACIFIC

China
White cement production capacity: **0.7 million t**
Cement plants: **1**
Terminals: **3**

Malaysia
White cement production capacity: **0.35 million t**
Cement plants: **1**
Terminals: **1**

Australia
Terminals: **4**

ITALY

Italy
Trading activities
Secondary and operational office of Cementir Holding N.V.

NORDIC & BALTIC

Volumes sold (million/t-m³)	2019	2018
Denmark		
Grey cement sales	1.63	1.57
White cement sales	0.62	0.63
Ready-mixed concrete sales	1.14	1.14
Aggregate sales	0.70	0.86
Norway		
Ready-mixed concrete sales	0.87	0.90
Sweden		
Ready-mixed concrete sales	0.22	0.24
Aggregate sales	3.36	3.32

BELGIUM / FRANCE

Volumes sold (million/t-m³)	2019	2018
Belgium / France		
Grey cement sales	2.08	1.95
Ready-mixed concrete sales	0.88	0.93
Aggregate sales	5.65	5.76

NORTH AMERICA

Volumes sold (million/t)	2019	2018
United States		
White cement sales	0.62	0.50


Aggregates operations, Gaurain, Belgium

TURKEY

Volumes sold (million/t-m³)	2019	2018
Turkey		
Grey cement sales	3.06	3.66
Ready-mixed concrete sales	1.00	1.70

EGYPT

Volumes sold (million/t-m³)	2019	2018
Egypt		
White cement sales	0.40	0.36

ASIA PACIFIC

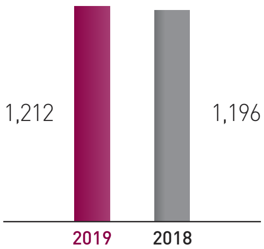
Volumes sold (million/t)	2019	2018
China		
White cement sales	0.72	0.66
Malaysia		
White cement sales	0.34	0.34

Unicon Ready-mix operations, Denmark

PERFORMANCE, FINANCIAL AND EQUITY HIGHLIGHTS

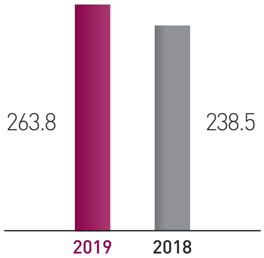
Revenue from sales and services
(EUR million)

+1.3%



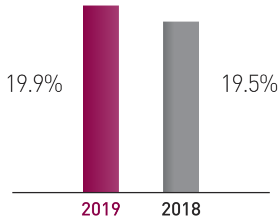
EBITDA
(EUR million)

+10.6%



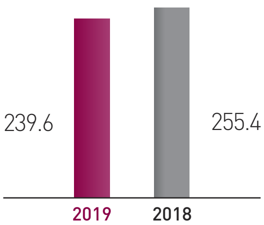
EBITDA Margin
(%)

+1.8
percentage points

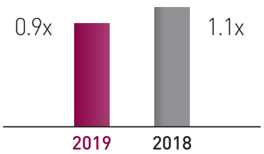


Net financial debt
(EUR million)

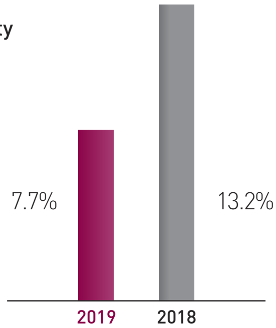
-15.8



Net financial debt/EBITDA



Return on Equity ROE
(%)



Performance highlights

[EUR'000]	2019	2018	2017	2016	2015	2014	2013
Revenue from sales and services	1,211,828	1,196,186	1,140,006	1,027,578	969,040	948,013	988,614
EBITDA	263,794	238,504	222,697	197,826	194,036	192,432	169,720
EBITDA Margin %	*21.8%*	*19.9%*	*19.5%*	*19.3%*	*20.0%*	*20.3%*	*17.2%*
EBIT	151,743	153,213	140,565	94,659	97,645	104,085	76,684
EBIT Margin %	*12.5%*	*12.8%*	*12.3%*	*9.2%*	*10.1%*	*11.0%*	*7.8%*
Net financial income (expense)	(25,095)	31,422	(13,912)	23,936	3,998	(4,602)	(13,530)
Profit before taxes	126,648	184,635	126,653	118,595	101,643	99,483	63,154
Income taxes	(36,219)	(35,866)	(16,393)	(33,246)	(26,542)	(20,758)	(14,992)
Profit from continuing operations	90,429	148,769	110,260	85,349	75,101	78,725	48,162
Profit margin %	*7.5%*	*12.4%*	*9.7%*	*8.3%*	*7.8%*	*8.3%*	*4.9%*
Profit (loss) from discontinued operations	-	(13,109)	(33,094)	-	-	-	-
Profit for the year	90,429	135,660	77,166	85,349	75,101	78,725	48,162
Profit attributable to the owners of the parent	83,569	127,194	71,471	67,270	67,477	71,634	40,124
Profit margin %	*6.9%*	*10.6%*	*6.3%*	*6.5%*	*7.0%*	*7.6%*	*4.1%*

Financial and equity highlights

[EUR'000]	2019	2018	2017	2016	2015	2014	2013
Net capital employed	1,421,196	1,383,799	1,558,929	1,622,741	1,353,192	1,401,632	1,354,291
Total assets	2,266,094	2,132,223	2,357,329	2,435,444	1,849,551	1,873,410	1,848,027
Total equity	1,181,567	1,128,384	1,015,658	1,060,303	1,131,105	1,123,301	1,029,409
Equity attributable to the owners of the parent	1,044,627	997,146	956,188	992,697	1,048,670	1,043,070	954,425
Net financial debt	239,629	255,415	543,271	562,438	222,087	278,331	324,882

Profit and equity ratios

	2019	2018	2017	2016	2015	2014	2013
Return on equity (a)	7.7%	13.2%	10.9%	8.0%	6.6%	7.0%	4.7%
Return on capital employed (b)	10.7%	11.1%	9.0%	5.8%	7.2%	7.4%	5.7%
Equity ratio (c)	52.1%	52.9%	43.1%	43.5%	61.2%	60.0%	55.7%
Net gearing ratio (d)	20.3%	22.6%	53.5%	53.0%	19.6%	24.8%	31.6%
Net financial debt/EBITDA	0.9x	1.1x	2.4x	2.8x	1.1x	1.4x	1.9x

(a) Profit (loss) from continuing operations/Total equity
(b) EBIT/Net capital employed
(c) Total equity/Total assets
(d) Net financial debt/Total equity

Personnel and investments

	2019	2018	2017	2016	2015	2014	2013
Number of employees (at 31 Dec)	3,042	3,083	3,021	3,667	3,032	3,053	3,170
Acquisitions (EUR million)	-	(223)	7.5	405.4(e)	-	-	-
Investments (EUR million)	88.4(f)	66.7	85.8	71.8	61.3	66.3	81.7

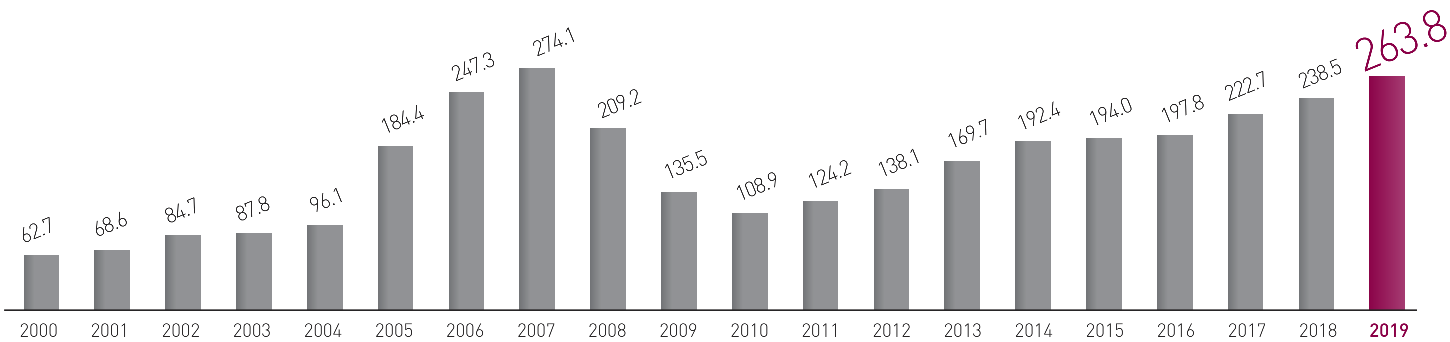
(e) On a cash and debt-free basis.
(f) Including EUR 24.7 million for the application of IFRS 16.

Sales volumes

[000]	2019	2018	2017	2016	2015	2014	2013
Grey and white cement (metric tons)	9,489	9,828	10,282	10,110	9,368	9,560	9,737
Ready-mixed concrete (m^3)	4,116	4,921	4,948	4,420	3,749	3,495	3,736
Aggregates (t)	9,710	9,953	9,335	4,462	3,813	3,259	3,234

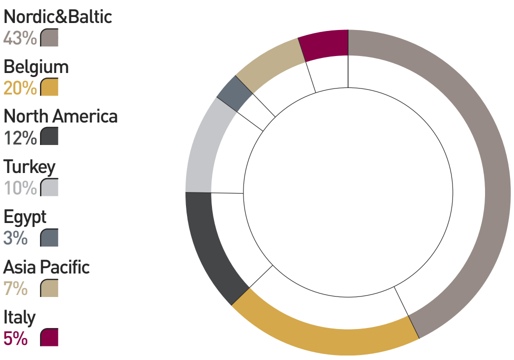
EBITDA performance

[EUR million]

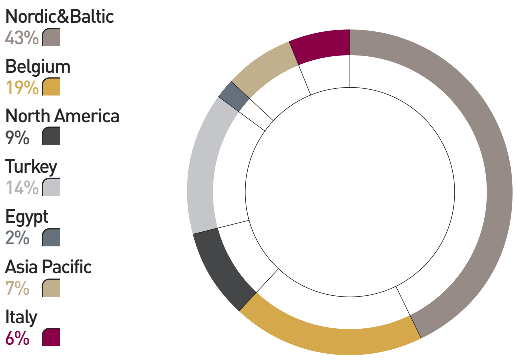


REVENUE FROM SALES AND SERVICES BY GEOGRAPHICAL SEGMENT

2019



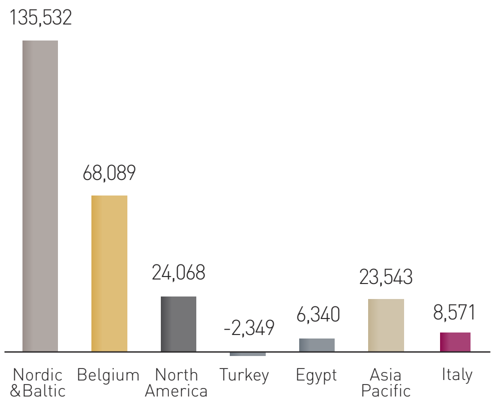
2018



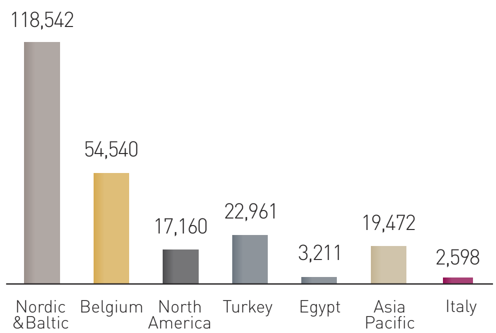
[EUR'000]	2019	2018	Change %
Nordic & Baltic	562,407	553,677	1.6%
Belgium	261,724	248,021	5.5%
North America	151,034	119,180	26.7%
Turkey	127,942	174,006	-26.5%
Egypt	35,789	27,375	30.7%
Asia Pacific	97,574	90,502	7.8%
Italy	65,490	78,023	-16.1%
Eliminations	(90,132)	(94,598)	4.7%
Total revenue from sales and services	**1,211,828**	**1,196,186**	**1.3%**

EBITDA by geographical segment (EUR'000)

2019



2018

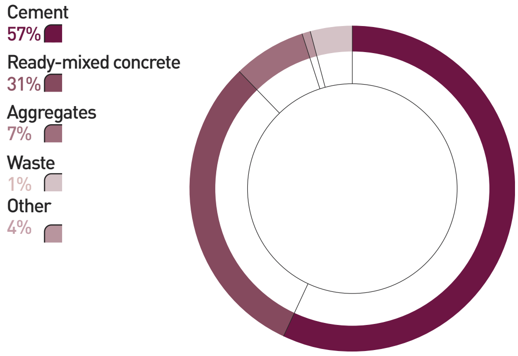


[EUR'000]	2019	2018	Change %
Nordic & Baltic	135,532	118,542	14.3%
Belgium	68,089	54,560	24.8%
North America	24,068	17,160	40.3%
Turkey[1]	(2,349)	22,961	-110.2%
Egypt	6,340	3,211	97.4%
Asia Pacific	23,543	19,472	20.9%
Italy	8,571	2,598	229.9%
Total EBITDA	**263,794**	**238,504**	**10.6%**

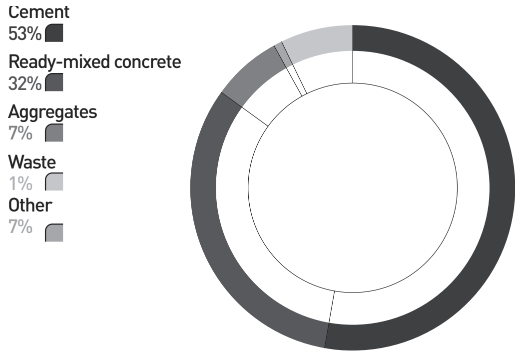
[1]Includes non-recurring impact of EUR 6.4 million in 2019 and EUR 11.5 million in 2018.

REVENUE FROM SALES AND SERVICES BY BUSINESS SEGMENT

2019



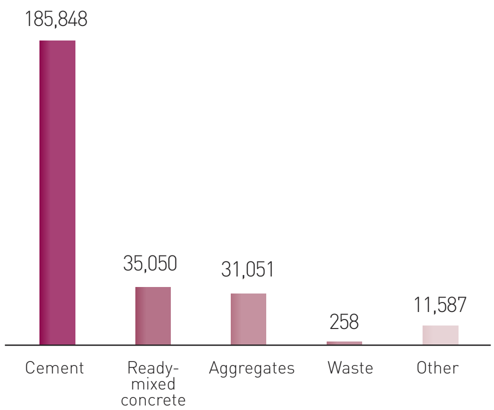
2018



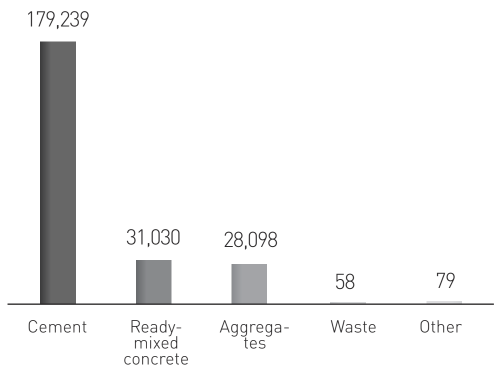
[EUR'000]	2019	2018	Change %
Cement	742,817	700,172	6.1%
Ready-mixed concrete	405,209	429,066	-5.6%
Aggregates	94,756	87,070	8.8%
Waste	14,699	16,092	-8.7%
Other	58,012	92,357	-37.2%
Eliminations	(103,665)	(128,571)	19.4%
Total revenue from sales and services	**1,211,828**	**1,196,186**	**1.3%**

EBITDA by business segment (EUR'000)

2019



2018



[EUR'000]	2019	2018	Change %
Cement[2]	185,848	179,239	3.7%
Ready-mixed concrete	35,050	31,030	13.0%
Aggregates	31,051	28,098	10.5%
Waste	258	58	344.8%
Other	11,587	79	n.m.
Total EBITDA	**263,794**	**238,504**	**10.6%**

[2]Includes non-recurring impact of EUR 6.4 million in 2019 and EUR 11.5 million in 2018.

CEMENTIR HOLDING ON THE STOCK EXCHANGE

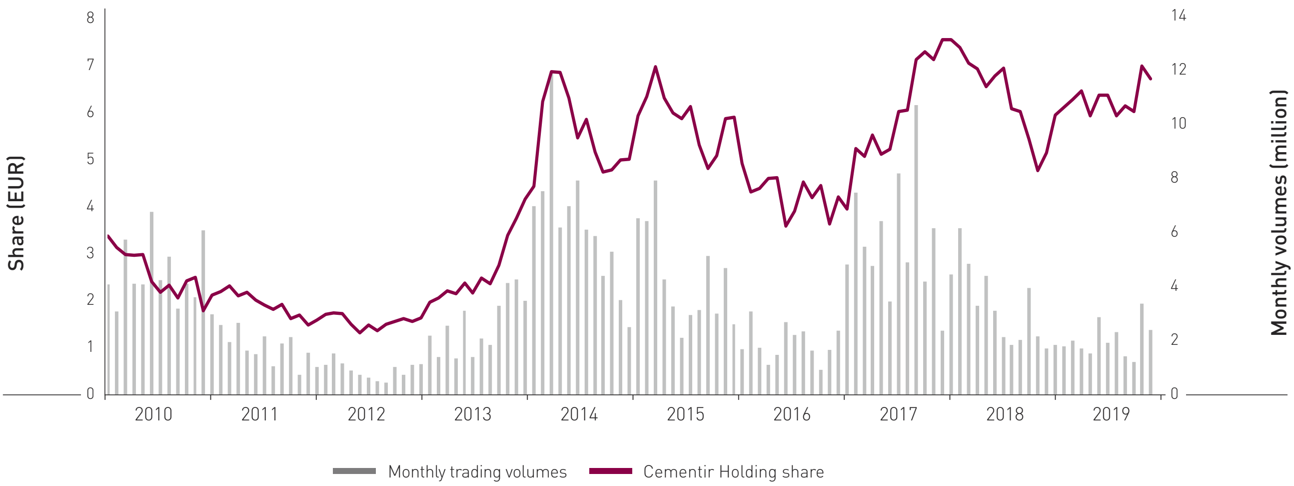
Key market data

	2019	2018	2017	2016	2015
Share capital at 31 December (EUR)	159,120,000	159,120,000	159,120,000	159,120,000	159,120,000
Number of ordinary shares	159,120,000	159,120,000	159,120,000	159,120,000	159,120,000
Earnings per share (EUR)	0.525	0.799	0.449	0.423	0.424
Dividend per share (EUR)	0.14[1]	0.14	0.10	0.10	0.10
Pay-out ratio	26.7%	17.5%	21.8%	23.7%	23.6%
Dividend yield[2]	2.7%	2.7%	1.3%	2.4%	1.7%
Market capitalisation (EUR million)(2)	1,069.9	816.3	1,201.4	668.6	939.6
Share price (EUR)					
Low	*4.98*	*4.48*	*3.86*	*3.30*	*4.68*
High	*7.15*	*8.19*	*7.63*	*5.92*	*7.12*
Year-end price	*6.72*	*5.13*	*7.55*	*4.20*	*5.91*

[1] Dividend proposed to the Shareholders' Meeting.
[2] Figures are calculated on the basis of the year-end price.

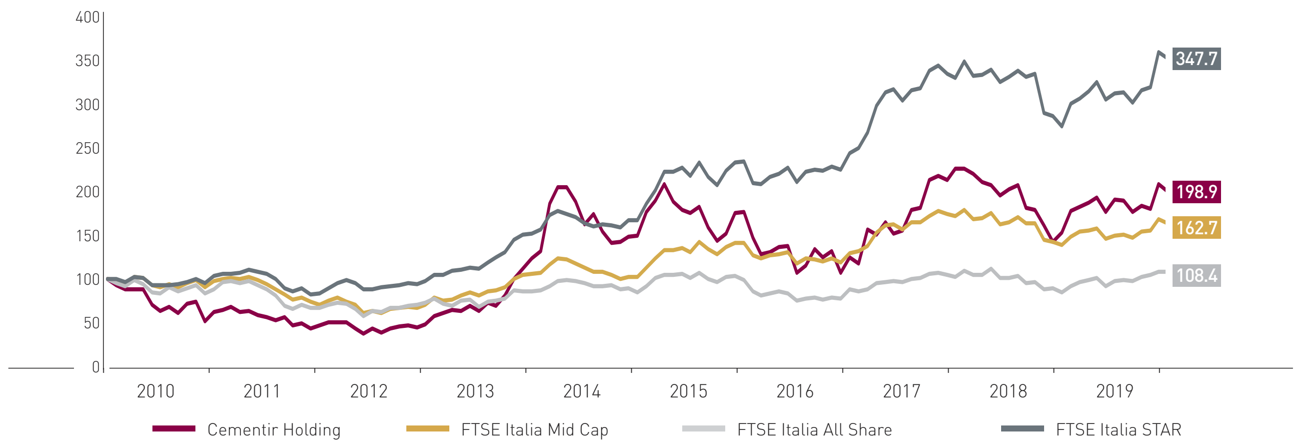
Performance of Cementir Holding shares

(31 December 2009–31 December 2019)



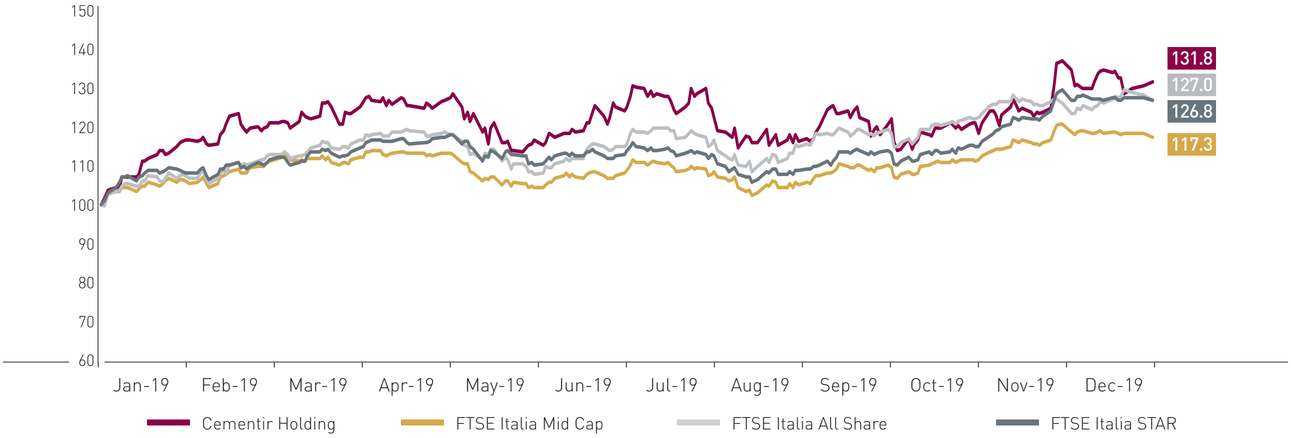
Performance of Cementir Holding shares versus FTSE Italia Mid Cap, FTSE Italia All Share and FTSE Italia STAR indexes

(base 31 December 2009 = 100)



Performance of Cementir Holding shares versus FTSE Italia Mid Cap, FTSE Italia All Share and FTSE Italia STAR indexes

(base 2 January 2019 = 100)



COMPANY OFFICERS

Board of Directors [1] In office until approval of 2019 financial statements	*Chairman and Executive Director*	Francesco Caltagirone Jr.
	Vice-Chairman	Alessandro Caltagirone
	Vice-Chairwoman	Azzurra Caltagirone
	Non-Executive Directors	Edoardo Caltagirone
		Saverio Caltagirone
		Fabio Corsico
		Mario Delfini
		Veronica De Romanis *(independent)*
		Paolo Di Benedetto *(independent)*
		Chiara Mancini *(independent)*
		Roberta Neri *(independent)*
		Adriana Lamberto Floristan *(independent)*
Audit Committee	*Chairman*	Paolo Di Benedetto *(independent)*
	Members	Mario Delfini
		Veronica De Romanis *(independent)*
		Adriana Lamberto Floristan *(independent)*
		Chiara Mancini *(independent)*
Remuneration and Nomination Committee	*Chairman*	Paolo Di Benedetto *(independent)*
	Members	Veronica De Romanis *(independent)*
		Chiara Mancini *(independent)*
		Mario Delfini
Independent Auditors		KPMG Accountants N.V.[2]

[1] Appointed by resolution of the extraordinary shareholders' meeting of 28 June 2019 which confirmed the current Board of Directors. It should be noted that Carlo Carlevaris left the office of Non-Executive Director and Senior Non-Executive Director on 13 November 2019.

[2] The extraordinary meeting of 28 June 2019, in order to avoid situations of discontinuity in carrying out the statutory audit assignment previously entrusted to KPMG S.p.A. with duration until 2020 and in accordance with Dutch legislation, it has decided to entrust the task to an auditing company belonging to the KPMG network based in Amsterdam.

Anqing Plant, China

Cimentas Plant, Turkey

2 DIRECTOR'S REPORT

INTRODUCTION

This Directors' Report refers to the separate and consolidated financial statements of the Cementir Group as at 31 December 2019. These statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by EU, and with Part 9 of Book 2 of the Dutch Civil Code.
This report should be read together with the separate and consolidated financial statements the year 2019. These financial statements of Cementir Group have been prepared on the basis of the going concern assumption.

Group profile

Cementir Holding N.V. (hereinafter "Cementir Holding or "Company") is a multinational group with registered office in the Netherlands operating in the building materials sector. Through its subsidiaries in 18 countries, the Cementir Group is world leader in white cement and is specialised in producing and distributing grey cement, ready-mixed concrete, aggregates, concrete products and is active in the processing of urban and industrial waste.
The company was incorporated in 1947 and is part of the Caltagirone Group. It has been listed on the Milan Stock Exchange since 1955 and is currently included in the STAR segment.
The Group's international growth over the years was mainly driven by investments and acquisitions for over 1.7 billion euros, which have transformed the company from a domestic to a multinational player with production sites and products commercialised in more than 70 countries.
With about 3.3 million tons of installed capacity, Cementir Group is the world leader in the white cement segment; It is also leader in the production of cement and ready-mixed concrete in Scandinavia, is third in Belgium and one of the main international producers of cement in Turkey.
The company pursues a strategy which aims to achieve both geographical and product diversification and a growing integration of its operations.

St. George's Song School, Perth Australia – white cement concrete elements

GROUP PERFORMANCE

The consolidated income statement for 2019 are reported below, with comparative figures provided for 2018.

Financial Highlights

[EUR'000]	2019	2018	Change %
REVENUE FROM SALES AND SERVICES	**1,211,828**	**1,196,186**	**1.3%**
Change in inventories	5,798	12,378	-53.2%
Increase for internal work and other income	25,766	31,106	-17.2%
TOTAL OPERATING REVENUE	**1,243,392**	**1,239,670**	**0.3%**
Raw materials costs	(466,387)	(479,283)	-2.7%
Personnel costs	(184,897)	(176,326)	4.9%
Other operating costs	(328,314)	(345,557)	-5.0%
TOTAL OPERATING COSTS	**(979,598)**	**(1,001,166)**	**-2.2%**
EBITDA	**263,794**	**238,504**	**10.6%**
EBITDA Margin %	*21.77%*	*19.94%*	
Amortisation, depreciation, impairment losses and provisions	(112,051)	(85,291)	31.4%
EBIT	**151,743**	**153,213**	**-1.0%**
EBIT Margin %	*12.52%*	*12.81%*	
Share of net profits of equity-accounted investees	310	1,050	-70.5%
Net financial income (expense)	(25,405)	30,372	-183.7%
NET FINANCIAL INCOME (EXPENSE)	**(25,095)**	**31,422**	**-179.9%**
PROFIT BEFORE TAXES	**126,648**	**184,635**	**-31.4%**
PROFIT BEFORE TAXES/REVENUE %	*10.45%*	*15.44%*	
Income taxes	(36,219)	(35,866)	1.0%
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**90,429**	**148,769**	**-39.2%**
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**-**	**(13,109)**	**n.s.**
PROFIT FOR THE YEAR	**90,429**	**135,660**	**-33.3%**
Attributable to:			
Non-controlling interests	6,860	8,466	-19.0%
Owners of the Parent	**83,569**	**127,194**	**-34.3%**

Sales volumes

['000]	2019	2018	Change %
Grey, White cement and Clinker (metric tons)	9,489	9,828	-3.5%
Ready-mixed concrete (m^3)	4,116	4,921	-16.4%
Aggregates (metric tons)	9,710	9,953	-2.4%

In 2019, cement and clinker **volumes** reached 9.5 million tons, down by 3.5%. On a like-for-like basis, cement and clinker volumes were down 5% due to the negative performance in Turkey which was partially offset by the good performance of CCB and the Nordic & Baltic Region.

Ready-mixed concrete volumes reached 4.1 million cubic metres, down 16.4%, mainly due to the drop in Turkey.

Aggregates volumes reached 9.7 million tons, down by 2.4% after the excellent result in 2018.

Group revenue reached EUR 1,211.8 million, up 1.3% compared to EUR 1,196.2 million in 2018. The increase in revenue was due for EUR 33.0 million to three additional months of consolidation line by line of the US company Lehigh White Cement Company ("LWCC") versus nine months in 2018.

On a like-for-like basis, revenue fell 1.4% due to the significant drop in revenue in Turkey, which was largely offset by the performance in other regions.

At constant 2018 exchange rates, revenue would have reached EUR 1,219.7 million, up 2% on the previous year.

Operating costs totalled EUR 979.6 million, down 2.2% compared to 2018 (EUR 1,001.2 million). On a like-for-like basis, operating costs were down by 5.4%, mainly due to the impact of process optimisation in the production and supply chain areas.

The **cost of raw materials** amounted to EUR 466.4 million (EUR 479.3 million in 2018), down due to the reduction in the cost of raw materials, mainly fuel, and the reduction in volumes.

Personnel costs amounted to EUR 184.9 million, up compared to EUR 176.3 million in 2018. The impact of additional three months of line by line consolidation of LWCC in the United states generated an increase in Personnel costs of EUR 3.7 million.

Other operating costs totalled EUR 328.3 million, compared to EUR 345.5 million in 2018. The change in consolidation perimeter had an effect of EUR 9.4 million.

EBITDA reached EUR 263.8 million, up 10.6% on EUR 238.5 million in 2018. The change in EBITDA was driven by the introduction of IFRS 16, which had a positive effect of EUR 25.5 million, as well as the additional EUR 3.7 million contribution of LWCC. EBITDA was however pulled down by the EUR 25.5 million drop in Turkey. At constant exchange rates with the previous year, EBITDA would have reached EUR 263.8 million.

EBITDA also benefited from non-recurring income (EUR 6.4 million compared to EUR 11.5 million in 2018) due to the revaluation of land and buildings in Turkey.

The EBITDA margin was 21.8%, improving 1.8% on 2018.

Taking into account EUR 112.0 million of amortisation, depreciation, write-downs and provisions (EUR 85.3 million in 2018), **EBIT** reached EUR 151.7 million compared to EUR 153.2 million in the previous year. The introduction of IFRS 16 generated an increase of EUR 24.5 million on amortisation and depreciation. Amortisation, depreciation, write-downs and provisions include EUR 3.0 million for impairment of fixed assets EUR 1.4 million for provisions for risks.

At constant exchange rates, EBIT would have been EUR 151.2 million, down 1.3% compared to 2018.

The **share of net profits of equity-accounted investees** was EUR 0.3 million (EUR 1.0 million in 2018).

Net financial expense was EUR 25.4 million (income of EUR 30.4 million in 2018). The 2018 income was influenced by one-off factors including the fair value remeasurement of the 24.5% share already held by the Group in LWCC (IFRS 3 Business Combinations), following the acquisition of control, for EUR 40.1 million and the positive mark-to-market value of commodity hedges for around EUR 20 million. The 2019 expense included the negative net impact of exchange rate changes for EUR 4.4 million, with the remainder accounted for by the impact of the valuation of certain derivatives.

Profit before taxes was EUR 126.6 million (EUR 184.6 million in 2018).

Profit from continuing operations totalled EUR 90.4 million (EUR 148.8 million 2018), after taxes amounting to EUR 36.2 million (EUR 35.9 million in the previous year).

Group net profit, once non-controlling interests were accounted for, amounted to EUR 83.6 million (EUR 127.2 million in 2018).

Financial highlights

[EUR'000]	31-12-2019	31-12-2018
Net capital employed	1,421,196	1,383,799
Total equity	1,181,567	1,128,384
Net financial debt[1]	239,629	255,415

Net financial debt as at 31 December 2019 was EUR 239.6 million, a decrease of EUR 15.8 million compared to EUR 255.4 million as at 31 December 2018. The change in debt was affected by an additional EUR 84.3 million due to the introduction of IFRS 16. Net of this impact, cash flow from ordinary activities was positive at EUR 100.1 million. **Total equity** as at 31 December 2019 amounted to EUR 1,181.6 million (EUR 1.128,4 million as at 31 December 2018).

Financial indicators

The following table provides the most significant indicators for a brief assessment of the performance and financial position of the Cementir Holding group. Return on Equity and Return on Capital Employed allow a quick understanding on how the operational performance of the Group has an impact of the overall profitability. The Other Financial Indicators highlight the ability of the company to meet its financial obligations.

PERFORMANCE INDICATORS	2019	2018	Composition
Return on Equity	7.65%	13.18%	Profit from continuing operations/Equity
Return on Capital Employed	10.68%	11.07%	EBIT/(Equity + Net financial debt)

FINANCIAL INDICATORS	2019	2018	Composition
Equity Ratio	51.8%	52.5%	Adjusted Equity/Total Assets
Net Gearing Ratio	20.40%*	22.8%	Net financial debt/ Adjusted Equity
Liquidity Ratio	1.35**	1.19	Cash + Receivables / Current Liabilities
Cash Flow	0.46***	0.47	Operating Cash Flow / Total Financial Debt
Finance Needs	239.6****	255.4	Net Financial Position

*13.2% Like for like without considering the impact of IFRS16 on Current Liabilities
**1.44 Like for like without considering the impact of IFRS16 on Current Liabilities
***0.54 Like for like without considering the impact of IFRS16 on Liabilities
****155.3 Like for like without considering the impact of IFRS16 on NFP

Performance Indicators variance over 2018 is primarily due to the one off factors occurred in 2018 and reported above commenting the Group Performance being them value remeasurement of LWCC and impact of commodity hedges.
Financial Indicators overall show an improvement over 2018 due to the important cash flow generated by Operating Activities (EUR 215.1 million versus EUR 157.2 million in 2018). As the introduction of IFRS16 generated an increase of EUR 84.3 million in Financial Liabilities represented in the balance sheet the impact on Indicators has been reported in the footnotes.

[1] Net financial debt (see note 17 to the consolidated financial statements) has been calculated in accordance with CONSOB rules, as per CONSOB communication DEM/6064293 of 28 July 2006.

Non-Financial indicators

In 2019, the Group set climate change targets to reduce CO_2 emissions per ton of cement of about 30% by 2030. Specific target for alternative fuels, Clinker ratio and emissions has been established in order to accomplish the 2030 goals. Below the details:

Grey Cement

years	1990	2019	2022	2025	2030
Use of traditional fuel in %	100%	69%	64%	57%	23%
Use of alternative fuel in %	0%	31%	36%	43%	77%
Clinker Ratio	82%	82%	80%	73%	69%
CO_2 emission (kg CO_2 /ton cement)	721	696	652	574	500
Reduction comparing 1990		-3%	-10%	-20%	-31%

White Cement

years	1990	2019	2022	2025	2030
Use of traditional fuel in %	100%	96%	96%	95%	94%
Use of alternative fuel in %	0%	4%	4%	5%	6%
Clinker Ratio	93%	84%	84%	82%	80%
CO_2 emission (kg CO_2 /ton cement)	1,238	926	859	847	808
Reduction comparing 1990		-25%	-31%	-32%	-35%

The Climate change targets established by the Group have been deployed per single plant and year and included in the Industrial Plan 2020-2022 approved by Board of Directors of Cementir Holding.
Additional KPIs have been set in order to monitor other relevant areas, as alternative fuels produced by the waste treatment plants, the alternative fuels used for thermal energy production in place of non-renewable fossil fuels, the water consumption for cement production, health and safety, training and performance evaluation of employees.

Alternative fuel produced

	2019	2018	Description
Alternative fuels (ton)	100,520	105,479	Fuel produced from municipal solid waste, m industrial waste or commercial waste.

Fossil fuel replacement index

	2019	2018	Description
% of fossil fuel replacement	23.5%	20.0%	Alternative fuels used / total fuels used for cement production

Water reused in Cement production

	2019	2018	Composition
% of reused water	65%	63%	Water reused / Water withdrawals

Health & Safety

	2019	2018	Composition
Lost Time Incident (LTI)	59	93	N. of accidents that cause more than one day off
Frequency rate	2.13	5.4	(LTI/ total worked hour) x 200.000
Severity rate	62.82	45.7	(Lost time (days) / total worked hour) x 200.000

Training

	2019	2018	Composition
Hour of training per capita	16.8	20.5	Hours of training / number of employees

Employees who receive regular performance reviews

	2019	2018	Description
Executives	91%	89%	Executives who receive performance review / total executive
Manager	78%	97%	Managers who receive performance review / total executive
White collars	80%	61%	White collars who receive performance review / total executive
Blue collars	48%	46%	Blue collars who receive performance review / total executive


Louisiana Sports Hall, Louisiana USA - white cement cast stone

PERFORMANCE BY GEOGRAPHICAL SEGMENT

Nordic & Baltic

[EUR'000]

	2019	2018	Change%
Revenue from sales	562,407	553,677	1.6%
Denmark	*369,886*	*356,206*	*3.8%*
Norway / Sweden	*193,383*	*200,271*	*-3.4%*
Other [1]	*57,207*	*54,781*	*4.4%*
Eliminations	*(58,069)*	*(57,581)*	
EBITDA	135,532	118,542	14.3%
Denmark	*112,180*	*96,331*	*16.5%*
Norway / Sweden	*20,211*	*19,034*	*5.7%*
Other [1]	*3,241*	*3,177*	*2.0%*
EBITDA Margin %	24.1%	21.4%	
Investments	48,821	28,892	

(1) Iceland, Poland, Russia and white cement operating activities in Belgium and France

Denmark

Revenue from sales in 2019 reached EUR 369.9 million, an increase of 3.8% compared with EUR 356.2 million in the previous year, thanks primarily to the rise in cement sales volume.

Volumes of grey cement sold in the domestic market rose by more than 5% due mostly to increased market activity, chiefly in the concrete segment, while the trend for small concrete structures and large prefabricated elements was in line with the previous year; the acquisition of some important customers and the favourable weather conditions early in the year produced notable benefits. Volumes of white cement in the local market increased by around 10%.

Average selling prices in the domestic market rose consistently with inflation, thanks to new sales contracts and the favourable product mix.

Volumes of white cement for export enjoyed moderate growth as a result of sales in Poland and Germany. Conversely, sales to the USA, the UK and Belgium decreased. Exports of grey cement were down because of reduced deliveries to Norway and Iceland, countries where the construction industry shrank significantly with respect to the previous year. Average export prices were on the rise, thanks to the country/customer mix and the favourable trend in the euro/dollar exchange rate.

Concrete volumes in Denmark were in line with 2018; the segment suffered from an across-the-board slowdown in activity and a smaller number of infrastructure projects in the country. Some major projects are due to be launched in 2020. The change in prices was in line with inflation.

EBITDA in 2019 amounted to EUR 112.2 million (2018: 96.3 million), an increase of EUR 15.9 million with respect to 2018, due in part to the application of IFRS 16 which contributed around EUR 10.4 million.

Net of that effect, the rise in EBITDA is explained by higher sales volumes, lower fuel costs (partially offset by the unfavourable exchange rate trend against the dollar), lower electricity costs, and greater production efficiencies.

Total investments in 2019 amounted to EUR 39.8 million (2018: 21.1 million), primarily in the cement sector for extraordinary maintenance projects, efficiency improvements and environmental impact reduction. The entry into force of IFRS 16 led to the recognition in Denmark of EUR 21 million in investments, included in the EUR 39.8 million mentioned above.

Norway and Sweden

In **Norway**, concrete sales by volume were slightly down with respect to the previous year. Demand in the Oslo and Bergen areas was sustained by the development of important infrastructure projects, which are also fuelling strong competition in these markets. Overall, however, the country saw a decline in public and private residential and non-residential activity, which Cementir partially countered by acquiring some additional spot projects with respect to 2018. The price trend outpaced inflation, thanks to the product mix.

Note that the Norwegian krone lost 2.6% against the euro compared with the average 2018 exchange rate.

In **Sweden**, concrete volumes decreased, while sales of aggregates were somewhat higher than in 2018. In the first three months of 2019, the sector benefited from favourable weather conditions and a robust construction market; from April onward, ready-mixed concrete sales declined and there was a general slowdown in residential construction, which did pick up again in the final quarter thanks especially to the demand for new apartments in southern Sweden.

In the infrastructure market, volumes are enjoying a boost from some major projects, particularly in the Malmö area for motorways, hospitals and rail; here too, after a mid-year slowdown, towards the end of 2019 a number of infrastructure projects were launched especially around Malmö and Karlskrona.

Average ready-mixed concrete prices suffered a slight decrease, but prices of aggregates were up sharply on the strength of inflation trends and the product/project mix.

The Swedish krona lost 3.2% against the euro compared with the average 2018 exchange rate.

In 2019, sales revenue in Norway and Sweden totalled EUR 193.4 million (EUR 200.3 million in 2018), while EBITDA increased by around EUR 1 million to EUR 20.2 million; much of the increase is explained by the application of IFRS 16. The higher selling prices, specifically in Norway and in aggregates in Sweden, were offset by greater raw material costs. As for fixed costs, savings and efficiencies were achieved in Norway, in part to counter the difficulties in the market, but production costs in Sweden were higher due to inflation trends and the greater production of aggregates.

Investments in this area reached EUR 8.5 million in 2019; in Sweden they mainly concerned machinery for the extraction of aggregates and motor vehicles, while in Norway about EUR 1.1 million was invested in the refurbishment of a concrete plant. The entry into force of IFRS 16 led to the recognition of EUR 1.7 million in investments, almost fully in Norway, and included in the EUR 8.5 million.

Belgium

[EUR'000]

	2019	2018	Change%
Revenue from sales	261,724	248,021	5.5%
EBITDA	68,089	54,560	24.8%
EBITDA Margin %	26.0%	22.0%	
Investments	17,629	16,411	

In 2019 sales volumes of grey cement were up sharply, by more than 10% on 2018, thanks to better weather conditions, an upturn in the construction sector, and major projects that helped boost sales in Belgium as well as in France and the Netherlands.

Average prices showed a strong upward trend in the domestic market, and to a lesser extent in exports. The profit margin benefited from both the price trend and the product and customer mix, where the company has been intensely focused in an effort to improve profitability.

Ready-mixed concrete sales by volume decreased in Belgium, due to a drop in demand. Other penalising factors

were the closure of a plant in March due to reduced market, fewer business days compared with 2018, a more marked slowdown during the summer, and some extraordinary weather events.
Sales volumes in France were stable compared to 2018, as the market was stable in the area served by five of the group's plants and accelerated late in the year with the start-up of some important projects.
Selling prices were up considerably in Belgium, due in part to the development of higher-added-value products, and to a lesser extent in France reflecting growth in less profitable segments and competition from new market players.
Sales of aggregates by volume were slightly down versus the previous year, particularly in the Belgian market. Early in the year, volumes were boosted by the efficiency of production plants, good weather conditions and growth in the prefabricated elements and motorway construction markets, as well as increased asphalt sales in the Netherlands. In the second six months there was a decline in roadworks in northern France, and Belgium suffered as well, especially in the ready-mixed concrete segment.
The price of aggregates outpaced inflation, both locally and for exports, due primarily to the product and customer mix.
Overall in 2019, CCB's (Compagnie des Ciments Belges) revenue from sales totalled EUR 261.7 million (EUR 248 million in 2018) and EBITDA reached EUR 68.1 million (EUR 54.6 million the previous year). The application of IFRS 16 gave a positive contribution of EUR 4.3 million; the rest of the increase compared to 2018 is explained primarily by the cement business, followed by ready-mixed concrete and aggregates. In cement, EBITDA growth was influenced by higher volumes and prices net of higher maintenance costs and fixed costs for the reactivation of the second furnace at the Gaurain plant. In aggregates and ready-mixed concrete, most of the improvement in EBITDA reflects higher selling prices.
Investments by CCB in 2019 amounted to EUR 17.6 million and mostly concerned the cement plant in Gaurain, where EUR 3.5 million was invested to reactivate the second furnace. Investments recognized as a result of IFRS 16 came to EUR 0.5 million.

North America

[EUR'000]

	2019	2018	Change%
Revenue from sales	151,034	119,180	26.7%
EBITDA	24,068	17,160	40.3%
EBITDA Margin %	15.9%	14.4%	
Investments	4,165	4,619	

In the United States the subsidiary LWCC, consolidated on a line-by-line basis since 1 April 2018, contributed 0,6 million tonnes of white cement sales, EUR 137.7 million in revenue and EBITDA of EUR 23.8 million. The increase in revenue was due for EUR 33.0 million to three additional months of consolidation line by line.
The market was hampered by unfavourable weather conditions in Texas and New York State, heavy international competition in bagged cement, and slowed growth in the residential and commercial sector in Texas, although the cement products business is still solid in New York State; demand remained strong in Florida and in the residential outbuildings sector, while in California there was a decline in concrete products. Prices were in line with 2018, reflecting strong competition and diversified regional situations.
The other US subsidiaries, which produce concrete products and operate the Tampa, Florida terminal, saw EBITDA worsen by around EUR 0,7 million as a result of extraordinary maintenance at the Tampa terminal and poor weather conditions that hampered the activity of cement structures manufacturer Vianini Pipe.
Total sales revenue in the United States reached EUR 151.0 million (EUR 119.2 million in 2018), with EBITDA of EUR 24.1 million (EUR 17.2 million in 2018). The application of IFRS 16 contributed a positive EUR 4.5 million.

Investments in 2019 stood at EUR 4.2 million, including the portion recognized in accordance with IFRS 16. Specifically, LWCC recognized investments of EUR 3.2 million, including EUR 1.9 million as the year's portion of the SAP implementation project.

Turkey

[EUR'000]

	2019	2018	Change%
Revenue from sales	127,942	174,006	-26.5%
EBITDA	(2,349)	22,961	-110.2%
EBITDA Margin %	-1.8%	13.2%	
Investments	6,262	10,085	

At EUR 127.9 million (EUR 174 million in 2018), revenue dropped sharply due to the devaluation of the Turkish lira against the euro (-11.4% compared with the average exchange rate in 2018 and -5% since December of that year) and the general economic situation. In December 2019 the annual inflation rate was around 11%, and the economy continued to slow as a result of the financial crisis. GDP growth went from 2.5% in 2018 to a negative 2% in the first six months of 2019, then recovered somewhat (+0.4%) in the third quarter of 2019. The recession has caused a sharp decline in the construction industry, which shrank by 2% in 2018 and continued to fall sharply in 2019.

The construction slump, along with excess production capacity in the country, led to a 19% local-currency decrease in cement revenue and a 17% decrease in sales of cement and clinker by volume. The Group companies have maintained a prudent approach, rationalizing sales in an effort to reduce credit management risks. Sales volumes in the domestic market therefore decreased by around 0,8 million tonnes (-24%); conversely, exports of cement and clinker increased by about 0,2 million tonnes. In the last four months of the year, however, the domestic market enjoyed an upturn in demand that boosted sales by 22% compared with the final four months of 2018. Average local-currency cement prices in the domestic market were somewhat lower than in 2018, with very different trends at the various plants.

In local currency, ready-mixed concrete revenue decreased by 31%. In this sector too, sales volumes dropped by about 41% with respect to 2018, with local-currency prices up by more than 15%. Another reason for the decrease in volumes was the closure of four ready-mixed concrete plants due to falling local demand. For ready-mixed concrete, too, however, demand picked up during the last two months of the year.

In the *Waste Management* business, the subsidiary Sureko, which treats industrial waste, enjoyed strong revenue growth with respect to 2018 by increasing the volume of landfilled waste, while the volume of waste collected for the preparation of refuse-derived fuel (RDF) and the sale of RDF saw a decline, 10% and 24% respectively; the materials trading business shrank by a more significant degree.

The Hereko division, which treats Istanbul's municipal solid waste, enjoyed substantial growth in the sale of solid-recovered fuel (SRF), while the other materials (plastics, glass, ferrous and non-ferrous metals) were in decline and the company closed the year with slightly lower revenue than in 2018. At 31 December 2019, the Cementir Group has also estimated the recoverable value of the CGU Hereko based on its value in use, since some delays in completing the investments have postponed the full operation of the plants and have not allowed to achieve the expected results. Based on the impairment test carried out, it was not possible to confirm the value of the plants and machinery and an impairment loss of Euro 2.9 million was recognized.

The UK subsidiary Quercia reported higher revenue, due essentially to greater landfill volumes. To a lesser extent there was also volume growth in ferrous and non-ferrous metals, while alternative fuel production and plastics showed a decrease.

Overall, EBITDA for the Turkey region was a negative EUR 2.3 million (positive EUR 22.9 million in 2018), due mainly to the lower sales volumes of cement and ready-mixed concrete in the domestic market and an increase in the cost of fuel and electricity. Maintenance costs and overheads decreased in local currency with respect to the previous year, thanks to the efficiencies achieved to counter declining sales. Personnel costs rose somewhat, as a result of inflation and redundancy costs for reductions in staff.
In the ready-mixed concrete business as well, the impact of lower volumes and higher variable and distribution costs was partially offset by higher selling prices and fixed cost savings.
Investments in 2019 reached EUR 6.2 million, mostly at the Izmir and Edirne plants for extraordinary maintenance, strategic spare parts and work on furnaces. The introduction of IFRS 16 led to the recognition of EUR 0.6 million in investments.

Egypt

[EUR'000]

	2019	2018	Change%
Revenue from sales	35,789	27,375	30.7%
EBITDA	6,340	3,211	97.4%
EBITDA Margin %	17.7%	11.7%	
Investments	1,991	972	

Revenue from sales amounted to EUR 35.8 million (EUR 27.4 million the previous year), showing significant growth thanks to the stabilised security situation in the Sinai Peninsula.
The quantities of white cement sold in the domestic market were in line with the previous year, despite limited liquidity in the construction market and competition from international operators. Average selling prices in local currency made a robust recovery after coming under strong pressure in the second half of 2018. Export volumes increased by more than 20% to all the main destinations, in particular the USA and Saudi Arabia, while exports to Russia decreased. Average selling prices in dollars were down somewhat compared with the same period last year, due to the country mix and strong international competition.
EBITDA rose to EUR 6.3 million (from EUR 3.2 million in 2018), thanks chiefly to higher selling prices in the domestic market and greater export volumes, partially offset by higher variable costs (raw materials, fuel, electricity, packaging), increased distribution expenses and lower selling prices in dollars for exports. The appreciation of the Egyptian pound against the euro (average exchange rate +11% with respect to 2018) made a positive contribution upon translating figures into euros.
Investments in 2019 amounted to EUR 2 million and concerned extraordinary maintenance and various improvements to the packaging section and other parts of the plant.

Asia Pacific

[EUR'000]

	2019	2018	Change%
Revenue from sales	97,574	90,502	7.8%
China	*53,197*	*45,732*	*16.3%*
Malaysia	*44,377*	*44,777*	*-0.9%*
Eliminations	*-*	*(7)*	
EBITDA	23,543	19,472	20.9%
China	*15,595*	*12,753*	*22.3%*
Malaysia	*7,948*	*6,719*	*18.3%*
EBITDA Margin %	24.1%	21.5%	
Investments	6,318	5,117	

China

Revenue from sales reached EUR 53.2 million (EUR 45.7 million in 2018), growing substantially compared to 2018 thanks to the strong increase in cement and white clinker volumes sold in the domestic market. In addition, selling prices rose faster than year-on-year inflation. Export volumes in 2019 remained marginal.
Despite the G20 agreements, China and the USA continued to impose and threaten tariffs on traded goods. The situation put the brakes on the Chinese economy and depressed manufacturing, investments and international trade, leading to GDP growth of just 6% in the third quarter of 2019 (the lowest in 30 years). Beijing devalued the local currency against the dollar to a 10-year low, and China's central bank promised to inject additional cash into the system.
Generally speaking, the construction industry was stable. The price of grey cement, which is state-controlled, did not fluctuate widely. The government maintained rigid environmental restrictions and controls on the manufacturing and mining industries.
In the second half of the year the economy continued to benefit from the 3-percentage-point reduction in VAT (as from 1 April) on manufactured goods.
EBITDA reached EUR 15.6 million, growing by EUR 2.8 million with respect to 2018, thanks mainly to the favourable trend in volumes and selling prices in the domestic market as partially offset by higher variable costs for raw materials and packaging. Fixed costs, on the whole, were in line with the previous year.
Investments in 2019 totalled EUR 3.4 million, including EUR 1.5 million for the acquisition of mineral extraction rights.

Malaysia

Sales revenue amounted to EUR 44.4 million (EUR 44.8 million in 2018). White cement volumes in the domestic market showed a solid improvement, with average selling prices on the rise due in part to the customer and product mix.
Conversely, total exports decreased somewhat compared to 2018, with greater volumes of cement offset by lower volumes of clinker. As for the geographical mix, increased cement deliveries to the Philippines, Vietnam, Cambodia and Australia more than compensated for reduced sales in other markets (South Korea). Clinker sales in India and in Australia were down, reflecting a decline in the market for new residential construction, but increased in Vietnam. Average foreign-currency selling prices were on the rise thanks to the country mix and contractual dynamics.
At EUR 7.9 million, EBITDA showed an increase with compared to 2018 (EUR 6.7 million). The most favourable factors for EBITDA were an improved sales mix (more cement and less clinker), higher selling prices both in the local market and for exports, and a reduction in fuel costs. Negative factors consisted primarily of exchange effects on various exports. Investments in 2019 amounted to EUR 2.9 million done in relation to the plant and the mine.

Italy

[EUR'000]

	2019	2018	Change%
Revenue from sales	65,490	78,023	-16.1%
EBITDA	8,571	2,598	229.9%
EBITDA Margin %	13.1%	3.3%	
Investments	3,174	570	

This grouping includes the parent company, Cementir Holding, the trading company, Spartan Hive, and other minor companies. Revenues regard services provided by Cementir Holding and supplies primarily of fuel and raw materials provided by Spartan Hive to other Group Entities. The reduction in revenues is due to reduction in fuel prices. Increase in EBTDA is generated by Spartan Hive thanks to product and market mix.

Investments

In 2019 the Group invested a total of EUR 88.4 million, including EUR 24.7 million for the application of IFRS 16. EUR 81.4 million was spent on property, plant and equipment and EUR 6.9 million on intangible assets.

KEY EVENTS OF THE YEAR

The 2019 financial year ended with an EBITDA of EUR 263.8 million (EUR 238.5 million in 2018), which benefited on the one hand from the contribution of LWCC for EUR 3.7 million for the additional three months of consolidation compared to 2018, but above all has been negatively impacted by the poor performance in Turkey caused by the difficult economic situation which was offset by performance in Belgium, Nordic & Baltic, APAC and Egypt.

The cash flow generated by operating activities and the management of working capital allowed the Group to end the year with net financial debt of EUR 239.6 million (EUR 255,4 million in 2018), which included the negative impact of EUR 84.3 million due to the application of IFRS 16.

On 28 June 2019, the extraordinary shareholders' meeting approved the conversion of the company from an Italian joint-stock company (S.p.A.) into a Dutch Naamloze Vennootschap (N.V.), following the transfer of the Company's registered office to Amsterdam, The Netherlands (Zuidplein 36, 1077 XV). The transfer process was finalised on 5 October 2019. On the same date, the Board of Directors resolved to establish a secondary and operational office in Italy, at Corso di Francia, 200, Rome. The company's tax residence remained in Italy. The Company continues to be listed in the STAR segment of the Milan Stock Exchange.

Starting from 1 January 2019 the Group has adopted the new accounting standard IFRS16 - "*Leases*", which has led to the recognition of right-of-use assets (in assets) and lease liabilities (in liabilities) in the statement of financial position, and the corresponding recognition in the income statement of depreciation charges for the right-of-use assets and financial expenses for the lease liabilities.

On 13 November 2019, the Board of Directors' of the Parent Company approved the **2020 - 2022 Business Plan**. Please refer to the relevant press release available con the company website www.cementirholdidng .com under Investors, Press Releases.

In November 2019, two minor companies Trabel Transports and Trabel Affretement were incorporated by the parent company Compagnie des Cimentes Belges (CCB) a Belgian based subsidiary of the Company, by way of a simplified merger process.

The new Group Industrial Plan envisages the achievement of the following targets in 2022:

- **Cumulative Green investments of Euro 100 million**, for specific projects including also Cementir 4.0 and product innovation. These investments will lead to a cost reduction of Euro 25 million from the second half of 2022;
- **Revenue between Euro 1.3 and 1.35 billion**, with growth driven by grey, white cement, ready-mix and aggregates sales volumes increase in all geographical areas, with prices in line with the market;
- **EBITDA to exceed Euro 300 million**, with an EBITDA margin expansion of 300 basis points to around 23% by 2022. Such results will be achieved also thanks to both Cementir 4.0 program, which will contribute for approximately Euro 15 million in 2022, and the green investments;
- **Annual investments of approximately Euro 70 million** directed towards developing production capacity and maintaining plant efficiency.

Strong cash flow generation will result in a positive cash position by 2022, guaranteeing financial flexibility for possible further growth opportunities.

INNOVATION, QUALITY, RESEARCH AND DEVELOPMENT

The Cementir Group conducts applied research to support Sustainability, Innovation and Product Development. These activities are carried out in close collaboration with academia, customers, and other stakeholders in the construction industry and society at large.
In 2019, the Cementir Group was one of the founders of **Innovandi**, a world-class cement and concrete network of industrial academic research. Innovandi brings together leading universities and producers of cement, additives and equipment around the world. Innovandi's aim is to carry out basic and high-quality research to improve sustainability and reduce CO_2 emissions. In 2020, Innovandi will replace the European Nanocem network, which has been the world's leading cement research network for over 15 years.
One particular focus of the Group's research is to provide the information needed to achieve the 30% CO_2 emission reduction target by 2030. These activities also include investigating the research into innovative discoveries, with the aim of enabling ever greater reductions in response to the European Green Deal's ambitions set by the EU. In 2019, activities involved defining a plan of action for reaching the required reductions in CO_2. In 2020, this action plan will continue with the launch and implementation of research and development projects in collaboration with local universities and stakeholders in Denmark, Belgium, and other European countries.
An important milestone achieved in 2019 was the completion of the Danish project Green Concrete II (green transformation of cement and concrete production), which involved the entire construction industry value chain, as well as universities and research institutes. The project included the development and testing of FUTURECEM™-based cement and new concrete recipes for saving resources. The tests on full-size structures performed well on fresh concrete, suitability for industrialisation, and good durability. Life cycle analyses were performed to document up to 30% reductions in CO_2 emissions compared to conventional concrete.
R&D expenses, to be reported according to Article 2:391.2 DCC, amounted to EUR 2.1 million.

Innovation

The Group decided to take on the challenge of meeting the growing demand for innovative, sustainable, and high value-added offerings. Innovation in the Cementir Group is driven by the InWhite™ process, led by the sales, marketing, and commercial development department at Cementir Holding, spanning the entire Group, including a dedicated team at the Research and Quality Centre.
The process involves receiving the relevant information from the market and customers in order to generate a list of potential high value-added initiatives to be offered to customers, to set their priority and, lastly, to convert them into business models that are feasible for the Group. The overall goal is to expand the Cementir Group's product market and increase market share within the entire value chain, while supporting the path to sustainability.
In 2019, AALBORG EXTREME™ Light 120 - the first high-performance ready-mixed concrete in the Group - was launched on the market, with initial sales in North America and Europe, and participation in tenders in order to penetrate other geographical areas. This product was welcomed by the market, as clearly confirmed by the sales forecasts for 2020.
In the fourth quarter of 2019, a new pre-mixed product - AALBORG EXCEL™ - was added to the range and launched globally.
Both products are designed to help Cementir' s customers follow societal trends, including the development of sustainable CO_2 solutions and using materials widely available in nature, leveraging FUTURECEM™ technology.
While AALBORG EXTREME™ Light 120 is intended for use in structural and semi-structural applications, AALBORG EXCEL™ is aimed at very thin architectural applications, such as exclusive façade cladding, ornamental objects, etc.
The InWhite™ innovation process also entered the field of 3D concrete printing. The Group has already identified and is establishing a confidential cooperation with a partner who has developed an innovative hardware and

software technology for the printing process, feasible for a set type of application, as verified internally.
In this regard, a first product (MVP) was developed by the innovation team at the Group Research and Quality Centre. The total solution for 3D printing is expected to be launched in the first half of 2020.
Within the Group's innovation process, FUTURECEM™ technology will improve the supply of innovative and value-added cements, thus pursuing the ambitious path to sustainability. In accordance with the Customer-focused Group's approach, specific product development activities were launched in all regions, in order to meet customer needs in their various applications.

Research Centre

Innovation and customer service are supported by the Aalborg-based Research and Quality Centre (RQC). The centre's experts are specialists in cement chemistry, mineralogy, concrete technology, white cement application, and life cycle analysis. The centre is equipped with state-of-the-art laboratory equipment, which enables a wide range of tests and analyses of raw materials, alternative fuels, cement and concrete.
In addition to the research, the centre offers customers technical support for all types of concrete and cement-based products. The White Cement Competence Centre (WCCC) specifically supports the InWhite™ innovation process and the use of white cement in general. At the global level, experts at the RQC help sales staff provide highly skilled assistance to the Group's customers. Research and quality skills therefore translate into high-value products and services for customers.
The Research and Quality Centre (RQC) is the Group's central quality section and the laboratory of reference. It monitors the quality of the cement mills' product, helping to keep it consistent and at a high level. It also analyses raw materials and products to ensure the continuous improvement of products and production processes. The RQC operates a global quality system to ensure a uniform and consistent quality across the Group's facilities. The system consists of online quality monitoring and internal comparative analyses, as well as common standards and procedures, which support the creation of quality assessment models and improve the sharing of best practices.

Quality

Quality is one of the main objectives pursued by the Cementir Group. The CON-CQ (CONsistent Cement Quality) Concept, currently implemented in all plants, clearly defines roles and responsibilities in the quality system. The necessary quality goals are defined in concert with customers, to provide a product suitable for each specific application. Based on an in-depth understanding of the impact on product performance of raw materials, fuels and the production process, Cementir Group companies can ensure that the products are consistently manufactured according to predefined product quality targets.
The Corporate RQT function (R&D, Quality and Commercial Technical Support) set the common quality guidelines and procedures for all the Group's plants. In addition, annual reviews are performed according to the CON-CQ criteria. Quality procedures and performance are assessed during the audits, identifying areas for improvement. The necessary support is then provided to plant management in order to achieve, where necessary, the identified improvement targets. In 2019, the focus was on the measurement system, leading to significant improvements.
The Research and Quality Centre (RQC) in Aalborg is the laboratory of reference for the Group, operating a cross-checking programme that is the key to maintaining accuracy and precision in our local labs. The RQC provides them with calibration samples and, at regular intervals, it receives samples of raw materials, clinkers, and cement from individual plants to assess process efficiency and provide support to the plants. The use of advanced analytical equipment enables prompt responses and troubleshooting, as well as ensuring continuous improvement in process efficiency and product quality in each individual plant.

INFORMATION SYSTEMS

In 2019, the Information Technology function continued developing the application of the organisational and governance model based on the centralisation of functional responsibilities, supported by the regional IT coordination areas. To this end, the global resource pool was leveraged to manage the portfolio of group and local initiatives, to support the execution of the 2019-2021 IT business plan.

Early in the year, IT activities were largely driven by changes in the Group perimeter, with the necessary completion of the Lehigh White Cement Company integration plan in the first quarter of the year. The integration into the Group's systems and infrastructure enabled the introduction of innovative system and process elements in the areas of quality, purchasing, maintenance, sales, and production. Specifically, a solution was developed for the management and tracking of train transfers and finished product stocks in terminals throughout the US.

Also within the scope of M&As, throughout 2019 Cementir's IT function provided the necessary support to the Italian companies sold at the end of 2018, as mandated by the agreements between the parties.

In all the initiatives related to the implementation perimeter, the founding principle of the IT business plan was constantly pursued. Its common denominator remains the gradual streamlining of the application stock and the use of SAPs as a central element of the group processes. In addition, a small number of non-SAP applications were selected to complete the process coverage required for business operations and development.

The most interesting projects for the group include the development of a Human Capital Management platform, which includes identification and organisational details for all Group staff. This is integrated with the payroll processing systems, thus enabling the coverage and harmonisation of the entire hire-to-retire process, the adoption of a Financial Planning system, the renewal of the Aalborg Portland perimeter customer portal, the introduction of Robotic Process Automation (RPA) systems, the inclusion of the AP Poland subsidiary in the Salesforce CRM, and the gradual replacement of the finished product weighing systems in several factories. Other important process and system improvement activities were launched in the Purchasing and Maintenance processes, to support Cementir 4.0, the multi-year digitisation programme launched in the last quarter of the year.

Particular attention and effort were invested during the year in the developments in Business Intelligence. By leveraging the potential of Tableau and the "Vizion" group portal, several group-level analyses were carried out and published regarding Production, Sales, Purchases, and Quality. For the first time, Supply Chain analytics were developed to include data and process control and alerting capabilities, in addition to the traditional summary and detail reports. Also for the first time, by leveraging RPA technologies, monitoring tools were developed to support the execution of the Group's internal Audits, reducing execution times by automatically detecting critical issues to be investigated. Lastly, we must mention the most relevant and far-reaching project of the year in the Business Intelligence field: the implementation of the Automatic Monthly Book, an exhaustive set of management control reports and analyses, replacing the semi-manual version previously produced for all the regions. The Monthly Book, which is now the reference for all monthly management meetings, is published in "Vizion", introducing the added benefit of standardization and logging of management KPIs. This reduced the time spent on low-added-value reporting activities and introduced tools that enable and facilitate the necessary detailed analysis of critical indicators.

In the infrastructure sector, many of the initiatives launched in 2018 were completed or developed further. The Office 365 platform was enhanced with document sharing, cloud storage, and collaboration capabilities, leveraging the power of applications such as Teams, SharePoint, OneDrive, and Yammer. The availability of documents and tools is now device-independent and easy to access from anywhere. Multi-Factor Authentication was introduced to provide the necessary level of security and avoid unauthorised access, identity theft, and possible data loss. In this context, the Security Foundation programme achieved its 2019 goals by implementing a unique anti-virus solution for the Group, encrypting laptops, adopting the latest firewalls and a Security Web Gateway solution to extend the control perimeter beyond the physical boundaries of the Group

and, last but perhaps most relevant, the creation and deployment of a Cyber Security training course for the most exposed users (Top Management first and foremost) to raise awareness of the risks, to learn about the most common cyber-attack methods, and to speed up the adoption of appropriate standards of conduct.
The planned cloud migration project for the Group's Data Centres ended as expected in the last quarter of the year. The Data Centers previously active in Milan, Copenhagen and Istanbul were decommissioned and consolidated into a hybrid-cloud solution on IBM technology active in Amsterdam as primary site and Paris as secondary site. This solution removes the Group's link with the physical infrastructure and represents a significant step forward in terms of security and redundancy, with the added benefit of being scalable in terms of computational capacity, memory, and management of data archive space and performance.

HEALTH, SAFETY, AND THE ENVIRONMENT

Health and safety

Cementir has long been focusing its utmost efforts on dealing with the issue of safety of its employees and associates and creating a shared approach throughout the Group.
Specifically, the Technical/Industrial Area, coordinated by the Group Industrial Centre, included the topic of Safety within its Governance through a multi-step approach aimed at strengthening and perfecting the Group's Safety Culture. The first step was to implement a Lost Time Incident (LTI) monitoring process that ensures, at the corporate level, a constant updating on the type and severity of every LTI that takes place in our plants. The most significant and interesting cases are discussed and shared during periodic staff and plant meetings.
In 2019, the focus was also on consolidating a Risk Assessment/Awareness process at our plants. This was also brought to the level of the individual employee in order to increase awareness of the risks associated with daily activities and thus minimise the potential for accidents.
These activities are defined by a specifically designed working group (Safety Working Group) with the aim of creating a Management System for standardising safety actions and best practices
The Group's main facilities were certified under international standards OHSAS18001 and ISO 45001 by accredited external parties: In 2019 8 cement plants, 3 waste treatment companies, and the Turkish concrete production subsidiary were certified to this standard.

Environment

The Group's goal is the ongoing improvement of its environmental performances for the sustainable growth of its business activities. The control of energy consumption, the increase in use of alternative fuels in the production process and the reduction of greenhouse gases by using the best technologies are just some of the goals pursued by the Group to continue its economic growth based on sustainable, long-term goals.
Regarding the environment, in 2019 the Group set out a number of objectives, including:

- 30% reduction in CO_2 emissions per tonne of cement by 2030;
- increase in the use of alternative fuels by up to 77% of the total by 2030 for grey cement production;
- the obligation for all plants to operate with certified systems of environmental management (ISO 14001) and energy management (ISO 50001);

In 2019, 67% of the group's operating companies were certified according to the UNI EN ISO 14001 standard. Specifically, 8 cement plants, 2 concrete companies, 2 concrete companies and 4 waste treatment companies are certified.

HUMAN RESOURCES

In line with activities started in the previous year, the Cementir Group have continued striving to make the organisational units that operate around the world more efficient. The organisational model is based on a

management platform that supports and facilitates the process of integration of the various organisational units and allows the various areas to be managed in a coordinated manner, while respecting the specific business and market aspects of each Group company.
During 2019, a process of digitalisation of core human resources processes began with the implementation of the technology-based **human capital management system**. This system will improve the efficiency of human resources processes and enable the analysis of related data.

Changes in workforce and personnel costs

As at 31 December 2019, the Group had a workforce of 3,042 employees, 41 less than at year-end 2018. The change is essentially due to the reduction of 51 employees compared year-end 2018 in Turkey; the remaining change is due to turnover and hiring processes in certain Regions/Business Units.
Personnel costs are in line with expectations for 2019, there was an increase of EUR 8.6 million of which approximately EUR 3.7 million was due to the 12-month consolidation of LWCC compared to the nine-month period last year. The rest of the increase of EUR 8.6million is related to the inflationary trend in personnel costs in the various countries, the effects of some of the exit agreements and the higher premiums paid to management for positive performance.

Organisation

In 2019 the growth plan of the organisational strategy, launched in the previous year, was finalised and consolidated in order to make the organisational structure more suitable for achieving the objectives set out in the 2019-2021 Business Plan and to respond more effectively to market developments and Group changes.
The plan to integrate the activities acquired in previous years has been completed. The focus has therefore been on coordinating and rationalising the organisational model which, as at 31 December 2019, included various territorial areas:

- Nordic & Baltic
- North America
- Asia Pacific
- Turkey
- Egypt
- Belgium

and two dedicated business units: Spartan Hive and Waste.
Amsterdam is the new registered office of the holding company, which regulates the aforementioned regions and operating companies, while the Rome office remains the secondary and operating headquarters.
During the year, a number of important changes were implemented to strengthen the organisational model, ensure certain key processes and improve overall efficiency. In particular, these changes concerned:

- The Administration, Finance and Control function
- The consolidation of the North American regional team
- Investment management
- The Legal Affairs function
- The Internal Audit function
- The Human Resources function

The Group's General Manager is entrusted with the control of the Group's main operating levers, allowing the Group's CEO to focus on business activities with a strategic impact such as mergers and acquisitions. Operational levels were aimed at major projects for improvement. These include the implementation of a monitoring system of daily volumes for all Group. Lastly, the planning and budget model was standardised and optimised on the basis of periodic forecasts and strategic alignment meetings at Group level.

Talent Strategy

The Group's **Talent Strategy** has been further developed and refined with the aim of spreading a Talent culture that is increasingly data-driven in order to attract, retain, develop people and improve Group performance, guaranteeing the Group a solid and sustainable competitive advantage over time. In this sense, **HR Governance** has been further strengthened, adapting HR processes to an organisational matrix model in which shared responsibilities between different actors coexist.

On the **Talent Acquisition and assessment processes** front, a team of HR professionals selected at central and local level were involved in the "Assessment Academy" training programme with the aim of enhancing the set of skills and abilities to manage psychometric tools - adopted by the Group - and potential assessment techniques capable of mitigating possible cognitive bias and facilitating effective decision-making on external recruitment and internal promotions.

At the **Employer Branding** level, work was carried out on the design and implementation of the **new Cementir corporate website**, building a session dedicated to people to make the Group's culture, organisation and people visible to the outside world.

The **OSTA (ORGANIZATION AND SKILLS Team Assessment)** process was used at the Group's cement plants for two purposes: on the one hand, to detect deviations of the local organisational model from the centrally defined standard model, on the other hand, to assess skills, competencies, individual engagement and risk of loss of valuable employees, and, finally, to identify areas of strength and improvement and define specific action plans. The OSTA framework (role map, related technical skills including the expected level of knowledge and essential skills for each role) has been progressively extended to other professional families in order to collect all useful information for the evolution and digitalisation of the people assessment process (Skills Team Assessment) that will become an integral part of the new performance management system. The design of the **Group's Performance Management System**, which will involve all office workers, was also launched in 2019. The launch of the new System within the Group is expected by the end of 2020. This process will allow us to monitor objectives, skills, competencies and people development plans and align them with the Group's strategic objectives.

During the year, a **Group Talent Review** was conducted in order to review the quality of the Group's managerial resources from the point of view of performance trends and spending potential on more complex and structured roles. The process has also led to the identification of emerging talents (professionals or newly appointed people in management positions) with good performance and development potential in management or coordination positions in the medium and long term.

With reference to the **succession plan for the Group's key positions,** the periodic monitoring of the results of the mapping of successors has highlighted a mitigation of the risk of business discontinuity on these positions and supported some important decisions at Group level such as the launch of the first edition of the ***Group Talent Development Program*** during 2020.

The **Cementir Academy** continues its activities in pursuit of its mission: support the Group's strategy and the achievement of business results, develop the global leaders of today and tomorrow, accelerate the transformation of the Group and promote diversity and inclusion. We have designed and released new training courses and initiatives. In particular, the following are noted:

- The completion of the first version of the *Lead Programme* for senior leaders in the Group;
- the implementation of the two-year programme 2018-2019 *Group Technical Training Program* in Aalborg with the release of preliminary online training modules, classroom courses, factory visits and third-party classroom courses.
- the launch of some new online courses in addition to the existing Cementir Academy course catalogue (the course on insider information management procedure and Cybersecurity) and the translation of courses already in the catalogue into some local languages.
- the "EvOCEM" (Evolved Office for Cementir) training by 20 colleagues acting as "ambassadors".

- the organisation of some training interventions aimed at enhancing the technical and functional skills of some professional families or sub-communities.

An Education Plan for 2020 was also designed to support the Group Strategic Plan and meet the development training requirements that emerged from the Group People Survey.

Remuneration

In order to comply with the business plan, the 2019 Compensation Policy Guidelines set out challenging performance objectives that have guided, monitored and evaluated the activities related to the supervision and development of the business, which are crucial to achieving the objectives in the Group strategic plan.

The managerial population concentrated, in terms of short-term economic and financial objectives, on Operations. The global survey had a strong focus on the strategic objectives of the group as well as the specific objectives of the professional families, which were the priorities for 2019. The objectives have been defined by applying a cascading process in the different countries, in accordance with the different organisational levels, confirming the group approach for the short-term incentive scheme.

Particular attention has been paid to the design of annual remuneration policies in terms of selectivity, focusing in particular on the identification of critical human resources as part of a drive to improve their remuneration positioning, taking into account specific labour market conditions, inflation and relevant business prospects.

The guidelines on long-term remuneration policy have also been geared towards defining an incentive to strengthen the participation of top managers in improving the Group performance and pursuing the interest of creating value in the medium/long term.

The 2019 Remuneration Policy remained consistent with the governance model adopted by the Group and the recommendations of the Code of Ethics available on Corporate Website under https://www.cementirholding.com/en/governance/corporate-regulations

in order to attract, motivate and retain staff with a high professional profile and to align management interests with the main objective of creating shareholder value in the medium/long term.

Reference group and market positioning

We offer a remuneration package that is competitive as compared to a relevant labor market. To define this market, a reference group is created, consisting of companies that are comparable to us in terms of size and complexity, data transparency and geographical area.

Internal communication

During 2019, a survey was launched for the first time at Group level (***Group People Survey***) called "Your Voice" to verify the level of staff involvement and engagement within the Group. Several key indicators were identified to take into account the various aspects related to staff involvement, including based on international benchmarks.

A dedicated communication plan was developed during the key phases of the survey:

- Pre-survey: to announce the survey and prepare the staff
- During the survey: to provide operational instructions and support and to promote the participation of all employees
- Post-survey: to explain the next steps and the resulting action plan

All Group personnel, operating in the offices and production plants, took part in dedicated plenary meetings.

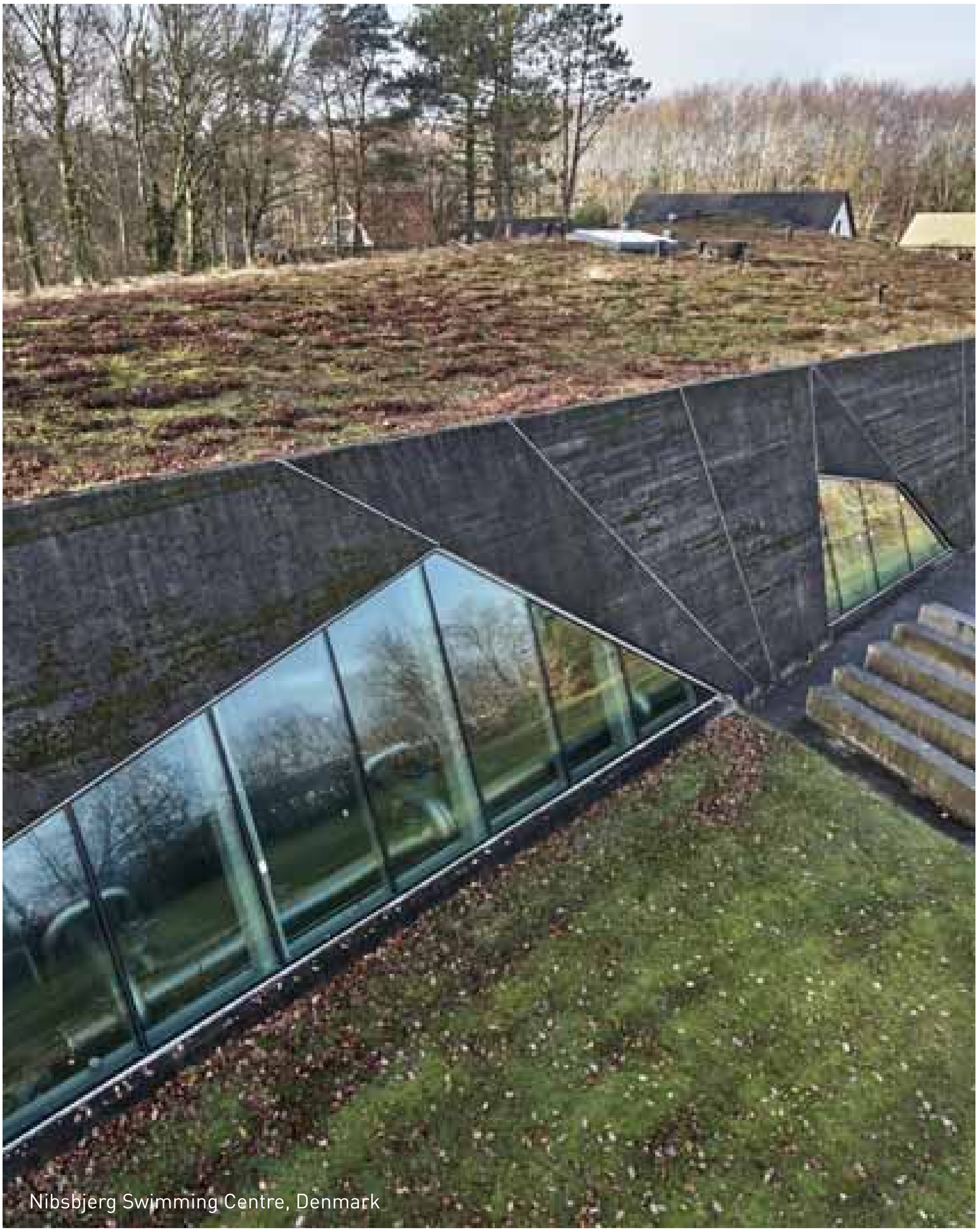
The survey took place in May with a total participation rate exceeding 80%.

Based on the results of the survey, an action plan has been finalised at both global and local level which will be implemented during 2020.

Another key project that was launched during 2019 was the **Cementir 4.0 programme.** A dedicated communication plan has been created to support the kick-off meeting in the two pilot plants, Gaurain and Aalborg, supported by a video of the Group's General Manager.

Social Dialogue

The Cementir Group maintains constant and structured dialogue with European workers' representatives in its companies, in accordance with EU regulations and the protocol adopted by the **European Works Committee** (EWC) of the Cementir Group. During the year, management informed and set up discussions with employees and unions on transnational issues concerning the status of activities and significant decisions taken by the Group in relation to the business and its employees. Representatives from Belgium, Denmark and Norway have taken part in the meetings held in Rome. During the meetings, a new 4-year agreement was signed to the mutual satisfaction of the Group and employee representatives.


Nibsbjerg Swimming Centre, Denmark

RISKS AND UNCERTAINTIES

Internal Control and Risk Management System

The Cementir Group's Internal Control and Risk Management System is defined as the set of tools, organisational structures, procedures and company rules designed to ensure - through appropriate identification, measurement, management and monitoring of the main risks it faces - that the company is managed correctly and consistently with its set objectives in terms of:

- compliance with laws and regulations;
- safeguarding the company's assets;
- effectiveness and efficiency of operating activities;
- accuracy and completeness of reporting.

The Internal Control and Risk Management System ensures that:

- all the main risks that could jeopardise the achievement of the Group's objectives are identified, understood and visible to management, throughout the Group, and to the Board of Directors;
- these risks are assessed by identifying their impact and their probability according to standard and uniform criteria;
- reasonable measures are taken - in terms of the cost/benefit ratio - to control risks that could threaten the organisation's assets, ability to generate profits or the achievement of operational objectives.

Risk management roles and responsibilities have been defined, starting from the company's Board of Directors which defines the strategy, policy and risk appetite, supported by the Audit Committee, and involving the management of the group companies who are responsible for risk management within their area of responsibility.

The Cementir Group's Internal Control and Risk Management System is integrated into the Group's organizational, administrative, accounting and governance structure and has been established according to the principles set out in the *Enterprise Risk Management - Integrated Framework*, an international standard developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report), thereby providing greater detail on the risks of the companies and the Group and also including the results of audit activities. That method is expressed through an iterative process with the following stages:

- Risk identification: risk identification is based on a dual approach; "top down" (risks identified on the basis of best practices and evidence from Internal Audit activities) and "bottom up" (the head of each area reports specific risks that could hinder the achievement of the objectives set for his or her activity);
- Risk assessment: for each risk identified, management expresses an assessment of inherent risk levels (with no controls/mitigation actions), in terms of likelihood and impact on the business, using a five-level scoring system. As regards the impact, three parameters are considered: economic (quantitative), operational (qualitative) and reputational (qualitative);
- Identification and assessment of existing control adequacy: for each risk detected, identifying, with management, all controls/actions currently in force to mitigate the risk;
- Residual risk assessment: considering single controls implemented for each risk and relative adequacy, the residual risk is calculated by applying a uniform calculation method to all Group companies;
- Identification of additional actions: if the residual risk is higher than the risk appetite level defined by management, further actions are agreed with management to mitigate the risk and contain it within acceptable levels. Actions are taken promptly and within budget limits, in order to effectively contribute to mitigating the risk;
- Reporting: reporting at company and Group level, highlighting the main risks and actions taken by management to reduce risks to acceptable levels;
- Monitoring: the following are reviewed periodically: assessment of existing risks, assessment parameters and new risks can be identified, if needed.

The model described will be further updated in future and is intended to support decision-making and operational processes in the management of the business, reducing the likelihood that specific events could compromise the Group's ordinary operations or the achievement of its strategic objectives.

To this end, the risk appetite adopted for strategic risks is consistent with the vision of creating value and maintaining a unique position in the market, while always respecting the environment and promoting integration with local communities. With regard to operational risks, the risk appetite is set based on effectiveness and efficiency targets set by management.

However, when it comes to compliance and financial reporting, the Group does not accept any risk of non-compliance with laws and regulations (including those relating to security) or any compromises to the integrity of financial reporting.

The Cementir Group's Internal Control and Risk Management System is integrated with the Group's Sustainability Strategy. To this end, a section has been added in which specific risks related to the achievement of the objectives and targets of the sustainability strategy are mapped and assessed. These risks are highlighted and are subject to separate reporting to the Audit Committee.

The Internal Audit function carries out follow-up activities on the implementation of management's instructions on mitigating risks.

The Internal Control System ensures the accuracy and completeness of accounting and financial reporting by means of constantly updated administrative and accounting procedures.

Furthermore, as part of activities to ensure compliance with COSO framework, during the year the Internal Audit function carries out checks on the above procedures in order to check that the relevant company structures have carried out the key controls correctly. Based on this, an audit was carried out of the internal control system for financial reporting, as required by the Cementir Group's procedures.

Based on the work carried out by the Internal Audit function and its findings, the Audit Committee judged the Internal Control and Risk Management System to be adequate, effective and appropriate to deal with business, financial and compliance risks.

Main risks to which the Group is exposed

Risk of loss of market share and/or margin

This risk relates to competitive dynamics and, in some geographical markets, may be combined with an economic downturn. To mitigate this risk, the Group companies analyse the relevant markets and plan initiatives to improve their ability to interpret market dynamics and trends, improving the services offered to customers.

Energy risk

The cost of energy factors and in particular of petroleum coke and electricity, which accounts for a significant portion of Group variable production costs, may be subject to significant fluctuations. The Group carefully monitors energy market trends and inventories of the various goods needed for production. It also has relations with various suppliers and continuously searches for the best supply conditions to meet its needs.

Risk relative to licences and operating permits

This risk is related both to future renewals and to the possible increase in the costs of existing licences. The risk is mitigated through careful monitoring of permits and licenses and by evaluating alternative permits and/or supplies, taking suitable decisions on a case-by-case basis.

Risk of non-availability of raw materials

Production of cement and ready-mixed concrete requires use of raw materials like limestone, clay, aggregates and fly ash. To mitigate this risk we make the necessary long-term contractual arrangements with suppliers to ensure adequate supply.

Risks connected to climate change

The cement production process is associated with environmental impacts in terms of atmospheric emissions, mainly carbon dioxide, dust and nitrogen and sulphur oxides. In European countries where the Group operates, there is a risk posed by governmental decisions on emissions and fluctuations in the price of CO_2 emission quotas, especially in the medium to long term. The Group has recently launched a sustainability strategy, setting emission reduction targets and establishing specific short-, medium- and long-term action plans (including specific investments) to achieve these targets. Further details on the Group's sustainability strategy are provided in the Non-Financial Statement.

Health and safety risks

This relates to the risk of accidents involving people working in Group facilities. The Group monitors workers' safety performance through specific indicators and takes actions to reduce this risk, such as targeted investments as well as safety training and information. Details of those actions and the safety performance are provided in the Non-Financial Statement.

Risk of loss of key personnel

Risk of not being able to guarantee the rapid coverage of key positions within the Group. The Group systematically monitors that risk through an internal succession planning process.

Compliance risks

These are risks related to compliance with applicable regulations (GDPR, anti-trust, anti-corruption and Legislative Decree 231/2001). With respect to those risks, the Legal Department ensures implementation of targeted programs with guidelines, procedures and training to guarantee compliance with the regulations. The Organisation and Control Models required under Legislative Decree 231/2001 are periodically updated. The Internal Audit function carries out specific audits on compliance with regulations.

Financial risk management and Information regarding financial instruments

Cementir Group is exposed to financial risks in connection with its operations; in particular it is exposed to credit risk, liquidity risk and market risk.

Credit Risk

Credit risk is related to possible loss that may occur if a counterpart does not fulfil its obligations.
Credit risk could arise mainly from operational activities, in particular, from customer trade receivables. Cementir Group has entrusted the local management to regularly manage the trade receivables based on specific policies that define criteria for credit limits, guarantees obtainment and payment terms. The credit limits are usually defined, for each customer, after a risk analysis provided by external rating agencies and reviewed regularly. Based on these policies, any request exceeding the agreed credit limits has to be reviewed and approved individually for creditworthiness.
All the customers are monitored, at local basis, according to their own peculiarities, including their business, their distribution channel, their geographical location and any previous financial difficulties. Credit risk is regularly monitored also through the trend analysis of specific indicators based on variables as the total trade receivables and the overdue receivables.
Local Credit Risk Committees periodical meetings, at local level, analyze and discuss the Group's companies ageing, credit performance and any specific critical issues.
Cementir Group establishes allowances for trade receivables, in order to cover potential losses, based on a regular follow-up of customers situation.

Liquidity Risk

The Group is exposed to *liquidity risk* in connection with the availability of funding and its access to credit markets and financial instruments in general. Given the Group's strong financial position and available credit facilities, this risk is not material. Nonetheless, the Group manages liquidity risk by carefully monitoring cash flows and funding requirements. Special focus is dedicated by Group management to increase the Operating Cash Flow and in controlling the investments in both Intangible and Property Plant and Equipment investments, of course safeguarding what required by technical development and efficiency of the production plants with cash generation targets assigned to all Group entities. Existing credit facilities are in any case considered adequate to meet any unforeseen requirements. Furthermore, as reported on the section covering the Business Plan approved by Group Board, it planned to be in a positive cash position at the end of 2022.

Market Risk

Market risk is primarily connected with fluctuations in foreign exchange and interest rates.

Foreign Exchange risks are monitored systematically at Group level so as to assess any impact in advance and take any necessary mitigating actions. Being the scope of limiting foreign exchange risks, when a currency exposure is identified and the decision to hedge it is taken Forward Contract are finalized with the Banking system as interface in both formats 'Non-Derivable Forward Contract' and 'Derivable Forward Contract'. Financial instruments are to be used for hedging purposes only and are not to be traded where trading is defined as taking positions where the Group has no natural underlying exposure.

Finally, the Cementir Group has floating-rate bank loans and is exposed to the risk of fluctuations in interest rates. However, this risk is considered moderate as the loans are currently only in Euros and Danish Krone and the medium to long-term interest rate curve is not steep. Nevertheless, the Cementir Group monitors forecast interest rates and timeframes for the repayment of debt and purchases interest rate swaps as a partial hedge on interest rate risk. As current loan were finalized in the past, to limit the exposure to interest fluctuations proper interest rate swap contracts have been finalized in years before 2019.

For disclosure on financial risks, reference is made to the notes 13) and 32) of the consolidated financial statements.

Navitas Science and Innovation Building, Aarhus Denmark

CORPORATE GOVERNANCE

Issuer's profile

Cementir Holding is a Dutch public limited company resulting from the conversion of the Italian joint-stock company (Cementir Holding S.p.A.) into a Dutch Naamloze Vennootschap (equivalent to an Italian joint-stock company), following the transfer of the Company's registered office from Italy to the Netherlands (hereinafter referred to also as the "Cross Border Conversion").

The transfer of the Company's registered office to Amsterdam, the Netherlands (Zuidplein 36, 1077 XV), approved by the extraordinary shareholders' meeting of 28 June 2019, was finalised on 5 October 2019.

On the same date, the Board of Directors of the Company has resolved to establish a secondary and operational office in Italy, at Corso di Francia, 200, Rome, Italy. The tax residence of the Company has remained in Italy.

The Company continues being listed in the STAR segment of the Milan Stock Exchange, where it has been listed since 1955.

Cementir Holding has elected the Netherlands as home Member State for the purposes of Article 2(1) of the Directive 2004/109/EC of the European Parliament and the Council of 15 December 2004 (the so-called "Transparency Directive").

Since 5 October 2019, the Company applies the Dutch Corporate Governance Code (hereinafter the "Code") whose purpose is to facilitate, with or in relation to other laws and regulations, a sound and transparent system of checks and balances within Dutch listed companies and, to that end, to regulate relations between the Board of Directors, its Committees and its shareholders.

It is to be noted that the provisions of the Code primarily refer to companies with a two-tier board structure (consisting of a management board and a separate supervisory board), while Cementir Holding. has implemented an one-tier board. The best practices reflected in the Code for supervisory board members apply therefore by analogy to Non-Executive Directors.

The current version of the Code, effective starting from January 1, 2017 is available for download at the following address*: www.mccg.nl* (www.mccg.nl/english for the English unofficial version).

Introduction

Cementir Holding is a holding company that controls an international group operating in the production and marketing of cement, aggregates and concrete (the "Cementir Group"). Cementir Group has employed geographical diversification as one of its strategic pillars since 1996. as it evolved from having only four Italian-based plants in 1992 to acquiring Cimentas in Turkey in 2001. This was followed by the acquisition of Aalborg Portland in Denmark in 2004, which enabled the Cementir Group to gain a position of leadership both in the Scandinavian markets and in the global white cement market through the production plants in China, Malaysia, Egypt and the USA.

However, the most radical transformation of the Cementir Group portfolio came between 2016 and 2018, first through the acquisition of the cement and concrete business of Sacci S.p.A. (2016) and then through the sale of all Italian operations in 2018, with only the central headquarters of Cementir Holding and the trading business of product, semi-finished product and fuel remaining in Italy. Moreover, the group further diversified its international presence in 2016 by acquiring the third largest operator in Belgium, which more than doubled its presence in the aggregates sector. Last but not least, in 2018 Cementir Holding concluded the acquisition of a majority shareholding in Lehigh White Cement, the leading producer and distributor of white cement in the USA, the world's premier market, thus consolidating its position of leadership in this promising niche market with a share of approximately 20%. The Cementir Group's recent history is, therefore, one of increased internationalisation, geographical-product diversification and accelerated overseas growth.

Board of Directors

a) Composition and nomination of the Board of Directors

In compliance with the Company's articles of association (hereinafter the "Articles of Association"), the Board of Directors may be composed by one or more Executive Directors and one or more Non-Executive Directors, providing that the total number of Directors must be at least five and at most fifteen. The Extraordinary Shareholders' Meeting held on 28 June 2019 resolved, among other things, that the Company, after the transfer of the registered office to the Netherlands, would continue to be managed by the Board of Directors up to that time in office until the end of the Company shareholders' meeting convened to approve the financial statements as at 31 December 2019.
The Board of Director currently consists of one Executive Director (Francesco Caltagirone), with the widest powers to the maximum extent permitted by the applicable law, having day-to-day responsibility for the management of the Company, and eleven Non-Executive Directors (Alessandro Caltagirone, Azzurra Caltagirone, Edoardo Caltagirone, Saverio Caltagirone, Fabio Corsico, Mario Delfini, Veronica De Romanis, Paolo Di Benedetto, Adriana Lamberto Floristan, Chiara Mancini and Roberta Neri).
Directors are appointed by the general meeting. Directors can only be nominated for appointment pursuant:

a) to a proposal of the Board; or

b) to a proposal of one or more Shareholders, alone or together representing at least the 3% of the issued share capital, provided that the proposal has been notified to the Board in accordance with the requirements of articles 8.3.4 and 8.3.5 of the Articles of Association.

The nomination shall state whether a person is nominated for appointment as Executive Director or Non-Executive Director. A Director shall be appointed for a maximum period of three years, provided however that unless such Director has resigned at an earlier date, his term of office shall expire ultimately immediately after the close of the first annual general meeting held after three years have lapsed since his appointment. A Director may be reappointed with due observance of the preceding sentence. By resolution of the general meeting at the proposal of the Board, the maximum period of three years may be deviated from. The Board may draw up a retirement schedule for the Directors. At a general meeting, a resolution to appoint a Director can only be passed in respect of candidates whose names are stated for that purpose in the agenda of that general meeting or the explanatory notes thereto. The general meeting may at all times suspend or dismiss a Director.

b) Convening meetings and agenda

Meetings are held as often as the Senior Non-Executive Director (vacant at the date of the report) or the Chief Executive Officer or any two Directors jointly request, provided that there must be at least four regularly scheduled Board meetings in each financial year.
Meetings are convened in a timely manner by the Senior Non-Executive Director, the Chief Executive Officer or the vice-chairman, or if each of them is absent or unable to act, by any Director. The notice sets out the meeting agenda. The Director convening a meeting sets the agenda for that meeting. Directors may submit agenda items to the Director(s) convening the meeting.

c) Meeting location

Meetings are normally held at the Company's offices in Rome, Italy, but may also take place elsewhere.
Meetings may also be held by telephone, videoconference, or electronic communication, provided that all participants can hear each other simultaneously. Directors attending the meeting by telephone or videoconference are considered present at the meeting.

d) Attendance

Each Director attends Board meetings and the meetings of the committees of which he or she is a member. If a Director is frequently absent from these meetings, this Director must account for these absences.

A Director may be represented at a meeting by another Director holding a proxy in writing or in a reproducible manner by electronic means of communication.

The Board may require that certain officers and external advisors attend its meetings.

The external auditor may attend the Board meeting at which the external auditor's report on the audit of the financial statements is discussed.

e) Chairman of the meeting

The Chief Executive Officer chairs the meeting. If the Chief Executive Officer is not present at the meeting, the Senior Non-Executive Director chairs the meeting. If both the Chief Executive Officer and the Senior Non-Executive Director are not present at a meeting, the vice-chairman chairs the meeting. If the Chief Executive Officer, the Senior Non-Executive Office and the vice-chairman are not present at the meeting, the Directors present at the meeting will designate one of them as chairman of that meeting.

f) Adoption of resolutions - quorum requirements

The Board may only adopt resolutions at a meeting if the majority of the Directors entitled to vote is present or represented at the meeting including at least one Executive Director, if the Executive Director is entitled to vote on matters being considered.

If the CEO believes there is an urgent situation that requires the Board's immediate resolution, the quorum requirement referred as above not apply, providing that:

a) at least three Directors entitled to vote are present or represented at the meeting including at least one Executive Director, if the Executive Director is entitled to vote on matters being considered; and

b) reasonable efforts have been made to involve the other Directors in the decision-making.

The chairman of the meeting ensures that adopted resolutions are communicated to Directors not present at the meeting without delay.

g) Adoption of resolutions - majority requirements

Each Director has one vote. Where possible, the Board adopts its resolutions by unanimous vote. If this is not possible, the resolution is adopted by a simple majority of the votes cast. In the event of a tie vote the Chief Executive Officer has a casting vote. If there is insufficient agreement on a proposed resolution during the meeting, the chairman of the meeting may defer the proposal for further discussion or withdraw the proposal.

h) Meeting minutes

The Company Secretary or any other person designated as the meeting secretary prepares the meeting minutes. The minutes are adopted:

(a) by a resolution adopted at the next Board meeting; or

(b) by the chairman and secretary of the particular meeting, after having consulted the Directors present or represented at that meeting.

i) Adopting resolutions without holding a meeting

The Board may also adopt resolutions without holding a meeting, provided that such resolutions are adopted in writing or in a reproducible manner by electronic means of communication, and all Directors entitled to vote consented to adopting such resolutions without holding a meeting.

j) Role of the Board of Directors

The Board of Directors is responsible for the overall conduct of the Cementir Group and has the powers, authorities and duties vested in it by and pursuant to the relevant laws of the Netherlands and the Articles of Association. In all its dealings, the Board shall be guided by the interests of the Cementir Group as a whole, including but not limited to the Company's shareholders. The Board has the final responsibility for the management, direction and performance of the Company and the Cementir Group.

Pursuant to Art. 7.5.1 of the Articles of Association the Board is authorised to represent the Company.

The Board has allocated duties and powers among directors approving on 5 October 2019 the Board Rules pursuant to art. 7.1.5, available on the Company's web site.

Without limiting the scope of the Board's role, the ongoing items to be considered and decided upon by the full Board include:

- **(a)** reviewing and approving (any material amendment to) the business plan;
- **(b)** reviewing and approving (any material amendment to) the Budget;
- **(c)** ensuring the Cementir Group's compliance with applicable laws and regulations;
- **(d)** proposing the Dutch statutory management report and financial statements for adoption by the general meeting;
- **(e)** approving decisions as required by Dutch law; and
- **(f)** discussing and approving the strategies for the shaping of the portfolio and direction of the Cementir Group, including the strategy for realising long-term value creation.

At least once a year, the full Board shall discuss:

- **(a)** the functioning of the Board, the Chief Executive Officer, the Senior Non-Executive Director and the other Directors, and the conclusions to be drawn on the basis of this; and
- **(b)** the corporate strategy of the Cementir Group, the risks of the business and the evaluation by the Board of the structure and operation of the internal risk management and control systems.

The full board will further consider and decide upon the following:

- **(a)** proposing to suspend any Director and suspending any of the Executive Directors, without the Director concerned being present;
- **(b)** the creation or discontinuation of any material business activities;
- **(c)** proposing or resolving, as the case may be, to declare or pay any dividends or other distributions to shareholders (other than to a member of the Cementir Group) or repurchase or redeem securities or indebtedness of any member of the Cementir Group (other than if held by a member of the Cementir Group);
- **(d)** proposing or resolving, as the case may be, to change the external auditors of the Company to audit the Company's Dutch statutory annual accounts;
- **(e)** proposing or resolving, as the case may be, to liquidate, initiate any bankruptcy, dissolution or winding up proceedings, moratorium or suspension of payments (or any similar proceedings in the relevant jurisdiction) in respect of the Company or any significant Cementir Group company, unless Directors are required to do so by applicable law;
- **(f)** recommending a public offer for shares in the Company;
- **(g)** granting any pledge, lien, security interest or other encumbrance on any material asset or property of the Cementir Group with a value in excess of 10% of the total assets of the Cementir Group, except in accordance with the existing financing covenants or the Budget and except where it concerns an intercompany pledge, lien, security interest or other encumbrance; and
- **(h)** entering into any derivatives, foreign exchange contracts, swaps, options or similar financial instruments, except in accordance with a foreign exchange risk management or hedging program approved by the Audit Committee.

The table below shows the personal information of each Director holding a position in Cementir Holding during 2019 in compliance with the provision in 2.1.2 of the Code. The "Other Positions" pursuant to provision 2.4.2 of the Code can be found in the Curriculum Vitae of each directors, available on the Company's website https://www.cementirholding.com/en/governance/corporate-bodies/board-directors.

Name, date of birth, gender, nationality	Position	First appointment	Date of current appointment or reappointment (*)	End of current term
Francesco Caltagirone 29.10.1968, M, Italian	Executive Director (Chief Executive Officer and Chairman)	27 June 1995	5 October 2019	AGM 2020
Alessandro Caltagirone 27.12.1969, M, Italian	Non-Executive Director (Vice-chairman)	10 May 2006	5 October 2019	AGM 2020
Azzurra Caltagirone 10.03.1973, F, Italian	Non-Executive Director (Vice-chairman)	10 May 2006	5 October 2019	AGM 2020
Edoardo Caltagirone 12.04.1944, M, Italian	Non-Executive Director	27 June 1992	5 October 2019	AGM 2020
Saverio Caltagirone 03.03.1971, M, Italian	Non-Executive Director	22 May 2003	5 October 2019	AGM 2020
Fabio Corsico 20.10.1973, M, Italian	Non-Executive Director	15 January 2008	5 October 2019	AGM 2020
Mario Delfini 19.04.1940, M, Italian	Non-Executive Director	27 June 1992	5 October 2019	AGM 2020
Veronica De Romanis 31.03.1969, F, Italian	Non-Executive Director	21 April 2015	5 October 2019	AGM 2020
Paolo Di Benedetto 21.10.1947, M, Italian	Non-Executive Director	18 April 2012	5 October 2019	AGM 2020
Adriana Lamberto Floristan 21.09.1972	Non-Executive Director	19 April 2018	5 October 2019	AGM 2020
Chiara Mancini 20.11.1972, F, Italian	Non-Executive Director	21 April 2015	5 October 2019	AGM 2020
Roberta Neri 08.08.1964, F, Italian	Non-Executive Director	19 April 2017	5 October 2019	AGM 2020
DIRECTORS RESIGNING DURING THE PERIOD				
Carlo Carlevaris 05.08.1931, M, Italian	Non-Executive Director (Senior Non-Executive Director)	22 May 2003	5 October 2019	13.11.2019

*Effective date of the Extraordinary shareholders meeting's resolution dated 28 June 2019

Chart A - Personal Information

Five of the eleven Non-Executive Directors are qualified as independent for the purposes of the Code:
- Veronica De Romanis,
- Paolo Di Benedetto,
- Adriana Lamberto Floristan,
- Chiara Mancini,
- Roberta Neri.

During 2019, there were 7 meetings of the Board of Directors. It is to be noted that until 5 October 2019 Cementir Holding was an Italian company and for this reason it was subject to Italian law and Italian Corporate Governance Code of listed companies (hereinafter the "Italian Corporate Governance Code"). During 2019 the Board of Directors, inter alias:
- examined the preliminary consolidated results as at 31 December 2018;
- examined and approved the draft financial statements for the year ended 31 December 2018 and also approved the Non-Financial Statement of the Cementir Holding Group pursuant to Italian Legislative Decree 254/16, the Report on corporate governance and ownership structure pursuant to art. 123-bis of Italian Legislative Decree 58/1998 (hereinafter "TUF") and the Report on remuneration pursuant to art. 123-ter of TUF and of art. 84-quater of Consob Regulation 11971/1999 (hereinafter the "Issuers' Regulation");

- approved the Group financial results on a quarterly basis;
- reviewed the work carried out in 2018 by the Risk and Control Committee (now named "Audit Committee") and the Surveillance Committee established under Italian Legislative Decree 231/2001;
- reviewed the performance and procedures of the Board itself and its Committees, assessing their size and composition, also in consideration of professional experience, management expertise, gender;
- approved the 2020-2022 Industrial Plan update.

To be noted that since October 5th, 2019, the Company complies with the Dutch Civil Code.

The table below shows the attendance of each Director to the board meetings and also the attendance of the members to the Audit Committee and Nomination and Remuneration Committee meetings.

Chart B - Attendance

Director	Board of Directors	Audit Committee	Remuneration and Nomination
Francesco Caltagirone	7/7		
Carlo Carlevaris	0/7		
Alessandro Caltagirone	3/7		
Azzurra Caltagirone	6/7		
Edoardo Caltagirone	5/7		
Saverio Caltagirone	7/7		
Fabio Corsico	6/7		
Mario Delfini	5/7	3/4	2/4
Veronica De Romanis	7/7	4/4	4/4
Paolo Di Benedetto	7/7	4/4	4/4
Adriana Lamberto Floristan	7/7	4/4	
Chiara Mancini	7/7	3/4	4/4
Roberta Neri	3/7		

MeiXiHu International Culture and Art Center, Changsha, China – Glass Reinforced Concrete (GRC)

Non - Executive Directors

The Non-Executive Directors supervise the Executive Director's policy and performance of duties, the Company's general affairs and its business and render advice to the Executive Director.

The Executive Director timely provide the Non-Executive Directors with the information they need to carry out their duties.

Non-Executive Directors supervise at least the following key elements:

(a) developing a general strategy, including the strategy for realising long-term value creation, and taking into account risks connected to the Cementir Group's business activities;

(b) ensuring compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;

(c) satisfying the integrity of financial information and ensuring the appropriateness of financial controls and risk management systems; and

(d) reviewing the performance of the Board as a whole, each Director individually, and the committees of the Board.

A Non-Executive Director can be appointed for a maximum term of three years and can thereafter be re-appointed, with due observance of the Articles of Association. In accordance with art. 7.2.9 of the Articles of Association, if the seat of a Non-Executive Director is vacant or upon the inability of a Non-Executive Director to act, the remaining Non-Executive Director or Non-Executive Directors shall temporarily be entrusted with the performance of the duties and the exercise of the authorities of that Non-Executive Director; provided that the Board may, however, provide for a temporary replacement. If the seats of all Non-Executive Directors are vacant or upon inability of all Non-Executive Directors to act or the sole Non-Executive Director, as the case may be, the general meeting shall be authorised to temporarily entrust the performance of the duties and the exercise of the authorities of Non-Executive Directors to one or more other individuals.

Non-Executive Directors scheduled the yearly meeting recommended by Best Practice provisions of the Code, applicable since 5 October 2019, prior to the Board meeting of 5 March 2020. As previously highlighted, until 5 October 2019 Cementir Holding was an Italian company and therefore subject to Italian law and Italian Corporate Governance Code.

Executive Director and Chief Executive Officer

The Executive Director is responsible for the management of the Company with the widest powers to the maximum extent permitted by the applicable law, developing and setting the Company's objectives and strategy, overseeing the associated risk profile and addressing corporate social responsibility issues that are relevant to the Company.

The Executive Director also discusses the effectiveness of the design and operation of the internal risk management and control systems with the Audit Committee and render account of this to the Board.

Only one Executive Director has been appointed and he is also automatically Chief Executive Officer and Chairman pursuant to art. 2.3.4 of the Company's Board Rules and art. 7.1.2 of the Articles of Association.

The Chief Executive Officer is primarily responsible for the day-to-day management of the Company, including the following tasks and responsibilities:

(a) the operational management of the Company;

(b) the profit responsibility of the Company and the Cementir Group's enterprises;

(c) setting performance targets for the Cementir Group;

(d) managing the business performance of the Cementir Group;

(e) examining, analysing and proposing to the Board strategic business opportunities that can contribute to the further growth of the Cementir Group;

(f) compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;

(g) executing the decisions of the Board;

(h) determining the objectives to be achieved by the Board; and

(i) communicating with all relevant stakeholders of the Company, the media and the public; and

(j) preparing the Company's annual accounts as referred to in article 2:361 BW.

Pursuant to Art. 7.5.1 of the Articles of Association the CEO is authorised to represent the Company.

The Executive Directors can be appointed for a maximum term of three years and can thereafter be re-appointed, with due observance of the Articles of Association.

In accordance with art. 7.2.8 of the Articles of Association, if the seat of the Executive Director is vacant or he is unable to act, the executive management of the Company shall temporarily be entrusted to the Non-Executive Directors, provided that the Board may, however, provide for one or more temporary replacements.

Senior Non-Executive Director and vice-chairman

The Senior Non-Executive Director is primarily responsible for ensuring that:

(a) there is sufficient time for deliberation and decision-making by the Board;

(b) the Directors receive all information that is necessary for the proper performance of their duties in a timely fashion;

(c) the Board and its committees function properly;

(d) the Board designates one of the Non-Executive Directors as vice-chairman;

(e) the performance of the Directors is assessed at least annually;

(f) the Directors follow their introduction programme, education or training programme;

(g) the Board performs activities in respect of culture;

(h) signs from the Business are recognised and any actual or suspected material misconduct and irregularities are reported to the Board without delay; and

(i) effective communication with shareholders is assured.

The Senior Non-Executive Director cannot be a former Executive Director and must be independent in accordance with Best Practice provision 2.1.8 of the Code.

The Senior Non-Executive Director cannot be the chair of the Audit Committee or the Remuneration and Nomination Committee.

The Board on 5 October 2019 has appointed the non-executive director Carlo Carlevaris as Senior Non-Executive Director to serve as the chair of the Board as referred to under Dutch law according to the Company's Articles of Association and to art. 2.3.7 of the Board Rules. Further to Carlo Carlevaris' resignation on 13 November 2019 the position is temporarily vacant.

The vice-chairman deputises for the Senior Non-Executive Director in the event that the position of Senior Non-Executive Director is vacant or if the Senior Non-Executive Director is unable to act.

The vice-chairman shall act as point of contact for Directors concerning the functioning of the Senior Non-Executive Director.

Diversity Policy

On 5 November the Board of Directors of Cementir Holding approved the Board Profile. On 13 November 2019 the Board of Directors of the Company, further to the Cross-Border Conversion, has reviewed the Diversity Policy that sets out the rules regarding the diversity of the composition of the Board of Directors. The Diversity Policy and the Board Profile are both published on the Company's website in accordance with the provision 2.1.5 of the Code.

The Board of Directors acknowledges the importance of diversity among all individuals who are working for the Company. The Board of Directors should have a diversified composition, bringing along a well-balanced decision-making process and proper functioning of the respective boards. The purpose of this Diversity Policy is therefore to lay down the aspects and objectives of diversity within the Company and the intended implementation and reporting on it.

Cementir has the objective to achieve diversity within the Board of Directors, more specifically Cementir would seek to:

- increase the gender diversity so that at least 30% of the Board of Directors together consists of men and at least 30% of the Board of Directors consists of women;
- increase the nationality and age diversity as well as creating and maintaining a variation in education and experience within the Board of Directors.

The Board of Directors of the Company currently meets both the above objectives.
In particular, the Board has implemented the target female /male ratio as it is currently formed of 5 women and 7 men, with the gender less represented totalling about 42% of the members. It represents also diversity of age, nationality and experience as also shown in the curricula of the Directors.
This Diversity Policy and its implementation will be reviewed on a regular basis and may be amended if deemed necessary by the Board of Directors or else in compliance with the Group policy setting the rules for updating Company's procedures and having obtained the required approvals.

Conflict of interest

Any conflict of interest between the Company and Directors must be prevented. The Board is responsible for dealing with any conflicts of interest that Directors or majority shareholders may have in relation to the Company.
Directors must be alert to conflicts of interest and may not:

- compete with the Company;
- demand or accept substantial gifts from the Company for themselves or their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
- provide unjustified advantages to third parties at the Company's expense; or
- take advantage of business opportunities that the Company is entitled to, for themselves or for their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.

A Director other than the Senior Non-Executive Director or vice-chairman must, without delay, report any conflict of interest or potential conflict of interest to the Senior Non-Executive Director, or in the Senior Non-Executive Director's absence, the vice-chairman. The Senior Non-Executive Director must, without delay, report any conflict of interest or potential conflict of interest to the vice-chairman or, in the vice-chairman's absence, to the other Directors. The vice-chairman must, without delay, report any conflict of interest or potential conflict of interest to the Senior Non-Executive Director or, in the Senior Non-Executive Director's absence, to the other Directors. The Director must provide all relevant information, including any relevant information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.
The Board decides whether a Director has a conflict of interest, without the Director concerned being present.
A Director may not participate in the Board's or a committee's deliberations and decision-making process on a subject where the Director is found to have a conflict of interest. This rule doesn't apply when the entire Board is unable to adopt a resolution as a result of all Directors being unable to participate in the deliberations and decision-making process due to a conflict of interest.
During 2019 no transactions in conflict of interest with Directors and/or majority shareholders were reported or took place.

Board Committees

a) The Audit Committee

By means of the resolution adopted on 5 October 2019, the Board of Directors appointed the Audit Committee. The duties and the responsibilities of the Audit Committee are set out in the related charter (published on the Company website) adopted by the Board of Director on 5 October 2019 pursuant to art. 7.1.4 of the Articles of Association.

The Audit Committee consists of five members: 1. Paolo Di Benedetto (chairman and Independent member), 2. Veronica De Romanis (Independent member and expert in financial reporting), 3. Chiara Mancini (Independent member), 4. Adriana Lamberto Floristan (Independent member), 5. Mario Delfini (non-independent member and expert in financial reporting).

More than half of the members of the Audit Committee are independent pursuant to provision 2.1.8 of the Code.

The Audit Committee prepares the decision-making of the Board regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems.

The Audit Committee focuses on monitoring the Board in matters including:

(a) relations with the internal and external auditors, and compliance with and follow-up on their recommendations and comments;

The internal audit function has sufficient resources to execute the internal audit plan and has access to information that is important for the performance of its work. The internal audit function has direct access to the Audit Committee and the external auditor. Records are kept of how the Audit Committee is informed by the internal audit function.

The internal audit function reports its audit results to the Board and the essence of its audit results to the Audit Committee and informs the external auditor. The findings of the internal audit function include the following:

(i) any deficiencies in the effectiveness of the internal risk management and control systems;

(ii) any findings and observations with a material impact on the risk profile of the Business; and

(iii) any failings in the follow-up of recommendations made by the internal audit function.

(b) the Company's funding;

(c) the application of information and communication technology by the Company, including risks relating to cybersecurity; and

(d) the Company's tax policy.

In addition, the Audit Committee carries out the following duties:

(a) recommending persons for appointment as senior internal auditor;

(b) annually forming a position on how the internal audit function fulfils its responsibility;

The Board discusses the effectiveness of the design and operation of the internal risk management and control systems referred to in Best Practice provisions 1.2.1 through 1.2.3 of the Code with the Audit Committee.

(c) if the Company does not have an internal audit department, recommending annually to the Board whether adequate alternative measures have been taken. The Board includes the conclusions, along with any resulting recommendations and alternative measures, in the Board's report;

(d) reporting annually to the Board on the functioning of, and the developments in, the relationship with the external auditor;

The Audit Committee advises the Board regarding the external auditor's nomination for appointment/reappointment or dismissal and prepares the selection of the external auditor. The Audit Committee gives due consideration to the Board's observations during this process. Based on this, among other things, the Board determines its nomination for the appointment of the external auditor to the general meeting.

(e) submitting a proposal to the Board for the external auditor's engagement to audit the financial statements;

The Board plays a facilitating role in this process. In formulating the terms of engagement, attention is paid to the scope of the audit, the materiality to be used and the remuneration for the audit. The Board takes the decision on the engagement.

If a new external auditor is to be engaged by the Company the Audit Committee motivates the proposal. The proposal states at least two options for a possible external auditor to be engaged by the Company and explains the Audit Committee's preferred option. The proposal furthermore states that the decision-making of the Audit Committee in this regard is not influenced by any third party or by any agreement.

(f) annually discussing the draft audit plan with the external auditor, including:
- **(i)** the scope and materiality of the audit plan and the principal risks of the annual reporting identified by the external auditor in the audit plan; and
- **(ii)** based also on the documents used to develop the audit plan, the findings and outcome of the audit work carried out on the financial statements and the management letter;

(g) determining whether and, if so, how the external auditor is involved in the content and publication of financial reports other than the financial statements; and

(h) meeting with the external auditor as often as it considers necessary, but at least once a year, without Executive Directors being present.

The Audit Committee also carries out the following duties:

(a) monitoring the financial reporting process and drawing up proposals to safeguard the integrity of this process;

(b) monitoring the effectiveness of the internal control systems, the internal audit function and risk management systems with regard to the Company's financial reporting;

(c) monitoring the statutory audit of the annual accounts and the consolidated annual accounts;

(d) assessing and monitoring the independence of the external auditor or the audit firm, as applicable, specifically taking into account the extension of ancillary services to the Company; and

(e) determining the selection process for the external auditor or the audit firm, as applicable of the Company and the nomination to extend the assignment to carry out the statutory audit.

The Audit Committee reports on its deliberations and findings to the Board. This report includes information on how the duties of the Audit Committee were carried out in the financial year, and also reports on the composition of the Audit Committee, the number of meetings of the Audit Committee and the main items discussed at those meetings.

This report also includes the following information:

(a) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems referred to in Best Practice provisions 1.2.1 through 1.2.3 of the Code;

(b) the methods used to assess the effectiveness of the internal and external audit processes;

(c) material considerations regarding financial reporting; and

(d) the way material risks and uncertainties referred to in Best Practice provision 1.4.3 of the Code have been analysed and discussed, along with a description of the most important findings of the Audit Committee.

In particular, the Audit Committee reports on the results of the annual statutory audit to the Board. This report includes information on how the audit has contributed to the integrity of the financial reporting, and also addresses the role of the Audit Committee in the audit.

It should be noted that until 5 October 2019 Cementir Holding was an Italian company and for this reason it was subject only to Italian law and Italian Corporate Governance Code.

During 2019, the Audit Committee (named "Comitato Controllo e Rischi" prior to the conversion into a Dutch Company) met 4 times. The attendance of the members to the Audit Committee meetings is shown in "Chart B - Attendance" in paragraph "Role of the Board of Directors" under letter j) above.

The Audit Committee reviewed the Group financial results on a quarterly basis with the Group Chief Financial Officer, the Chairman of the Board of Auditors and, as for the yearly financial statements and half year financial statements, with the external auditors. It also reviewed the Report on Risk and Compliance and the Report on the Audit activities and the Audit plan.

The Chairman of the Board of Auditors attended all the meetings during the term of its appointment providing regular information to the Committee on their activity with specific focus on the areas of major audit risks.

The Committee received updates on legal matters by the Group General Counsel of the Company attending all the meetings. Internal Audit activity was reviewed on a regular basis with the Head of the Internal Audit also attending all the meetings and discussing with the Committee the main findings and remediating actions.

b) The Remuneration and Nomination Committee

By means of the resolution adopted on 5 October 2019, the Board of Directors has combined the roles of the remuneration committee and the selection and appointment committee in one committee, by appointing the Remuneration and Nomination Committee.

The duties and the responsibilities of the Remuneration and Nomination Committee are set out in the related charter (published on the Company website) adopted by the Board of Director on 5 October 2019 pursuant to art. 7.1.4 of the Articles of Association.

The Remuneration and Nomination Committee consists of four members: 1. Paolo Di Benedetto (chairman and Independent member), 2. Veronica De Romanis (Independent member), 3. Chiara Mancini (Independent member), 4. Mario Delfini (non-independent member).

More than half of the members of the Remuneration and Nomination Committee are independent pursuant to provision 2.1.8 of the Code.

The Remuneration and Nomination Committee prepares the Board's decision-making (including, if applicable, proposals of the Board for the general meeting) regarding the determination of the remuneration of individual Directors, including severance payments.

The Remuneration and Nomination Committee submits a proposal to the Board (including, if applicable, proposals of the Board for the general meeting) concerning the remuneration of each Director. The proposal is drawn up according to the remuneration policy that has been established and, in any event, covers:

(a) the objectives of the strategy for the implementation of long-term value creation within the meaning of Best Practice provision 1.1.1 of the Code;

(b) the scenario analysis carried out in advance;

(c) the pay ratios within the Company and the Business;

(d) the development of the market price of the shares;

(e) an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;

(f) if shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded; and

(g) if share options are being awarded, the terms and conditions governing this and the terms and conditions for exercising the share options. Share options may not be exercised during the first three years after they have been awarded.

The Remuneration and Nomination Committee also prepares the Board's decision-making (including, if applicable, proposals of the Board for the general meeting) regarding:

(a) the drawing up of selection criteria and appointment procedures for Executive Directors and Non-Executive Directors;

(b) the periodical assessment of the size and composition of the Board, and the making of proposal for a composition profile of the Board;

(c) the periodical assessment of the performance of individual Executive Directors and Non-Executive Directors and reporting this to the Board;

(d) the drawing up of a plan for the succession of Executive Directors and Non-Executive Directors;

(e) the proposal for appointment and reappointment of Executive Directors and Non-Executive Directors;

(f) the supervision of the policy of the Board regarding the selection criteria and appointment procedures for senior management; and

(g) the drawing up of the Company's diversity policy for the composition of the Board.

The Remuneration and Nomination Committee reports on its deliberations and findings to the Board. This report includes information on how the duties of the Remuneration and Nomination Committee were carried out in the financial year, and also reports on the composition of the Remuneration and Nomination Committee, the number

of meetings of the Remuneration and Nomination Committee and the main items discussed at those meetings.
The Remuneration and Nomination Committee describes, in a transparent manner, in addition to the matters required by law:

(a) how the remuneration policy has been implemented in the past financial year;
(b) how the implementation of the remuneration policy contributes to long-term value creation;
(c) that scenario analyses have been taken into consideration;
(d) the pay ratios within the Company and the Business and, if applicable, any changes in these ratios in **(a)** comparison with the previous financial year;
(e) in the event that a Director receives variable remuneration, how this remuneration contributes to long-term value creation, the measurable performance criteria determined in advance and on which the variable remuneration depends, and the relationship between the remuneration and performance; and
(f) in the event that a current or former Director receives a severance payment, the reason for this payment.

The main elements of the agreement of an Executive Director with the Company are to be published on the Company's website under Governance / Corporate Regulations in a transparent overview after the agreement has been concluded, and in any event no later than the date of the notice calling the general meeting where the appointment of the Executive Director will be proposed.
It is to be noted that until 5 October 2019 Cementir Holding was an Italian company and for this reason it was subject only to Italian law and Italian Corporate Governance Code. During 2019, the Remuneration and Nomination Committee (named "Comitato Nomine e Remunerazioni" prior to the conversion into a Dutch Company) met 4 times. The percentage of the attendance of the members to the Remuneration and Nomination Committee meetings are shown in "Chart B - Attendance" in paragraph "Role of the Board of Directors" under letter j) above.
The Remuneration and Nomination Committee during 2019: (i) drafted the Remuneration Report and the Remuneration Policy; (ii) examined the diversity policy; (iii) reviewed a comparative analysis on the senior executives pursuant to Internal Dealing rules and procedures among Italian listed companies; (iv) received the periodic report and update on the Company's succession plan of key employees of the Company; (v) received the periodic report and reviewed the Long Term Incentive Plan for key employees of Cementir Group; (vi) examined the analysis on gender diversity of the employees of the Company- Further details of the activities of the Remuneration and Nomination Committee are included in the Remuneration Report section included elsewhere in this report.

Remuneration of the Board of Directors

Details of the remuneration of the Board of Directors and its committees are set forth within the section "Remuneration Report".

Shareholders' General Meeting

The annual general meeting shall be held each year no later than six months after the end of the financial year of the Company. The purpose of the annual general meeting of shareholders is to discuss, inter alia, the annual report, the adoption of the annual accounts, allocation of profits (including the proposal to distribute dividends), release of members of the Board of Directors from liability for their management and supervision, and other proposals brought up for discussion by the Board of Directors.

a) Convening of the General Meetings

General meetings are convened by the Board.
Shareholders solely or jointly representing at least ten percent (10%) of the issued share capital may request in writing, stating the matters to be dealt with, that the Board of Directors call a general meeting of Cementir Holding shareholders. If the Board of Directors fails to call a meeting, then such shareholders may, on their application, be authorized by the interim provisions judge of the court to convene a general meeting of Cementir Holding shareholders.

General meetings of Cementir Holding shareholders shall be held in Amsterdam or Haarlemmermeer (Schiphol Airport), the Netherlands, and shall be called by the Board of Directors in such manner as is required to comply with the law and the applicable stock exchange regulations, not later than on the forty-second day prior to the day of the meeting. The notice convening a general meeting is issued in accordance with Dutch law and by a public announcement in electronic form which can be directly and continuously accessed until the general meeting.

An item requested in writing by one or more shareholders solely or jointly representing at least three percent (3%) of the issued share capital, must be included in the notice of the general meeting or announced in the same manner, if the Company has received the request, including the reasons, no later than on the day prescribed by law. The Board has the right not to place proposals from persons mentioned above on the agenda if the Board judges them to be evidently not in the interest of the Company.

The notice shall state the place, date and hour of the meeting and the agenda of the meeting as well as the other data required by law.

The agenda of the annual General Meeting of Cementir Holding shareholders shall contain, inter alia, the following items:

- adoption of the annual accounts;
- the implementation of the remuneration policy;
- the policy of the Company on additions to reserves and on dividends, if any;
- granting of discharge to the Directors in respect of the performance of their duties in the relevant financial year;
- the appointment of Directors;
- if applicable, the proposal to pay a dividend;
- if applicable, discussion of any substantial change in the corporate governance structure of the Company; and any matters decided upon by the person(s) convening the meeting and any matters placed on the agenda with due observance of applicable Dutch law.

In addition, the approval of the General Meeting is required for resolutions of the Board regarding an important change in the identity or character of the Company or its associated business enterprise, including in any event:

(a) the transfer of the business enterprise, or practically the entire business enterprise, to a third party;

(b) concluding or cancelling a long-lasting cooperation of the Company or a subsidiary with another legal person or company or as a fully liable general partner in a partnership, provided that the cooperation or cancellation is of material significance to the Company; and

(c) the acquisition or disposal of a participating interest in the share capital of a company with a value of at least one-third (1/3) of the Company's assets, according to the consolidate balance sheet with explanatory notes, always according to the last adopted annual accounts of the Company.

The Board of Directors shall provide the shareholders general meeting all requested information, unless this would be contrary to an overriding interest of the Company. If the Board of Directors invokes an overriding interest, it must give reasons.

When convening a General Meeting, the Board of Directors shall determine that, for the purpose of Article 8.4 of the Articles of Association, persons with the right to vote or attend meetings shall be considered those persons who have these rights at the twenty-eighth day prior to the day of the meeting (the "Record Date") and are registered as such in a register to be designated by the Board of Directors for such purpose, irrespective of whether they will have these rights at the date of the meeting. In addition to the Record Date, the notice of the meeting shall further state how shareholders and other parties with meeting rights may be registered and how those rights can be exercised.

Each shareholder can be represented by a written proxy, to take part in, address and, to the extent he/she is entitled, to vote at the General Meeting using electronic means of communication, provided that such person can be identified via the same electronic means and is able to directly observe the proceedings and, to the extent he/she is entitled, to vote at the general meeting. In that case, the proxy must have been received by the Company no later than on the date determined by the Board in the notice.

b) Order of discussion and decision-making

The general meeting is chaired by:

(a) the Chairman; or

(b) if the Chairman is absent, by the Senior Non-Executive Director; or

(c) if the Senior Non-Executive Director is absent, by one of the other Non-Executive Directors designated for that purpose by the Board; or

(d) if none of the Non-Executive Directors are present at the general meeting, such person appointed by the general meeting.

The chairman of the general meeting determines the order of discussion in accordance with the agenda and may limit speaking time or take other measures to ensure that the general meeting proceeds in an orderly manner.

All issues relating to the proceedings at or concerning the general meeting are decided by the chairman of the general meeting. Minutes of the business transacted at the general meeting must be kept by the secretary of the general meeting, unless a notarial record of the general meeting is prepared. Minutes of a general meeting are adopted and subsequently signed by the chairman and the secretary of the general meeting. A written confirmation signed by the chairman of the general meeting stating that the general meeting has adopted a resolution constitutes valid proof of that resolution towards third parties.

The general meeting adopts resolutions by a simple majority of votes cast regardless of which part of the issued share capital such votes represent, unless the law or the articles of association provide otherwise.

Each share confers the right to cast one vote at the general meeting. No vote may be cast at the general meeting for a share held by the Company or one of its subsidiaries. Holders of a right of usufruct or a right of pledge on shares belonging to the Company or its subsidiaries are not excluded from voting if the right of usufruct or the right of pledge was created before the share concerned belonged to the Company or one of its subsidiaries. The Company or a subsidiary may not cast a vote in respect of a share on which it holds a right of usufruct or a right of pledge. The chairman of the general meeting determines the method of voting. The ruling by the chairman of the general meeting on the outcome of a vote is decisive. The chairman of the general meeting shall decide in event of a tie. All disputes concerning voting for which neither the law nor the articles of association provide a solution are decided by the chairman of the general meeting.

The minutes of the general meeting of shareholders will be available on the Company website no later than three months after the end of the meeting, after which the shareholders shall have the opportunity to react to the minutes in the following three months. The minutes shall then be adopted in the manner as described in the Articles of Association.

Code of Ethics

Cementir Group decided to adopt a Code of Ethics to conform and conduct its business activities following principles of integrity, honesty and confidentiality and in accordance with laws and regulations of countries in which operates. The Code of Ethics promotes the correct and efficient use of resources in the perspective of corporate, social and environment responsibility, to reconcile the search for competitiveness in the Cementir Group market with respect for rules on competition. The Group, in business dealings, is inspired by and observes the principles of loyalty, fairness, transparency, efficiency and market orientation, regardless of the importance of the deal.

All actions, transactions and negotiations carried out and, more generally, the people behaviour in their daily tasks, are inspired by the highest accuracy, the completeness and transparency of information, the legitimacy, both in form and substance, and the clarity and accuracy of accounting records in accordance with regulations and internal procedures. To achieve this goal, the Cementir Group requires its employees to be in compliance with the highest standards of business conduct in the performance of their duties, as set for in the Code of Ethics and in procedures to which it refers. For these reasons, the Group:

- guarantees that employees who report any violations of the Code of Ethics will not be subject to any form of retaliation;
- takes fair sanctions commensurate to the type of violation of the Code of Ethics, and guarantees its application to all the categories of employees, keeping into account laws, contracts and regulations applicable in the Country in which operates;
- controls periodically the compliance with the Code of Ethics.

The Code of Ethics is available on the Company website pursuant to provision 2.5.2 of the Code.

Ethics Committee

As a consequence of the Cross-Border Conversion, the Surveillance Committee established under the Italian law governing the criminal responsibility of the companies (Legislative Decree no. 231/2001) has ceased its activity, starting from 5 October 2019. In order to monitor the continued compliance with the Code of Ethics by those employed by the Company and its subsidiaries and uphold the regulations now applicable following the transfer of the registered office, on 5 October 2019, the Board of Director resolved, among other things, to establish the Ethics Committee, comprising the internally appointed members of the pre-existing Supervisory Body, namely the Group General Counsel and the Group Chief Internal Audit Officer, with a realm of competences and powers equivalent to that of the pre-existing Supervisory Body.

Whistleblowing Management Procedure

On 13 November 2019, the Board of Director approved the updated Whistleblowing Management Procedure in compliance with the Dutch Law. Such procedure is available on the Company website pursuant to provision 2.6.1 of the Code.

Policy on bilateral contacts with shareholders

On 13 November 2019, the Board of Director adopted, in compliance with the Dutch Law, the Policy on bilateral contacts with shareholders. Such policy is available on the Company website pursuant to provision 4.2.2 of the Code.

Inside Information

Pursuant to the Market Abuse Regulation (EU Regulation no. 596/2014), Cementir Holding discloses to the public, without delay, any information which: (i) is of a precise nature; (ii) has not been made public; (iii) relates directly or indirectly to the Company or Company's common shares; and (iv) if it were made public, would be likely to have a significant effect on the prices of the Company's common shares or on the price of related derivative financial instruments (the "Inside Information"). In this regard:

- *"information shall be deemed to be of a precise nature"* if: (a) it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred, or which may reasonably be expected to occur and (b) it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument. In this respect in the case of a protracted process that is intended to bring about, or that results in particular circumstances or a particular event those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information;
- *"information which, if it were made public, would be likely to have a significant effect on the prices of financial*

instruments and derivative financial instruments" mean information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

An intermediate step in a protracted process shall be deemed to be Inside Information if, by itself, it satisfies the criteria of Inside Information as referred to above.

The above disclosure requirement shall be complied with through the publication of a press release by the Company, in accordance with the modalities set forth under the MAR and Dutch and Italian law, disclosing to the public the relevant Inside Information.

Cementir Holding may, on its own responsibility, delay disclosure to the public of Inside Information provided that all of the following conditions are met: (a) immediate disclosure is likely to prejudice the legitimate interests of Cementir Holding; (b) delay of disclosure is not likely to mislead the public; (c) Cementir Holding is able to ensure the confidentiality of that information.

In the case of a protracted process that occurs in stages and that is intended to bring about, or that results in, a particular circumstance or a particular event, Cementir Holding may on its own responsibility delay the public disclosure of Inside Information relating to this process, subject to points (a), (b) and (c) above.

Cementir Holding, as well as persons acting on its behalf or on its account, shall draw up and keep regularly updated, a list of all persons who have access to Inside Information and who are working for them under a contract of employment, or otherwise performing tasks through which they have access to Inside Information, such as advisers, accountants or credit rating agencies (the "insider list").

Cementir Holding or any person acting on its behalf or on its account, shall take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of Inside Information.

Code of Conduct for Internal Dealing

On 13 November 2019, the Board of Director updated the Code of Conduct for Internal Dealing ("Code of Conduct"), adopted from the Company for the first time on 1st April 2006, in compliance to Dutch law. The Code of Conduct shall guarantee maximum transparency and consistency of information provided to the market, with regard to reporting obligations and limitations relating to the purchase, sale, subscription and exchange of shares in Cementir Holding carried out by Managers (Directors of the Company and senior executives who are not Directors of the Board with regular access to inside information relating directly or indirectly to the Company and power to take managerial decisions affecting the future developments and business prospects of the Company) and Persons closely associated with them.

In accordance with EU regulations, the Code of Conduct provides for a black-out period on the trading of Company shares during the 30 calendar days prior to the Company's disclosure to the market of the data contained in the annual financial statements, in the half-yearly financial statements, in the interim management reports (or other comparable accounting statements or reports for the period) that the Company is bound to, or has decided to, publish.

Disclosures pursuant to decree implementing article 10 of EU-directive on takeovers

In accordance with the Dutch Besluit artikel 10 overnamerichtlijn (the "Decree"), the Company discloses the following:

(a) information on the structure of the capital of the Company and the composition of the issued share capital formed entirely by ordinary shares, are detailed in the chart herebelow.

Share capital structure

	No. of shares	Percentage of share capital	Listed
Ordinary shares	159,120,000	100%	Borsa Italiana - STAR Segment

The authorised share capital of the Company amounts to five hundred million euro (EUR 500,000,000) and is divided into five hundred million (500,000,000) shares, each with a nominal value of one euro (EUR 1).

The issued share capital of the Company at 31 December 2019, subscribed and paid up, amounts to EUR 159,120,000 subdivided into 159,120,000 nominal shares of a nominal value of EUR 1.00 each.

Information on the rights attaching to the ordinary shares is in the Company's Articles of Association, available on the Company's website. In particular, rights attaching to ordinary shares of Cementir Holding include (i) pre-emptive rights upon issue of ordinary shares; (ii) right, either in person or by proxy authorised in writing, to attend and address the General Meeting; (iii) voting rights and the entitlement to distributions of dividends to the extent that the Company's shareholders' equity exceeds the sum of the paid-up and called-up part of the capital and the reserves which must be maintained by law or the articles of association.

(b) No restrictions apply to transfer of ordinary shares.

(c) Information on direct and indirect shareholdings in the Company's capital in respect of which notification requirements apply, pursuant to Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Acts (Wet op het financieel toezicht) is in section General Information of the notes to the consolidated financial statement, including the shareholders who hold 3% or more of the issued ordinary shares on the basis of information available by the Company and published on the AFM (Stichting Autoriteit Financiële Markten) website.

(d) No special control rights or other rights accrue to shares in the capital of the Company.

(e) No employee shareholding scheme has been established as under article 1 sub 1(e) of the Decree, so there is no specific procedure for the exercise of voting rights by employees.

(f) No restrictions apply to voting rights attaching to ordinary shares in the capital of the Company, nor deadlines for exercising voting rights. The Company is not aware of any depository receipts issued for shares in its capital.

(g) The Company is not aware of any agreements with any shareholder which may result in restrictions on the transfer of shares or limitation of voting rights.

(h) The rules governing the appointment and replacement of members of the Board of Directors are stated in Article 7.2 of the Articles of Association and described in letter a) "Composition and nomination of the Board of Directors" above. According to Art. 11 of the Articles of Association a resolution to amend the Articles of Association may only be adopted by the General Meeting at the proposal of the Board. If a proposal to amend the Articles of Association is to be submitted to the General Meeting, it shall be so stated in the notice convening the meeting, and a copy of the proposal containing the text of the proposed amendment shall be held available at the Company's office for inspection by every shareholder and other persons with meeting rights, from the date of the notice convening the meeting until the conclusion of such meeting

(i) The powers of Board members are detailed in the Articles of Association and in the Board Rules, both available on the Company's website. With particular reference to the power to issue shares, shares are issued pursuant to a Board resolution if the Board has been authorised to do so by a resolution of the General Meeting for a specific period with due observance of applicable statutory provisions. If and insofar as the Board is not authorised as previously referred to, the General Meeting may resolve to issue shares at the proposal of the Board.

The Board may be authorised by the General Meeting to repurchase shares against payment. The General Shareholders meeting of 28 June 2019 resolved to confirm the existing authorisation to the Board of Directors, granted by resolution of the shareholders' meeting held on 23 February 2015, to increase the share capital, in one or more tranches, until 22 February 2020, for a total amount (including any share premium) of Euro 300 million, through the issue of ordinary shares, without exclusion or limitation of pre-emption rights. Therefore, in accordance with article 3.2 of the Articles of Association, until 22 February

2020, the Board of Directors is authorized to issue shares in the capital of the Company, in one or more tranches, without exclusion or limitation of pre-emption rights, up to a maximum consideration (including share premium, if any) of EUR 300,000,000.

(j) The Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company following a public offer within the meaning of Section 5:70 of the Dutch Financial Supervision Acts (Wet op het financieel toezicht), except for a finance agreement signed in 2016 with a pool of banks. This requires the Company to make early repayments if there is a change of the controlling shareholder. The Company's subsidiaries have in place loan contracts that include standard clauses of change of control that are consistent with the commercial procedures.

(k) The Company did not enter into any agreement with a member of the Board or an employee providing for a compensation if they resign or are made redundant without a valid reason or if they resign, are made redundant or if their employment ceases as a result of a public offer within the meaning of article 5:70 of the Dutch Financial Supervision Acts.

Compliance with the Dutch Corporate Governance Code

Dutch companies whose shares are listed on a regulated stock exchange or comparable system are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code and, in the event that they do not apply a certain provision, to explain the reasons why they have chosen to deviate.

For the financial year 2019, taking also into account that the Cross-Border Conversion took place towards the end of the year 2019 and consequently limited to such period of applicability of the Code, Cementir Holding complies with the Code, providing the following explanations and considerations with reference to the provisions of the Code here below:

Provision 2.1.7

Non Executive Independent Directors until approval of the financial statements for the year 2019 are 5 out of a total of 11 Non Executive directors (not including in the total number of directors the Non Executive Director who resigned on 13 November 2019) and therefore less than the half of the total number of non executive directors. Also the number of non executive directors affiliated with a shareholder holding ten percent or more of the shares in the Company is deviated. Cementir Holding, however, deems said composition appropriate, insofar consistent with the historical composition of the Board prior to the Cross Board Conversion and being fully reflective of the ownership structure, with a shareholder owning the large majority of shares.

Provision 2.2.4.

The Board of Directors, given the specific nature of Company's ownership, with a concentrated control and one Executive Director fully empowered as decided by the Board itself, at the date of approval of the report does not deem to approve a specific plan for the succession of executive directors.

Temporary vacancy and inability of the Executive Director, is also ruled by Article 7.2.8 of the Company's Articles of Association stating that the remaining Executive Director or Executive Directors shall temporarily be entrusted with the executive management of the Company; provided that the Board may, however, provide for a temporary replacement. If the seats of all Executive Directors are vacant or upon the inability of all Executive Directors or the sole Executive Director to act, as the case may be, the executive management of the Company shall temporarily be entrusted to the Non-Executive Directors, provided that the Board may, however, provide for one or more temporary replacements. Since 2018, the Company has also outlined a "Contingency Plan" that identifies actions to be taken should it be necessary to replace the Executive Director. In particular, in case of resignation or early termination of the CEO from his office, the CEO's powers are provisionally assigned to the vice- Chairman until a new CEO is appointed and in charge, unless the Board of Directors decides otherwise.

Corporate Governance Statement

The corporate governance Statement, provided for under the Dutch Vaststellingsbesluit nadere voorschriften inhoud bestuursverslag, can be found on the company's website www.cementirholding.com.

Responsibilities in Respect to the Annual Report

The Board of Directors is responsible for preparing the Annual Report, inclusive of the Consolidated and Separate Financial Statements and Directors' Report, in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (EU-IFRS).

In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge, the Financial Statements prepared in accordance with applicable accounting standards provide a true and fair view of the assets, liabilities, financial position and profit or loss for the year of the Company and its subsidiaries and that the Directors' Report provides a true and a fair view of the performance of the business during the financial year and the position at balance sheet date of the Company and its subsidiaries, developments during the year, together with a description of the main risks and uncertainties that the Company and the Group face.

The Godsbanen Cultural Production Center, Aarhus, Denmark

REPORT OF THE NON-EXECUTIVE DIRECTORS

Introduction

This report has been drafted in compliance with the provision 5.1.5 of the Code: "The non-executive directors render account of the supervision exercised in the past financial year. They should, as a minimum, report on the items referred to in best practice provisions 1.1.3, 2.1.2, 2.1.10, 2.2.8, 2.3.5 and 2.4.4 and, if applicable, the items referred to in best practice provisions 1.3.6 and 2.2.2".

It is to be noted that until 5 October 2019, Cementir Holding was an Italian company and for this reason it was subject only to Italian law and Italian Corporate Governance Code. The Company started to apply the Netherlands Corporate Governance Code after its Cross Border Conversion.

Supervision by the Non-Executive Directors

In compliance with the Articles of Association, the Board of Directors, after the resignation of the Non-Executive Director Carlo Carlevaris on 13 November 2019, is currently composed by one Executive Director (Francesco Caltagirone), with the widest powers to the maximum extent permitted by the applicable law having day-to-day responsibility for management of the Company, and eleven Non-Executive Directors (Alessandro Caltagirone, Azzurra Caltagirone, Edoardo Caltagirone, Saverio Caltagirone, Fabio Corsico, Mario Delfini, Veronica De Romanis, Paolo Di Benedetto, Adriana Lamberto Floristan, Chiara Mancini and Roberta Neri).

The Non-Executive Directors of the Company supervise the Executive Director's policy and performance of duties, the Company's general affairs and its business, developing a general strategy, including the strategy for realising long-term value creation and taking into account risks connected to the Cementir Group's business activities.

Non-Executive Directors supervise at least the following key elements:

(a) developing a general strategy, including the strategy for realising long-term value creation, and taking into account risks connected to the Cementir Group's business activities;

(b) ensuring compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;

(c) satisfying the integrity of financial information and ensuring the appropriateness of financial controls and risk management systems; and

(d) reviewing the performance of the Board as a whole, each Director individually, and the committees of the Board.

Non-Executive-Directors scheduled the yearly meeting recommended by best practice provisions of the Code, applicable since 5 October 2019, prior to the Board meeting of 5 March 2020. As previously highlighted, until 5 October 2019 Cementir Holding was an Italian company and therefore subject to Italian law and Italian Corporate Governance Code.

More details regarding the role, the composition and the activities carried out by the Non-Executive Directors, including the "Personal Information" pursuant to provision 2.1.2 of the Code, are set forth in the section "Board of Directors" above.

Independence of the Non-Executive Directors

Pursuant to provision 2.1.10 of the Code, the Report of the Non-Executive Directors, should state if the independence requirements referred to in best practice provisions 2.1.7 to 2.1.9 inclusive have been fulfilled and, if applicable, should also state which Non-Executive Director(s), if any, is not considered to be independent.

The Non-Executive Independent Directors, until approval of the financial statements for the year 2019, are 5 out of a total of 11 Non-Executive Directors (not including in the total number of directors the Non-Executive Director who resigned on 13 November 2019) and therefore less than the half of the total number of Non-

Executive Directors. The Non Executive Directors affiliated with a shareholder holding ten percent or more of the shares in the Company are more than one and therefore deviate from what stated in best practice provision 2.1.7 (iii) of the Code. Cementir Holding, however, deems said composition appropriate, insofar consistent with the historical composition of the Board prior to the Cross Border Conversion and being fully reflective of the ownership structure, with a shareholder owning the large majority of shares.
In compliance with the provision 2.1.9 of the Code, the Board of directors on 5 October 2019 appointed a Senior Non-Executive Director, to serve as the chair of the Board as referred to under Dutch law according to the Company's Articles of Association and to art. 2.3.7 of the Board Rules. Further to his resignation on 13 November 2019 the position is temporarily vacant.
With said clarifications, the independence requirements set forth in best practice provision 2.1.10 of the Dutch Corporate Governance Code are otherwise met.

Evaluation by the Non-Executive Directors

Pursuant to provision 2.2.8 of the Dutch Corporate Governance Code, the Non-Executive Directors of Cementir Holding carried out, for the financial year 2019, an assessment on the size, composition and functioning of the members of the Board, the Board itself and its Committees, indicating: (i) how the evaluation of the Non-Executive Directors, as a whole and individually, and of the committees was carried out; (ii) how the evaluation of the executive directors was carried out, as a whole and individually; (iii) summary considerations and suggestions on possible improvements in the functioning of the Board.
It is to be remembered that until 5 October 2019, Cementir Holding was an Italian company and therefore subject to Italian law and Italian Corporate Governance Code. The evaluation is carried out yearly by the Directors through the methodology of the compilation of questionnaires regarding the size, composition and functioning of the Board, its members and committees and, upon their request, through a personal interview. The Company's Corporate Affairs Department takes care of collection and management of confidential feedbacks.
The Non-Executive Directors expressed satisfaction with the functioning of the Board of directors. Some of Non-Executive Directors suggested expanding the mix of skills and experience within the Board in sector as sustainability and social responsibility, foreign markets of interest to the Group, accounting and tax control and human resources.
The managerial structures of Cementir Holding were considered adequate and effective for achieving the set objectives of the Company.
Particularly appreciated was the role of the Executive Director regarding the operational management of the Company, defining the objectives of the Cementir Group and managing the corporate performance, within the scope of the responsibility for creating profit and analysing and proposing strategic opportunities that contribute to the growth of the Group. The Executive Director ensured compliance with applicable laws and regulations, the Articles of Association and good corporate governance practices and he also carried out the decisions of the Board, determined the Board's objectives and prepared the annual financial documentation in compliance with the applicable legislation. Furthermore, the powers conferred on the Executive Director allowed the Board to adequately exercise the functions of direction and control over management and corporate risks.
With reference to the Audit Committee, the Non-Executive Directors considered adequate the number and the time of the meetings. The risk assessment and monitoring of the main risks by the Company is carried out satisfactorily. The Audit Committee, as a whole, has the technical skills and experience necessary for the credible and effective performance of its functions, and the systems in place to control risks have been assessed as satisfactory. All the activities carried out by the Audit Committee during the year 2019 were correctly and clearly illustrated to the Board of Directors. The attendance of the Directors to the Audit Committee was altogether very successful (more details are set forth in the Chart B - "Attendance"). More information regarding the role, the composition and the activities carried out by the Audit Committee, are set forth in the section "Board Committees" above.

With reference to the Remuneration and Nomination Committee, the Non-Executive Directors considered adequate the number and the time of the meetings. The Remuneration and Nomination Committee, as a whole, has all the skills and experience necessary for effective performance of its functions. It effectively illustrated to the Board all the activities carried out during the year 2019. All members have constantly and actively participated in the meetings (more details are set forth in the Chart B - "Attendance"). More information regarding the role, the composition and the activities carried out by the Remuneration and Nomination Committee, are set forth in the section "Board Committees" above.

The Non-Executive Directors will therefore take into account said positive conclusions of the evaluation in the selection process to be undertaken on the occasion of the next renewal of the Board of Directors and confirms, also for these purposes, the current Profile, available on the Company's website.

Museum of Contemporary Art, Yinchuan, China

OTHER INFORMATION

Alternative performance indicators

The Cementir Group used some alternative performance indicators to enable better assessment of the performance of economic management and the capital and financial situation. In line with what is established in the ESMA/2015/1415 guidelines, here below please find the meaning and contents of those indicators.

- EBITDA: is an indicator of operating performance calculated by adding together "EBIT" (as per Financial Highlights shown on page 14 of this Report) and "Amortisation, depreciation, impairment losses and provisions";
- Net financial debt: an indicator of financial structure calculated according to Consob Communication 6064293/2006, as the sum of the items:
  - Current financial assets
  - Cash and cash equivalents
  - Current and non-current financial liabilities
- Net capital invested: is calculated by the overall amount of non-financial assets, net of non-financial liabilities.

Litigation

There are three separate proceedings in which the Group, although not a party to the dispute, is responsible for the management of the defense and may in abstract terms be subject to indemnification obligations against it, in the context of the "share purchase agreement" ("SPA") with Italcementi S.p.A. for the sale of the shares of Cementir Italia S.p.A. (now called Cemitaly S.p.A. from the new ownership), Cementir Sacci S.p.A. (now Italsacci S.p.A.) and Betontir S.p.A. which took place with effect from 2 January 2018.

Antitrust proceedings

On 7 August 2017, upon completion of an investigation, the Italian Antitrust Authority ("Authority") served Cemitaly S.p.A. ("Cemitaly") its final decision, imposing an administrative fine of EUR 5,090,000. The Authority found that the parties involved in the proceedings had a single, complex and ongoing arrangement to coordinate cement sales prices across Italy, also supported by a survey of the trend in their respective market shares that was carried out through an exchange of sensitive information facilitated by the industry association AITEC.

On 6 October 2017, Cementir Italia submitted an appeal to the Regional Administrative Court (TAR) of Lazio for the suspension and subsequent cancellation of the final decision of the Authority, claiming it to be without foundation and illogical, in particular because it attributes a series of alleged unlawful actions to the Company without adequate supporting evidence or in some cases total absence of evidence, and because the Authority has not justified its rejection of the detailed explanations given by Cemitaly. On 11 November 2017, the Regional Administrative Court of Lazio did not grant suspension of the decision and set the appeal hearing for June 2018. With a ruling published on 30 July 2018, the Lazio Regional Administrative Court rejected the appeal in its entirety, confirming the validity of the penalty.

By appeal notified on 5 October 2018, Cemitaly therefore requested the Council of State to annul the judgment, in whole or in part, and consequently the penalty. In acceptance of a motion presented by the Attorney General at the public hearing of 15 November 2018, the case was postponed to be heard on 7 February 2019 and hence was taken under advisement.

Lastly, on 21 March 2019 the decision of the Council of State was published rejecting the appeal of Cemitaly, considering it unfounded as explained in the statement of reasons.

On 9 January 2020, following a request by Italcementi S.p.A., Cementir Holding paid Cemitaly the sum of EUR 5,118,076, including accrued interest, as compensation under the terms of the administrative fine.

Tax proceedings against Cemitaly (Eco-tax)

In 2015, the Italian Finance Police (Guardia di Finanza) in Taranto and the Taranto Provincial Police Unit began a tax audit on Cemitaly at the Taranto plant to check on payment of the special tax for the disposal in landfill of solid waste ("Eco-tax"), relating to the slag stored and used in the Taranto plant. On 19 October 2016, despite the defence submitted by the Company, the Apulia Region Local Tax Service issued a notice to pay a total of EUR 1.3 million, confirmed by the final tax assessment dated 12 January 2017.
Cemitaly has appealed to the Provincial Tax Commission of Bari against this decision, requesting its suspension and subsequent cancellation. The company retains that its slag is not waste but rather a by-product and in any case is not waste to be sent to landfill and hence is not subject to tax, as the material can be perfectly well recovered and used in the cement production cycle; in addition, disposal of slag is not an instance of illegal waste disposal.
On 28 June 2017, the Provincial Tax Commission of Bari accepted the request to suspend the disputed decision and set the hearing to discuss the matter for 13 December 2017.
With the decision of 14 December 2017, the Provincial Tax Commission of Bari rejected the appeal of the company. Cemitaly considers the decision to be both factually and legally incorrect. As proof of this, the offending "waste" has in the meantime been fully removed from the area of the Taranto plant and entirely recovered.
On these bases, the company has appealed against the first level sentence before the Apulia Regional Tax Commission. The appeal has been assigned no. 2888/18 general register and is pending waiting for the hearing to be fixed.
Moreover, to avoid a dispute with an objectively uncertain possible result, the company has informed the Apulia regional government of its willingness to settle the dispute through Legal Conciliation pursuant to Article 48 of Legislative Decree 546 of 31 December 1992.
On 25 June 2019 Cemitaly and the Apulia regional government therefore reached a full judicial settlement pursuant to the aforesaid Article 48, Legislative Decree 546/1992 and, on 28 June 2019, after having received the relevant amount from the Company as compensation due under the terms of the administrative fine, Cemitaly paid the total agreed amount equal to EUR 538,320.17. On 12 July 2019, the Apulia regional government then filed a proposal for conciliation with the Regional Tax Commission with the relevant payment. The Company is therefore waiting for the Commission to declare the matter to be settled.

Preventive seizure of specific areas and facilities in the Cemitaly Taranto plant

On 28 September 2017, a preventive seizure order was served on Cemitaly, Ilva S.p.A. in A.S. (in extraordinary administration) and Enel Produzione S.p.A., as well as some employees of the three companies, issued by the Preliminary Investigating Judge of Lecce (Case no. 3135/17 R.Gip), which also appointed the guardians and legal administrators.
For Cemitaly, the seizure order was related to:
seizure of the Taranto plant, with provisional usage rights, subject to the order to immediately cease procuring ash from the Enel Produzione plant in Brindisi and the use in the production cycle of fly ash compliant with application legislation;
- seizure of the remaining inventories stored in warehouses and/or other organisational units in Italy pertaining to Cemitaly of Portland cement (CEM V-B) produced using fly ash from the Enel Produzione plant in Brindisi.
- seizure of the assets owned by the company in Taranto used to process Ilva slag with provisional usage rights, for a period of 60 days, subject to the order for Cementir Italia to manage the slag as waste and to characterise and possibly restore the areas used to store the slag.

Cemitaly's involvement concerns the administrative offences set out in Articles 5, 6 and 25-undecies, Paragraph 2, Letter F) Legislative Decree 231/2001 referred to Article 260 of Legislative Decree 152/2006, as the actions described above are alleged to have been committed by persons responsible for the direction and management of the plant in Taranto.
According to investigator allegations, (i) the fly ash that Cemitaly bought from Enel Produzione, originating from the Federico II thermoelectric power plant in Brindisi, did not comply with applicable legislation, as traces of

substances not derived solely from burning coal were found. Cemitaly's involvement in the issue, as mere purchaser of the product, is due to allegations that it knew about this situation; (ii) the blast-furnace slag supplied by Ilva to Cemitaly should be qualified and treated as waste, due to its alleged "mechanical" impurities (presence of ferrous metals, crushed stone, debris, etc.). According to the investigators, this is also proved by the treatments to which the slag in question needs to be subjected in order to be used in the cement production cycle, namely screening and deferrisation, both of which are outside "normal industrial practice" for "pozzolana cement".
Both allegations appear to be completely without foundation.
The supply of fly ash ceased in early 2016 and there are therefore no remaining quantities of cement produced using fly ash from Enel Produzione.
Regarding the slag supplied by Ilva, "the normal industrial practice" for the use of slag (which is different to pozzolana) in the production of cement includes both screening and deferrisation, both expressly authorised in the Integrated Environmental Authorisation (AIA) of the Taranto plant.
In a series of subsequent measures, the judge, at the public prosecutor's request, initiated a special enquiry on the facts described above.
At the same time, the judge "released" a series of rights of the aforementioned company that were originally prevented by the seizure, including the right to sell the slag cement stored at the site on the date of seizure; the right to use the slag stored at its premises; the right to procure slag from third parties; the right to use the areas for storing slag, the iron remover and the internal conveyor belts.
With the report deposited on 16 July 2018, experts appointed by the Court found (i) that the blast-furnace slag supplied by Ilva qualifies, for all purposes, is a by-product; (Ii) the fly ash that Cemitaly acquired from Enel Produzione, originating from the power plant in Brindisi, is materially compliant with laws applicable.
On 23 July 2018, the company presented a formal appeal to release the Taranto production plant, motivating it with the accusations being manifestly unfounded, proven by the expert's report. With a ruling of 31 July 2018, the Lecce Public Prosecutor ordered the release of all assets seized. The Judge therefore fixed the hearing for the technical report discussion for 22 January 2019. On that date the case was postponed to 15 April 2019.
At the hearing on 15 April, the experts appointed by the Preliminary Hearing Judge (GIP) were heard. At the outcome of the hearing, the Public Prosecutor notified the parties involved of the conclusion of the preliminary investigations pursuant to Article 415 bis of the Criminal Code; with reference to Cemitaly and the natural persons connected to it, said notice was limited exclusively to the allegation of ashes purchased from Enel Produzione, since the Public Prosecutor did not make any statement with reference to the slag purchased from Ilva, which is therefore expected to be dropped.
On receipt of the notice of conclusion of the preliminary investigations, the parties produced a defence brief in which, first of all, they reaffirmed the legitimacy of the actions of the company (and the natural persons), also in consideration of statements of the GIP-appointed experts in the report filed. Secondarily, it was also made clear that Cemitaly was merely a purchaser of the ashes produced by Enel Produzione and therefore it had therefore acted in absolute good faith, having no evidence to call Enel Produzione's actions into question.
Nevertheless, the Public Prosecutor has requested the indictment of the company and the natural persons; the preliminary hearing has been set for 29 January 2020. On that date the case was postponed to 8 April.

Other information

With reference to a dispute between the Turkish stock exchange's regulatory and supervisory body (Capital Market Board - CMB) and the Turkish company Cimentas AS, indirect subsidiary of Cementir Holding, over the intragroup sale price of an equity investment in 2009, in which the CMB called on Cimentas AS to demand the Company and any other companies involved in the Cementir Group to pay back around EUR 100 million Turkish Lira (now equal to around EUR 16 million), we note that the request for a suspension of the decision challenged by Cimentas, which was accepted by Ankara Administrative Court on 26 May 2015, was subsequently rejected by Ankara Regional Administrative Court on 6 August 2015 for entirely procedural reasons. The action for annulment brought by

Cimentas AS against CMB was upheld by the Administrative Court of Ankara on 9 November 2018 (deciding not on the substance but on the quantum of the amount allegedly due). The case is still pending before the Court of Appeal. On 29 January 2017, CMB served a summons to Cementir Holding to appear before the Court of Izmir, requesting that the company be ordered to pay to Cimentas AS an amount provisionally set at approximately 1 million Turkish Lira. The Company duly appeared in court, arguing the total lack of foundation of the plaintiff's argument, both procedurally and on merit, and in any case has requested that the civil proceedings be suspended until the administrative proceedings are settled. In the unlikely event that this administrative action is rejected, the issue would in any case solely be relevant between companies of the Cementir Group.
The main reason presented by Cimentas AS for disputing the request made by CMB is related to the fiscal dispute entered into for the same transaction. Cimentas AS had won at first level and, on appeal, the tax authority, on 15 November 2018, confirmed the decision of the first level body, with presumable positive effects on the civil dispute with CMB.

Non-Financial Statement

The Group Sustainability Committee was established in 2019. It assists the Board of Directors in drawing up the sustainability strategy, proposes the main objectives and areas of intervention to be set out in the Business Plan, and provides indications and recommendations on policies, guidelines and KPIs related to sustainability objectives.
The Group Sustainability Committee is led by the Chairman of Aalborg Portland Holding and is made up of: Group Chairman and CEO, Chief Operating Officer, Group General Counsel, Group Chief Audit Officer, Chief Technical Officer, Chief Investor Relations, Nordic & Baltic Area Manager, and Chairman of the subsidiary Compagnie des Ciments Belges.
In 2019 the Group set out a number of sustainability objectives, including:

- 30% reduction in CO_2 emissions per tonne of cement by 2030;
- increase in the use of alternative fuels by up to 77% of the total by 2030 for grey cement production;
- the obligation for all plants to operate with certified systems of environmental management (ISO 14001), energy management (ISO 50001) and health and safety management (ISO 45001); With regard to Health and Safety, the Group is committed to constantly reducing the number and severity of accidents, with the objective of achieving "zero accidents" at all plants. With this in mind, by 2030 all Group plants will have a certified health and safety management system (ISO 45001).

To support the achievement of these, the 2020-2022 Business Plan sets out investments in sustainability for a total of EUR 100 million, split across various projects. These include: the construction of 8 MW wind turbines to meet the needs of the Aalborg plant; heat recovery operations in the plants in Denmark and Turkey; district heating in Denmark, which will make it possible to extend heating supplies from the current 36 thousand households to over 50 thousand households; investments in the kiln in Belgium, which will make it possible to increase the use of alternative fuels from the current 40% to 80%.
For all these targets, implementation plans have been drawn up at individual plant level and interim annual objectives have been included in the Group's Top Management incentive system.
In addition, through its subsidiary Aalborg Portland, the Group is directly involved in one of the most ambitious public CO_2 reduction projects ever brought forward by a national government. In the autumn of 2019, the Danish Government formalised its intention to reduce CO_2 emissions by 70% by 2030 compared to 1990. In December 2019, the Danish Prime Minister appointed the Managing Director of Aalborg Portland as President of the "*Climate Partnership for the Danish energy heavy industry*", one of 13 working groups set up by the government to draw up the actions to be taken by Denmark in order to achieve the above objective. The climate partnership led by Aalborg Portland will have to propose actions to be taken within the energy-intensive industrial sector.
For further details please refer to the specific Non-Financial Statement.
That document is published on the Company's website www.cementirholding.com, at the same time as the 2019 Annual Report, of which it is an integral part.

Organisation and Control Model pursuant to Legislative Decree 231/2001

On 8 May 2008, the Board of Directors of Cementir Holding approved a new organisational, management and control model based on a careful analysis of the risk of corporate offences in connection with Group operations. The model complies with guidance provided by Legislative Decree No. 231/2001, Italian best practice and Confindustria recommendations.

The Company also adopted a Code of Conduct endorsing the business principles that all company officers and employees, and anyone working with the company in any capacity, are required to comply with, in pursuing company business.

Furthermore, the Company appointed the Supervisory Body pursuant to Legislative Decree 231/2001 to carry out the task of updating and supervising the implementation of the Model adopted by the Company, with the support of the Internal Audit function for specific initiatives.

The Model has been periodically updated since 2008 to reflect organisational changes in the Company and the group, as well as regulatory updates (new offences added) to Legislative Decree 231.

On 28 June 2019, the Extraordinary Shareholders' Meeting of the Company resolved to transfer its registered office from Rome to Amsterdam, adopting the legal form of a Dutch Naamloze Vennootschap and changing its name to Cementir Holding N.V. On 5 October 2019, when all the conditions had been met, the Dutch notarial deed necessary to transfer the Company's registered office was signed, effective as of the same date.

As a result of this transfer, from 5 October 2019 the Italian regulations under Legislative Decree 231/2001 no longer applied to the Company. At the same time, as a result of the transfer, the Supervisory Body set up in accordance with this law also ceased to exist.

Regardless, the Company continues to apply (i) its Code of Ethics (although this should not be understood as making Cementir Holding or the Group subject to the previously applicable regulations), and (ii) the Model, given the Company's operations take place in Italy, where Cementir Holding has established a secondary and operational headquarters.

On 13 November 2019, the Company's Board of Directors also appointed an Ethics Committee, made up of the Group General Counsel and the Company's Chief Internal Audit Officer, granting this committee powers equivalent to those of the Supervisory Body.

Related-party transactions

Regarding related-party transactions, as defined by IAS 24, the Group did not conduct any atypical and/or unusual transactions. All transactions, both financial and commercial, took place on an arm's length basis.

The Group did not conduct any significant or material transactions concerning related-party transactions. Note 34 to the consolidated financial statements and note 30 to the separate financial statements provide an analysis of transactions with related parties.

Treasury shares

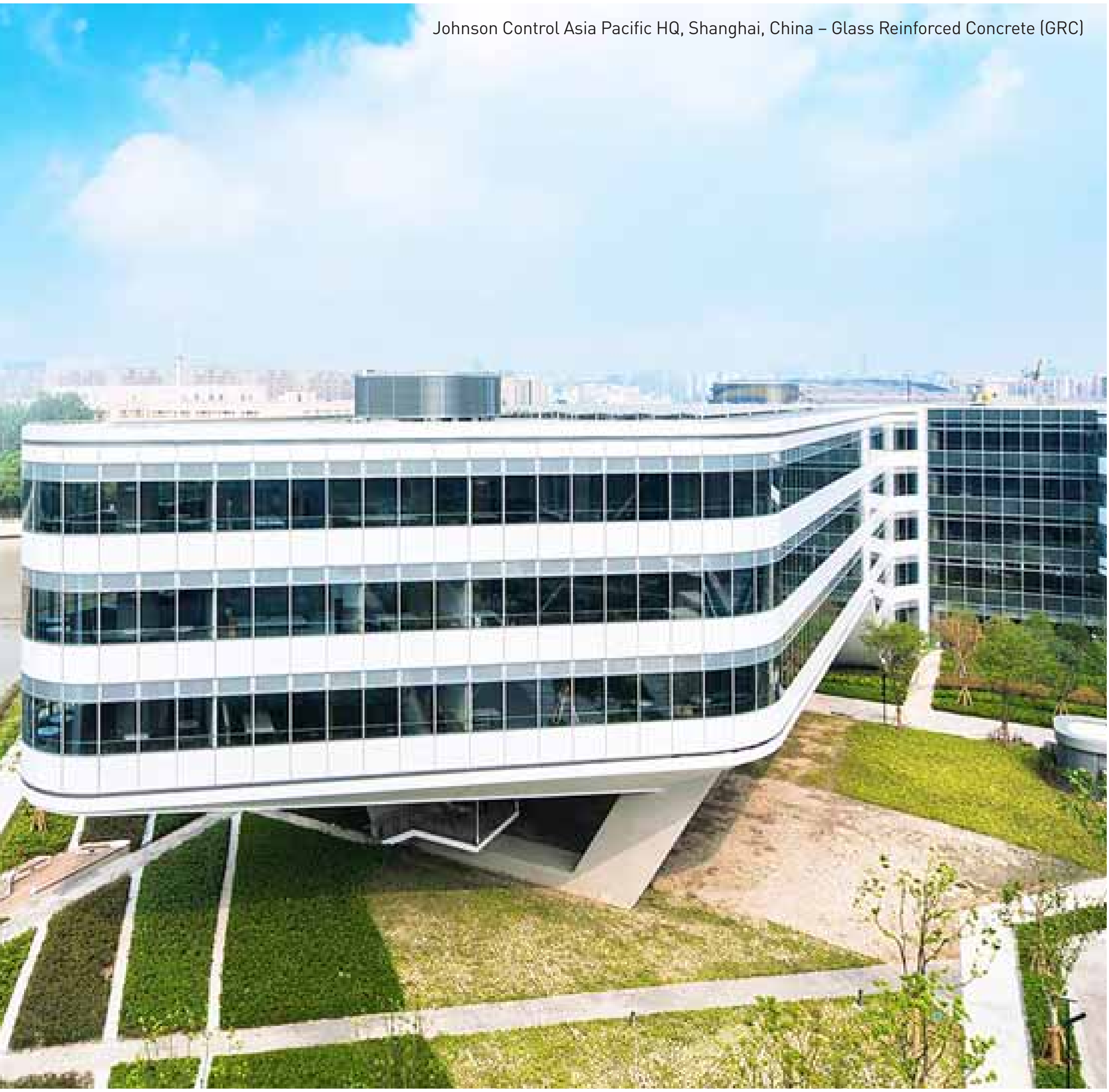
As at 31 December 2019, the parent and its subsidiaries did not hold, either directly or indirectly, shares or units of the ultimate parent. They did not purchase or sell such shares during the year.

Management and coordination

Cementir Holding N.V. sets its general and operational strategies independently. In particular, the Board of Directors of Cementir Holding N.V. has sole responsibility for reviewing and approving strategic, commercial and financial plans, and for overseeing the adequacy of organisational, administrative and accounting structures.

Protection of personal data

The Parent Company guarantees the protection of personal data in accordance with current laws.
During 2017, the Parent Company launched a group-wide project for compliance with the "General Data Protection Regulation" which came into force on 25 May 2018. As a result, the Company has adopted internal regulations and the relevant operational tools needed to ensure regulatory compliance at the date of entry into force of the EU regulation. In order to ensure full compliance with the legislation and review the system created also in light of Legislative Decree 101 of 10 August 2018, which came into force on 19 September 2018, Cementir Holding launched another project, now complete, to update and refine its privacy policy.


Johnson Control Asia Pacific HQ, Shanghai, China – Glass Reinforced Concrete (GRC)

SUBSEQUENT EVENTS AFTER THE REPORTING DATE

No significant facts occurred after the year ended.

BUSINESS OUTLOOK

With the current industrial perimeter, it is expected to reach in 2020 consolidated revenues of approximately EUR 1.27 billion and EBITDA of approximately EUR 270 million. Net financial debt at the end of 2020 is expected to be around EUR 180 million, considering investments for around EUR 86 million. No substantial changes are expected in the workforce except to meet specific needs for changes in skills.
This forward-looking indication does not include any evaluation that would be premature to date of the impacts on World, Regional and Sector economic growth of exceptional events such as Covid 19 infection.
In the event that significant elements should emerge in the coming months such as to generate variations significant in the guidance this will be updated in the coming quarters. The foregoing exclusively reflects the point of view of the company's management, and does not represent a guarantee, a promise, an operational suggestion or even just an investment advice. Therefore, it should not be taken as a support on the forecast of future trends of the markets and financial instruments concerned

PROPOSED ALLOCATION OF THE LOSS FOR THE YEAR 2019 OF CEMENTIR HOLDING N.V.

The Board of Directors proposes that the shareholders:
- approve the Directors' Report on 2019 and the separate financial statements as at and for the year ended 31 December 2019;
- to deduct the loss for the year of EUR 9,174 thousand entirely from retained earnings;
- distribute, as a dividend, a total of EUR 22,277 thousand as EUR 0.14 for each ordinary share, before any applicable withholdings required by law, from retained earnings

Rome, 5 March 2020

Chairman of the Board of Directors
signed: Francesco Caltagirone Jr

REMUNERATION REPORT

Remuneration of Director

Foreword

It is worth highlighting that the main financial results in 2019 that could influence the Group Remuneration were:

a) Net Financial Debt being EUR 239.6 million (EUR 255.4 million in 2018). It should be considered that 2019 is impacted by the implementation of the Accounting Principle IFRS 16 that resulted in an increase of the level of Net Financial Debt of EUR 84.3 million, due to the recognition of right-of-use assets and lease liabilities on 1 January 2019.

b) EBIT at EUR 151.7 million (EUR 153.2 million 2018). The variance is due to the decrease of the financial performance in Turkey, balanced by additional three months contribution of LWCC and by the performance in the other Regions.

The Board of Directors composition during 2019 changed as Carlo Carlevaris resigned on 2019 November 13th.

The Remuneration Policy has not been changed in 2019 compared to 2018.

This Section defines the principles and guidelines by which Cementir Holding N.V. (hereinafter "Cementir Holding or "Company") determines and monitors its compensation policy and implements it with reference to the Executive and Non-Executive Directors- (hereinafter the "Remuneration Report").

In this Remuneration Report, Cementir Holding intends to strengthen transparency on the contents of its remuneration policies and their implementation, allowing investors to obtain information about bonus schemes and also enabling a more accurate valuation of the Company, thus allowing shareholders to be well informed, when exercising their rights.

The Remuneration Report consists of the following sections:

- **Section I**, illustrating the policy of Cementir Holding with regard to the remuneration of the Executive and Non-Executive Directors for the year 2020, as well as the procedures used to adopt and implement the policy.
- **Section II**, the amounts paid during 2019 to the Directors, providing a representation of each pay component.

The Remuneration Report is drafted pursuant to articles 2:135, 2:135a and 2:135b of the Dutch Civil Code (hereinafter "**DCC**") and Chapter 3 of the Dutch Corporate Governance Code (hereinafter the "**Code**"). It was approved by the Board of Directors upon proposal of the Remuneration and Nomination Committee at the meeting on 5 March 2020. Section I is to be submitted to the approval of the Shareholders' Meeting called on 20 April 2020. Section II is to be submitted to the advisory vote of the Shareholders' Meeting called on 20 April 2020.

The Remuneration Report is made available on the Company's website *(www.cementirholding.com)* after the shareholders meeting and will be accessible for 10 (ten) years, in compliance to the procedures and within the terms prescribed by current regulations.

SECTION I - Remuneration Policy 2020

This section describes, in a comprehensive manner, the principles and guidelines with which Cementir Holding determines and monitors the remuneration policy and its implementation within the Company (hereinafter the "**Remuneration Policy**" or the "**Policy**").

The Remuneration Policy has the main purpose of summarising the remuneration policies applied within the Group and ensuring a fair and sustainable remuneration system, in line with the long-term corporate strategies and objectives, with regulations and with Stakeholders' expectations. The Policy is also intended to attract and retain members of staff with the professional qualities needed to manage and operate successfully in an international environment characterised by competitiveness and complexity and is also designed to recognise and reward good performance.

Cementir Holding intends to adopt a competitive remuneration system that better guarantees compliance with the delicate balance between strategic objectives and the recognition of the merits of Group employees. By utilising short- and medium/long-term variable pay components, the Policy is designed to facilitate the alignment of staff interests with the pursuit of the priority objective - creation of value - and the fulfilment of financial targets. This objective is pursued also by linking a significant part of remuneration to the achievement of set performance targets, by means of both the short-term incentives scheme (STI) and the long-term incentives scheme (LTI). The LTI is applied for staff only.

The Remuneration Policy is made available on the Company's web site (*www.cementirholding.com*) upon approval by the shareholders meeting and during the period of its applicability in compliance to Art. 2:135a paragraph 7 DCC.

1.1 Definition and approval of the Remuneration Policy

1.1.1 Parties involved in preparing and approving the Remuneration Policy

The definition of the Remuneration Policy is the result of a clear and transparent process in which the Company's Remuneration and Nomination Committee and Board of Directors play a central role.

The Policy is approved by the Board of Directors at the recommendation of the Remuneration and Nomination Committee, and it is submitted to the annual Shareholders' Meeting for its approval. The Policy is deemed approved with the favorable vote of at least ¾ of the votes casted at the shareholders meeting. In case the Policy is not approved by the shareholders meeting, the Company applies the existing policy and submits to the approval of next shareholders meeting a revised policy.

The bodies and parties involved in the remuneration policies approval process are listed below, along with a precise indication of their roles in the process:

Shareholders' Meeting

With regard to remuneration, the Shareholders' Meeting:

- adopts the remuneration policy upon proposal of the Board, pursuant to Article 7.4.1 of the Company's Articles of Association;
- determines compensation for Executive and Non-Executive Directors as well as for the members of the Board Committees (Audit Committee, Nomination and Remuneration Committee), in accordance with the remuneration policy, as provided for under Article 7.4.2 of the Company's Articles of Association;
- expresses a vote, each year, on the first section of the remuneration report, i.e. on the Remuneration Policy;
- shall receive adequate disclosure about the implementation of remuneration policies and express an advisory vote, each year, on the second section of the remuneration report, i.e. on the report on compensation paid;
- shall make decisions on any remuneration plans based on shares or other financial instruments and intended for Directors, employees and other workers, including Key Executives.

Board of Directors

With regard to remuneration, the Board of Directors:

- submit a proposal of remuneration policy to the Shareholders' Meeting according to Article 7.4.1 of the Company's Articles of Association drafted with the assistance of the Remuneration and Nomination Committee;
- develops the strategy for realising long-term value creation.
- shall approve the Remuneration Report in accordance with article 2:135 and 2:135a of the Dutch Civil Code, to be submitted to the annual Shareholders' Meeting;
- shall prepare any remuneration plans based on stocks or other financial instruments and submits them to the Shareholders' Meeting for approval;
- implements the remuneration plans based on shares or other financial instruments, after authorization from the Shareholders' Meeting.

Non-Executive Directors

The Non-Executive Directors among their duties are responsible for the supervision of:

- the performance of the Executive Directors;
- the supervision for developing a general strategy, including the strategy for realising long-term value creation.

Executive Directors

The Executive Directors and in particular the CEO:

- sets performance targets for the Cementir Group;
- shall submit to the Remuneration and Nomination Committee the stock incentive, stock option, corporate shareholding and similar plans motivating and retaining the managers of the Group companies controlled by the Company or, if the case warrants it, they shall assist the Committee in their drafting, with the support of the Group's Human Resources Office as well;
- shall enforce the Company's Remuneration Policy in accordance with this document.

Remuneration and Nomination Committee

In compliance with the recommendations contained in the Code and with the Board Rules, the Remuneration and Nomination Committee:

- prepares the Board's decision-making (including proposals of the Board for the General Meeting) regarding the determination of the remuneration of individual Directors, including severance payments;
- submits a proposal to the Board concerning the remuneration of each Director. The proposal is drawn up according to the remuneration policy that has been established and in any event it covers:

(a) the objectives of the strategy for the implementation of long-term value creation within the meaning of best practice provision 1.1.1 of the Code;

(b) the scenario analyses carried out in advance;

(c) the pay ratios within the Company and the business;

(d) the development of the market price of the shares;

(e) an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;

(f) if shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded; and

(g) if share options are being awarded, the terms and conditions governing this and the terms and conditions for exercising the share options. Share options may not be exercised during the first three years after they have been awarded.

Human Resources Office

The Company's HR Department is involved in defining and approving the proposals for the remuneration plan of the Company's personnel, monitoring and checking that those proposals are fully implemented with the aim of collecting market data in terms of practice, policies and benchmarking and if necessary, resorting to the services of independent experts.

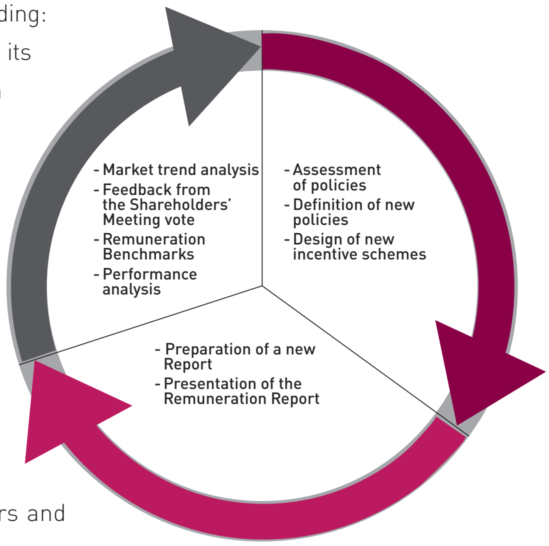
1.1.2 Activities, remuneration, composition, remit and functioning of the Remuneration and Nomination Committee

At the date of approval of this Report, the Remuneration and Nomination Committee is composed of four Non-Executive Directors, three of them are independent and two of them have financial and accounting experience which the Board of Directors considers adequate, appointed by the Board of Directors at its meeting of 5 October 2019:

Paolo Di Benedetto	Independent non-executive director and Chairman of the Committee
Veronica De Romanis	Independent, non-executive director, Committee Member, experienced in financial matters
Chiara Mancini	Independent non-executive director and member of the Committee
Mario Delfini	Non-executive director, Committee Member, experienced in financial matters

The Remuneration and Nomination Committee provides advice and submits proposals to the Board of Directors, and supervises to ensure that the Remuneration Policy is defined and applied;
specifically it prepares the Board of Directors' decision making regarding:

- the periodical assessment of size and composition of the Board and its Committees, and the proposal for the profile of the Board also in regard to the professional roles whose presence within the Board or the Board Committees is considered to be necessary in order for the Board to express its strategy to shareholders before the new Board is appointed, also taking into account the results of the annual assessment of the Board and the Board Committees as required by the Code;
- the drawing-up of selection criteria and appointment procedures for Executive Directors and Non-Executive Directors;
- the drawing up of a plan for the succession of Executive Directors and Non-Executive Directors;
- the proposal of candidates for the position of Executive Directors and Non-Executive Directors;
- the supervision of the policy of the Board regarding the selection criteria and appointment procedures for senior management;
- the drawing up of the Company's diversity policy for the composition of the Board.



It also:

- Submits proposals to the Board of Directors regarding the remuneration policy for Executive and Non-Executive Directors, periodically assessing the performance of individual Executive Directors and Non-Executive Directors and reporting this to the Board;
- Submits proposals or express opinions to the Board of Directors regarding the remuneration of Executive Directors and other Directors with specific duties, and on the setting of performance targets related to the variable-pay component;
- Evaluates and formulates proposals to the Board of Directors with regard to stock incentive, stock option, corporate shareholding and similar plans designed to motivate and retain the managers and employees of the Group companies controlled by the Company;
- Reports to the Board on the ways it performs its duties;
- Examines the annual Remuneration Report to be approved by the Board and submitted to the shareholders meeting vote as part of the annual financial reports meeting;
- Provides opinions on issues submitted to it from time to time for screening by the Board of Directors, concerning remuneration or any pertinent or related topics.

The Non-Executive Directors, including those forming the Remuneration and Nomination Committee, can access the information and contact company departments as necessary, in order to fulfil its duties.
The Remuneration and Nomination Committee meets during each financial year according to a calendar scheduled at the beginning of such year depending on the financial calendar and any time it may deem appropriate, upon notice issued by the Chairman of the Committee so as to ensure the correct execution of its tasks. No Executive Director shall participate to any Committee meeting in which are made proposals related to his remuneration.

Meetings of the Remuneration and Nomination Committee are attended - when deemed appropriate and at the invitation of the Committee - by Company's management (General Counsel, Chief Financial Officer and Chief Human Resources Officer).

When the financial statements are approved each year, the Remuneration and Nomination Committee reports to the Board in relation to its work.

During 2019, the Appointment and Remuneration Committee met on 11 February and on 5 March to approve the remuneration policy for 2019 and to define the Remuneration Report to be submitted, after approval by the Board of Directors, to the Shareholders' Meeting in accordance with Section 123-*ter* of the Italian Consolidated Finance Act, applicable at such date, and to verify the adequacy, cohesion and implementation of the remuneration policy adopted in the previous year. Furthermore, at the meeting of 11 November, the current long term incentive scheme (hereinafter "Long Term Incentive Scheme" or "LTI") was analysed in order to assess the modification of the performance targets for those participating both in the 2017-2019 and 2018-2020 cycles, in relation to the new levels of result expected as a consequence of the devaluation of the Turkish lira, starting from July 2018, as well as the socio-political instability of the Sinai region.

1.1.3 Independent experts who contributed to preparing the Remuneration Policy

As mentioned in the previous report, in 2017 the Company availed itself of the services of the independent consultant Willis Towers Watson. This consultant carried out an international benchmark analysis in order to align the Long-Term Incentive Scheme to the market's best practices.

In 2020, the company will take advantage of the advice of the independent expert Korn Ferry - Haygroup to conduct international benchmark analyses to align the remuneration policy with peers and market best practices.

1.2 Content of the Remuneration Policy

1.2.1 Content of the Remuneration Policy and main changes compared to 2019.

The Policy defines the principles and guidelines adopted by the Board in order to define the remuneration of its members and in particular of Executive and Non-Executive Directors as well as members of the members of the Committees. It provides detailed information designed to provide stakeholders with more information about pay policies, practices adopted and results obtained, and shows that the policies are consistent with the business strategy and company performance.

Cementir Holding pursues a Remuneration Policy aimed at motivating, attracting and retaining people who, thanks to their professional skills and personal ability to apply those skills in fulfilling business objectives, are able to build value for the Company's Stakeholders.

The principles applied in defining the Policy are intended to ensure that Cementir Holding is appropriately competitive in its sector and international markets, on three main fronts:

- Promotion of merit and performance in order to reward actions and behaviours that reflect the values of the company, the principles of the code of ethics and the strategic objectives;
- External competitiveness and internal fairness in order to make sure that pay packages are in line with best practices, and to ensure that they are consistent with the complexity and responsibilities of the role;
- Align the interests of Management with those of the Shareholders and with the medium-and long-term strategies of the Company.

The Policy has the primary objective of creating sustainable value over the medium to long term by creating a strong bond between individual performance and the Group on the one hand, and remuneration on the other.

The 2020 Remuneration Policy does not envisage any substantial change compared to that approved in 2018, and which was characterized in particular by the simplification and standardization of the overall structure of the system of short-term variable incentives, and by the preservation and confirmation of long-term incentives for the period 2017-2021.

1.2.2 Description of fixed and variable pay components with particular regard to their weightings within the overall remuneration, and distinguishing between the short and medium-and long-term variable components

The remuneration of directors has been defined as follows, with reference to the fixed and variable components.

Remuneration of the Board of Directors

The Remuneration Policy for the Board of Directors set by the Shareholders' Meeting comprises the following elements:

A) compensation of Directors for the office and for attendance at Board meetings;

B) compensation of Executive Director(s) and Chief Executive Officer (also referred to as "CEO") for performing the executive duties, powers and responsibilities;

C) compensation of Non-Executive Directors who are members of the Audit Committee and of the Remuneration and Nomination Committee and of the Chairman of those Committees.

Remuneration of Directors

The remuneration to be paid to Directors (see letter A) shall be in the form of an allowance for attendance at individual Board of Directors' meeting, and of a fixed annual payment for the office of director, payable to each director (both Executive and Non-Executive Directors) and established, in accordance with the provisions of the law, by the Shareholders' Meeting.

The current annual remuneration for all Directors is:

- a fixed annual allowance of EUR 5,000.00;
- an attendance fee of EUR 1,000.00 for each Board meeting they attend.

The same is confirmed as policy for 2020.

Remuneration of Directors tasked with specific duties

The compensation to be paid to Directors tasked with specific duties (letters B and C above) is quantified, at the proposal of the Remuneration and Nomination Committee, by the Board of Directors, taking into account the work actually required of each of them and any powers vested in addition to the compensation due to all Directors.

The following Directors have specific duties within the Board of Directors of the Company:

(i) the Chairman of the Board of Directors;

(ii) the Chief Executive Officer;

(iii) the Directors who participate in Board Committees (the Audit Committee and the Remuneration and Nomination Committee).

The Directors (i) called upon to be members of the Remuneration and Nomination Committee and of the Audit Committee and (ii) those who are appointed as Chairman of such Committees, shall receive an additional fixed compensation, commensurate with the work required from each of them in the performance of their aforesaid duties.

Remuneration of the Chairman and Chief Executive Officer

The annual gross remuneration of the Chairman of the Board of Directors and of the Chief Executive Officer generally comprises the following elements:

- a fixed component;
- a variable component determined according to the Group's performance and tied to predetermined, measurable parameters connected to the creation of shareholder value in a medium-/long-term time span.

In determining the remuneration of the Chairman and of the Chief Executive Officer, the Board of Directors takes into account (i) the specific content of the vested powers and/or (ii) the functions and the role actually served within the Company, thereby assuring that the provision of a possible variable component is consistent with the nature of assigned duties.

In particular, remuneration is determined on the basis of the following criteria:

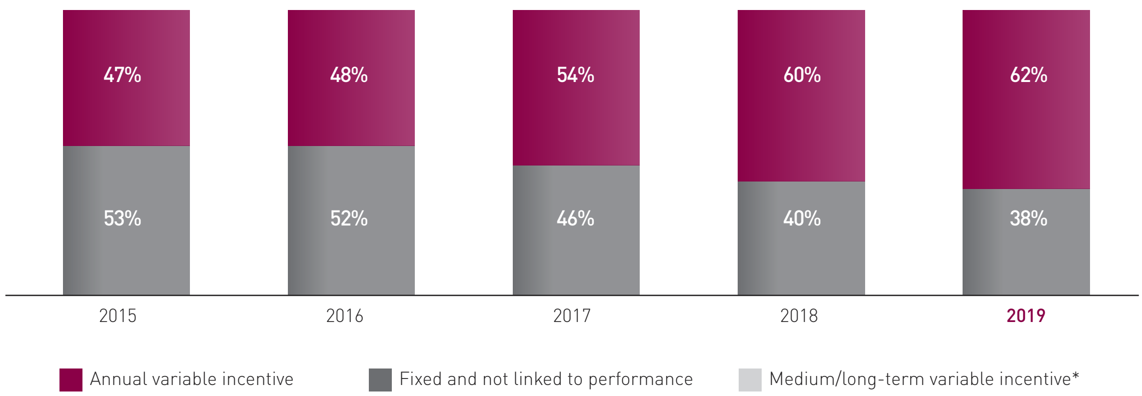
- correct balance between the fixed component and the variable component in accordance with the Company's strategic goals and its risk management policy, also taking into account the industry in which it operates and the characteristics of the business it actually conducts;
- provision of maximum limits for the variable components, provided that the fixed component shall be sufficient to remunerate the performance of the Chairman and of the Chief Executive Officer if the variable component is not paid;
- The parameters, economic results and any other specific objectives to which the payment of the variable components is tied are predetermined, measurable and connected to the creation of shareholder value in a medium/long-term time span.

In detail, in line with the resolution approved in previous years, the variable component is set at 2% of the cash flow produced by the Group in the referent, year and is defined according to a formula that enables a quick reference with the consolidated accounts figures, from which the fixed pay component should be deducted. The variable component, which is before taxes and can only have a value of zero or above, can be preliminarily calculated and paid out as payment on account when the Board of Directors approves the Group's half-year financial statements; when the Group's annual financial statements are approved by the Shareholders' Meeting, the variable component is definitively determined, and the relative balance is paid out. The fixed component is also confirmed consistently with previous years. The fixed component proposed for the Chairman and Chief Executive Officer is EUR 1.8 million per year before taxes, payable on a monthly basis.

The reference to operational cash flow generated by the Group has been identified as it is considered that this value, better than others, represents the link between annual performance (short-term) and the value of the company, and therefore appropriately aligns the results obtained by the CEO with the objective of creating value for all shareholders.

The following is the historical trend of the pay mix that is, the percentage weight of the various components of pay in relation to Annual Total Compensation (excluding benefits):

Pay Mix Chairman and Chief Executive Officer



*As the Chairman and CEO expresses the will of the Company's controlling shareholders and is a shareholder himself, there is an alignment of the interests of Executive Director(s) with the interest of all shareholders and stakeholders of the Company, consequently there is no need for an (additional) medium-/long-term incentive plan.

Remuneration of Non-Executive Directors

The compensation of non-executive Directors is not tied to the Group's economic-financial results or based on short- or medium-term incentive plans or based on the use of financial instruments.

Remuneration of Non-Executive Directors proposed for 2020 confirms the structure and the order of magnitude defined in the previous years.

The current annual remuneration for Non-Executive Directors is:

- a fixed annual allowance of EUR 5,000.00 determined for all Directors (see letter A above);
- an attendance fee of EUR 1,000.00 for each Board meeting they attend (see letter A above);
- an annual compensation at EUR 60,000.00 for the Non-Executive Director to be appointed as Chairman of both the Audit Committee and of Remuneration and Nomination Committee for those positions;
- EUR 20,000.00 for each position of Non-Executive Directors in the Committees.

Short Term Incentive and Long Term Incentive Schemes

In addition to the remuneration described above for Executive and non-Executive Directors, Cementir Holding N.V. adopts, for the Managers within the Company, a compensation scheme in order to create value, for its Stakeholders, achieving ever improving performance levels within the sustainable value creation structure that is the Company's true objective.

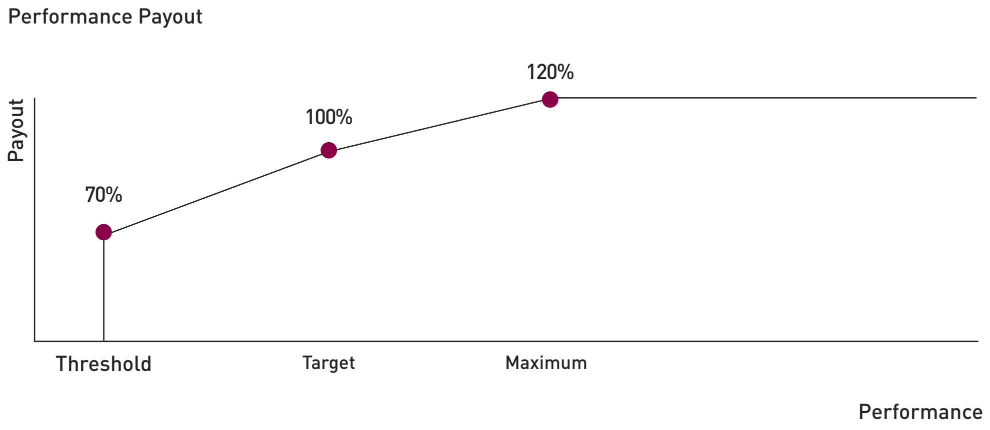
Short-term variable component

The variable component is based on a (STI). The system evaluates the performance of the Company and of the beneficiary on an annual basis and directs the actions of the management towards strategic objectives in line with the Group's short-term business priorities.

It is based on the Group's and/or subsidiaries' financial targets, which are the factor that enables access (Gate) to the system. Other objectives may be defined based on indicators linked to company performance and quality-related individual performance. Each objective is matched with a minimum performance, target performance and maximum performance level, correlated to a payout curve within the range 90%-120%.

The structure and weighting of the various objectives, which is standardised at the Group level, is shown in the following table:

30% Economic-Financial Targets (Gate)	**60% Individual Targets** based on Operational Projects/Results and sustainability of operating	**10% Organisational Development and Growth Targets**



For the purposes of incentivization and the final bonus, overall performance, taking into account the entry gate and results of each objective, cannot be less than 70%.

In order to encourage managers to pursue their annual budget targets, the short-term incentive plan is addressed to all managers within the Group with exactly the same scheme as described above being adopted.

Target incentive levels expressed as percentages of fixed remuneration, depend on the responsibility and complexity of the role covered, whilst maintaining a single structure throughout the Group.

Medium/long-term incentives - The LTI

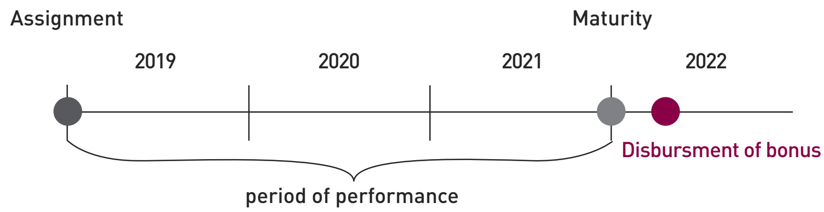
The LTI is intended for Executive Managers with strategic responsibilities, and a selected group of managerial staff, chosen from those who have the greatest impact on the Group's medium/long-term results.

As the CEO is also a major shareholder, he does not participate in this plan.

The LTI consists of three-year cycles based on the medium/long-term performance of the Group in relation to the existing Business Plan, and it has the following aims:

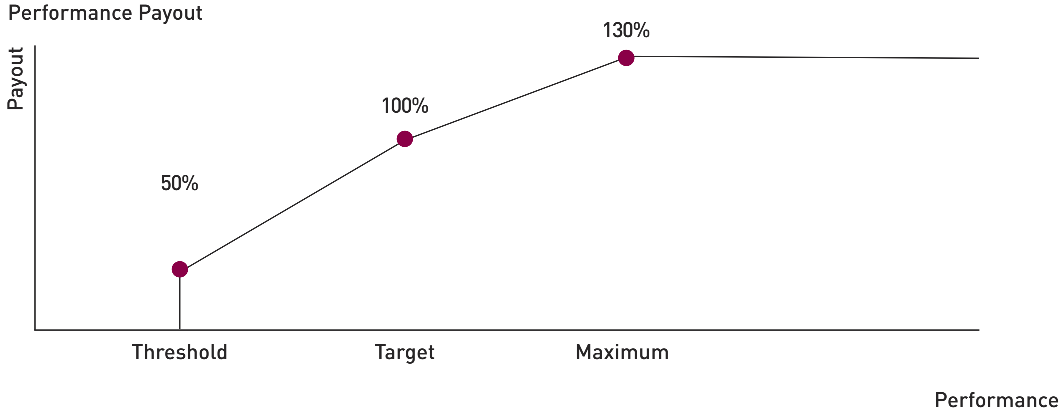
- Incentivise the aforementioned Executive Managers to achieve the objectives set out in the Business Plan;
- To converge the interests of Executive Managers with those of shareholders to create sustainable medium/long-term value;
- To introduce a motivation and retention plan.

The LTI also provides for the annual award of the right to receive a monetary performance bonus measured over a three-year period, in line with the company's medium-term strategic planning (vesting period).



Bonus opportunities for beneficiaries differ, and amount to 30% or 40% of annual gross remuneration to be assigned on achieving the target; the incentive payable at the end of the vesting period is determined on the basis of the performance achieved and varies from 50% to 130% of the value of the bonus.

This incentive may rise to up to 52% (the "cap") of gross annual remuneration upon achievement of levels of performance higher than the target levels.



Performances below the target will see a reduction in the bonus of up to 20% of gross annual salary, when a performance threshold is reached.

No bonus will be awarded if the results are below the threshold.

The award of the bonus depends on two performance conditions being met. These conditions operate separately, and each have a weighting of 50% in the calculation of the bonus:

- Three-year cumulative Free Cash Flow
- Three-year cumulative EBIT

The threshold, target and maximum amount are set in line with the Company's medium-term business plan.

Clawback and malus clauses

A clawback clause applies to the LTI and STI. This allows the Board of Directors to ask the beneficiaries to return all or part of the bonuses paid if they find that the performance targets were achieved on the basis of inaccurate or false data.

During the 2019, no clawback is is deemed required and consequently no clawback is been applied.

1.2.3 Criteria used in evaluating performance targets underlying the award of shares, options, other financial instruments and variable pay components

The criteria used in evaluating performance targets is based on the financial results of the Group. For more information, refer to the contents of paragraph 1.2.2 above.

1.2.4 Information designed to highlight the cohesion between the Remuneration Policy and the pursuit of the Company's long-term interests and risk management policy

As described above, the Remuneration Policy pursues the objective of creating sustainable value over the medium to long term, for the Company and its shareholders.

Therefore the remuneration of Executive Directors and key executives is structured so as to:

- Ensure that the overall retribution structure is balanced, with an adequate balance of the fixed and variable components, with the aim of creating sustainable value over the medium to long term, for the Company;
- Coordinate the variable remuneration with the reaching of operational and financial targets, in line with the creation of value over the medium to long term and the actual results achieved by the Company;
- Ensure that overall pay levels reflect the professional value of individuals and their contribution to creating sustainable value over the medium to long term.

For Non-Executive Directors please refer to Page 69.

1.2.5 Vesting period, deferred payment schemes, indication of deferment periods and criteria used to determine them, as well as ex-post adjustment mechanisms and information about clauses on the inclusion of financial instruments in the portfolio after acquisition, with details of the holding periods and criteria used to determine them

The Company has not adopted any Remuneration Plan based on shares or any other financial instruments nor does it award shares or other financial instruments as variable performance-based pay components. In addition, no clauses were determined for the retention in portfolio of financial instruments after their acquisition, meaning clauses that include the obligation of non-portability on a relevant portion of the shares awarded.

1.2.6 Policy on indemnities applied after termination of contract or resignation

In general, for all Directors, there shall be no (i) indemnities in case of resignation or revocation without just cause or non-renewal, (ii) agreements prescribing the allocation or continuation of non-monetary benefits in favour of persons who have relinquished their office and, (iii) consulting agreements with the Directors for a period following termination of their employment.

With regard to the above, it is consistent that on the one hand the Chairman and CEO is among the main shareholders of the Company, but on the other hand, it must be considered that the payment to be assigned to the other Directors takes the form of an attendance fee and a fixed annual remuneration of a modest entity to be assigned to each director, thus limiting the risk of any claim related in any way to the termination of office as Director, and in any case the corresponding amount.

Directors that have a work collaboration with the Company or its Subsidiaries must attain in any case to current provisions related to Collective Labour Agreements for the termination of their work collaboration, in accordance with the legal procedures and requirements.

Where necessary, the Company may request the signature of a non-competition agreement by an outgoing Director, which includes the payment of an indemnity related to the terms and extension of such obligation.
The violation of this agreement will lead to a refusal to pay the indemnity or its return, as well as an obligation to refund the damage for a convened amount (i.e. the double of the accorded indemnity).
If employment with the Company is terminated for reasons other than just cause, the intent is to seek arrangement for a consensual termination. Subject in any case to the obligations set out by law and/or by the employment agreement, the arrangements for the termination of employment with the Company are modelled after the relevant reference benchmarks and within the limitations defined by jurisprudence and practice.

1.2.7 Information about the presence of insurance cover, welfare or pension provision

In keeping with best practices, provision has been made for a Directors & Officers (D&O) Liability insurance policy covering the third-party liability of the Board of Directors.
In case of employment relationship with the Company, pension or welfare provision are in line with the practices applied for Managers of the Company.

1.2.8 Information about the use of benchmark pay policies from other companies

The Remuneration Policy was devised by the Company without using as reference the policies of other companies.
The current Remuneration Policy is valid 1 (one) year and is therefore revised yearly by the Remuneration and Nomination Committee and by the Board of Directors and submitted to approval of the Shareholders meeting.

SECTION II - Payments received during 2019 by the members of the Board of Directors

This section of the Report sets out the remuneration paid in 2019 to each member of the Board of Directors.
This remuneration was paid in application of the principles as set out in the Remuneration Policy.
On 4 March 2020, the Remuneration and Nomination Committee verified the correct application of the Remuneration Policy approved in 2019.

2.1 Part I - Pay components

Remuneration of Directors

Fixed component

The Shareholders' Meeting of 19 April 2018 awarded all Directors, for the duration of their term of office, a fixed annual allowance of EUR 5,000.00, plus an attendance fee of EUR 1,000.00 for each Board meeting they attend.
The Shareholders' Meeting of 28 June 2019, which confirmed the Board of Directors after the Cross Border Conversion, confirmed also the aforementioned remuneration for the term of office due to expire with approval of the draft financial statements 2019.

Variable component

The compensation of Non-Executive Directors is not tied to the Group's economic-financial results or based on short- or medium-term incentive plans or based on the use of financial instruments.

Monetary and non-monetary benefits

In keeping with best practices, provision has been made for a Directors & Officers (D&O) Liability insurance policy covering the third-party liability of the governing bodies.

Reimbursement of expenses

Directors are entitled to reimbursement for the reasonable expenses incurred because of their office on the basis of the arrangements with the Company.

Treatment/indemnities in case of termination from office

On the date of approval of this Report, no agreements have been stipulated with any of the Directors involving indemnities in case of resignation or revocation without just cause or termination of the charge as a result of a take-over bid, nor are there any extant agreements involving the assignment or continuation of non-monetary benefits in favour of persons who have left office; additionally, no consultation agreements have been stipulated with the Directors for a period subsequent to termination, or agreements involving compensation for no-competition commitments.

Remuneration of Directors tasked with specific duties

As of the date of approval of this report, the Directors tasked with specific duties are:

Francesco Caltagirone	Chairman and Chief Executive Officer
Paolo Di Benedetto	Chairman of the Remuneration and Nomination Committee Chairman of the Audit Committee
Chiara Mancini	Member of the Remuneration and Nomination Committee Member of the Audit Committee
Veronica De Romanis	Member of the Remuneration and Nomination Committee Member of the Audit Committee
Mario Delfini	Member of the Remuneration and Nomination Committee Member of the Audit Committee
Adriana Lamberto Floristán	Member of the Audit Committee

(i) Remuneration of the Chairman and Chief Executive Officer

With respect to the remuneration of the Chairman and the Chief Executive Officer Francesco Caltagirone, the Shareholders meeting of 28 June 2019 confirmed the remuneration and remuneration policy already in force and unchanged from the previous term of office, as detailed herebelow and in the chart in 2.2.1.

Fixed component

The fixed component is EUR 1.8 million per year before taxes, payable on a monthly basis.

Variable component

The variable components for 2019 was estimated at EUR 3.125 million, before tax. The achievement was calculated as 2% of Net Operating Cash Flow.

(ii) Remuneration for participation in Board Committees

The Board of Directors' meeting of 23 April 2018, called upon to decide on the remuneration of Directors with specific duties, resolved, that in virtue of the commitment required for the performance of their respective duties, the members of the newly-constituted committees shall be paid an additional annual fee as well as that decided by the Shareholders' Meeting for the position of director, and more specifically:

- to the Chairman of the Remuneration and Nomination Committee, of the Audit Committee, and of the Related-Party Transaction Committee (ceased on 5 October 2019), fixed compensation of EUR 60 thousand, before taxes and any law-mandated surcharges;
- to other members of the Remuneration and Nomination Committee and the Audit Committee: fixed compensation of EUR 20 thousand for each office held, before taxes and any law-mandated surcharges.

- to the other members of the Related-Party Transaction Committee, an attendance fee of EUR 1,000.00 for each Committee meeting they attend, before taxes and any law-mandated surcharges.

The Shareholders meeting of 28 June 2019 confirmed the remuneration and remuneration policy already in force and unchanged from the previous term of office, as detailed here below and in the chart in 2.2.1.

Remuneration of Statutory Auditors

The Shareholders' Meeting of 19 April 2017 resolved to set annual compensation at EUR 60 thousand for the Chairman of the Board of Statutory Auditors and EUR 40 thousand for each Standing Auditor.

The Statutory Board of Auditors carried out supervisory activities as established by Italian Law and in compliance with Legislative Decree 58 dated 24 February 1998. The Board of Statutory Auditors ceased on 5 October 2019.

Monetary and non-monetary benefits

There are no monetary and non-monetary benefits awarded to statutory auditors.

***

In general, the practice applied by the Company is in line with the 2019 remuneration policy.


Navitas Science and Innovation Building, Aarhus Denmark

2.2 Part II - Compensation paid in financial year 2019

2.2.1 Compensation paid to the members of the board of directors and of the board of statutory auditors.
The table below shows the compensation paid in Financial Year 2019, for any reason and in any form, by the Company and by subsidiaries and affiliates, to the members of the board of directors and to the members of the boars of statutory auditors. It should be noted that the remuneration paid in the affiliates is disclosed within the context of the report on remuneration of the parent company Caltagirone S.p.A., published in accordance with the provisions of law applicable to listed companies, to which reference should be made.

Cementir Holding N.V. - Year 2019

Compensation paid to the members of the administration and control bodies, to the general manager and to the managers with strategic responsibilities

	Fixed Remuneration		
Name of Director, position	**Token of presence**	**Compensation approved by the Shareholders' Meeting or by the BoDs**	**Compensation for employee work**
(in thousands of Euros)			
BOARD OF DIRECTORS			
Francesco Caltagirone, Chairman of the Board of Directors and CEO	7	1,805	81
Carlo Carlevaris, Senior Non-Executive Director**	0	5	N/A
Alessandro Caltagirone, Non-Executive Director and Vice-Chairman	3	5	N/A
Azzurra Caltagirone, Non-Executive Director and Vice-Chairwoman	6	5	N/A
Edoardo Caltagirone, Non- Executive Director	5	5	N/A
Saverio Caltagirone, Non- Executive Director	7	5	N/A
Mario Delfini, Non-Executive Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	5	5	N/A
Roberta Neri, Non-Executive Director	3	5	N/A
Adriana Lamberto Floristan, Non-Executive Director, Member of the Audit Committee	7	5	N/A
Fabio Corsico, Non-Executive Director	6	5	N/A
Paolo Di Benedetto, Non-Executive Director, Chairman of the Audit Committee and Chairman of the Remuneration and Nomination Committee	7	5	N/A
Chiara Mancini, Non-Executive Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	7	5	N/A
Veronica De Romanis, Non-Executive Director, Memebr of the Audit Committee and Member of the Remuneration and Nomination Committee	7	5	N/A
BOARD OF STATUTORY AUDITORS			
Silvia Muzi, Chairman of the Board of Statutory Auditors	N/A	60	N/A
Claudio Bianchi, Standing Auditor	N/A	40	N/A
Maria Assunta Coluccia, Standing Auditor	N/A	46	N/A
TOTAL	**70**	**2,011**	**81**

*Includes the adjustment relating to the 2018 variable compensation.
**Resigned on 13th November of 2019

Compensation for partecipation in committees	Variable Compensation (non equity) Bonuses and other incentives* STI	LTI	Non-monetary benefits	Other fees	Total	Proportion of fixed and variable remuneration
N/A	3,125	N/A	6	N/A	5,024	62% variable remuneration 38% fixed remuneration
N/A	N/A	N/A	N/A	N/A	5	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	8	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	11	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	10	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	12	100% fixed remuneration
40	N/A	N/A	N/A	N/A	50	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	8	100% fixed remuneration
20	N/A	N/A	N/A	N/A	32	100% fixed remuneration
N/A	N/A	N/A	N/A	225	236	100% fixed remuneration
60	N/A	N/A	N/A	N/A	72	100% fixed remuneration
40	N/A	N/A	N/A	N/A	52	100% fixed remuneration
40	N/A	N/A	N/A	N/A	52	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	60	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	40	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	46	100% fixed remuneration
200	**3,125**	**0**	**6**	**225**	**5,718**	

Cementir Holding N.V. - Year 2018

Compensation paid to the members of the administration and control bodies, to the general manager and to the managers with strategic responsibilities

Name of Director, position	Fixed Remuneration		
	Token of presence	Compensation approved by the Shareholders' Meeting or by the BoDs	Compensation for employee work
(in thousands of Euros)			
BOARD OF DIRECTORS			
Francesco Caltagirone, Chairman of the Board of Directors and CEO	7	1,805	81
Carlo Carlevaris, Vice Chairman	5	5	N/A
Alessandro Caltagirone, Directors	4	5	N/A
Azzurra Caltagirone, Directors	6	5	N/A
Edoardo Caltagirone, Directors	6	5	N/A
Saverio Caltagirone, Directors	7	5	N/A
Mario Delfini, Directors	7	5	N/A
Roberta Neri, Directors	7	5	N/A
Adriana Lamberto Floristan, Directors, Member of the Audit Committee*	5	5	N/A
Fabio Corsico, Directors	5	5	N/A
Paolo Di Benedetto, Director, Chairman of the Audit Committee and Chairman of the Remuneration and Nomination Committee	6	5	N/A
Chiara Mancini, Directors, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	6	5	N/A
Veronica De Romanis, Directors, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	7	5	N/A
Mario Cilberto, Directors**	N/A	N/A	N/A
BOARD OF STATUTORY AUDITORS			
Silvia Muzi, Chairman of the Board of Statutory Auditors	N/A	60	N/A
Claudio Bianchi, Standing Auditor	N/A	40	N/A
Maria Assunta Coluccia, Standing Auditor	N/A	46	N/A
TOTAL	**78**	**2,011**	**81**

*Starting from 19th April 2018
**From 1st January 2018 to 2nd January 2018
***Includes the adjustment relating to the 2017 variable compensation.

	Variable Compensation (non equity)					
Compensation for partecipation in committees	Bonuses and other incentives*** STI	LTI	Non-monetary benefits	Other fees	Total	Proportion of fixed and variable remuneration
N/A	2,852	N/A	6	N/A	4,751	60% variable remuneration 40% fixed remuneration
N/A	N/A	N/A	N/A	N/A	10	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	9	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	11	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	11	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	12	100% fixed remuneration
40	N/A	N/A	N/A	N/A	52	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	12	100% fixed remuneration
14	N/A	N/A	1	N/A	25	100% fixed remuneration
N/A	N/A	N/A	N/A	200	210	100% fixed remuneration
60	N/A	N/A	N/A	N/A	71	100% fixed remuneration
40	N/A	N/A	N/A	N/A	51	100% fixed remuneration
40	N/A	N/A	N/A	N/A	52	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	0	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	60	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	40	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	46	100% fixed remuneration
194	**2,852**	**0**	**7**	**200**	**5,423**	

2.2.2 Stock options assigned to the members of the board of directors, to general managers and to the other key executives.

No stock-option plans for members of the Board of Directors nor for sake of completeness for the General Manager, other Key Executives or employees of the Company.

2.2.3 Incentive plans based on financial instruments, other than stock options, in favour of members of the Board of Directors, of the General Managers and of the other Key Executives.

There are no incentive plans based on financial instruments other than stock options (restricted stock, performance share, stock plan, etc.); for the members of the Board of Directors nor for sake of completeness for the Director General, for the other Key Executives or employees of the Company.

The Group did not grant loans to directors, statutory auditors or key management personnel during the reporting period and did not have loan assets due from them at 31 December 2019.

The following table shows a comparison of the total remuneration of directors over the last five years, based on Cementir Holding N.V. directors who served as directors in 2019. Compensation data are reported for the last five years although the Cementir Holding N.V. is a Dutch-listed company starting from 2019.

	2019	2018	2017	2016	2015
BOARD OF DIRECTORS					
Francesco Caltagirone, Chairman of the Board of Directors and CEO	5,023.6	4,751	4,068	3,705	3,503
Carlo Carlevaris, Senior Non-Executive Director**	5	10	12	11	12
Alessandro Caltagirone, Non-Executive Director and Vice-Chairman	8	9	9	9	8
Azzurra Caltagirone, Non-Executive Director and Vice-Chairwoman	11	11	10	11	10
Edoardo Caltagirone, Non- Executive Director	10	11	10	11	10
Saverio Caltagirone, Non- Executive Director	12	12	11	78	80
Mario Delfini, Non-Executive Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	50	52	32	32	32
Roberta Neri, Non-Executive Director	8	12	8	N/A	N/A
Adriana Lamberto Floristan, Non-Executive Director, Member of the Audit Committee	32	24.9	N/A	N/A	N/A
Fabio Corsico, Non-Executive Director	236	210	11	9	11
Paolo Di Benedetto, Non-Executive Director, Chairman of the Audit Committee and Chairman of the Remuneration and Nomination Committee	72	71	70	70	71
Chiara Mancini, Non-Executive Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	52	51	52	51	35
Veronica De Romanis, Non-Executive Director, Memebr of the Audit Committee and Member of the Remuneration and Nomination Committee	52	52	51	52	35
BOARD OF STATUTORY AUDITORS					
Silvia Muzi, Chairman of the Board of Statutory Auditors	60	60	60	N/A	N/A
Claudio Bianchi, Standing Auditor	40	40	60	N/A	N/A
Maria Assunta Coluccia, Standing Auditor	46	46	46	48	46
Company Performance					
EBIT	151.7	153.2	140.6	94.7	97.6
Average fixed remuneration on a full-time equivalent basis of employees (€)					
Average fixed remuneration of employees	60,424	57,755	49,364	45,126	48,990

Internal pay ratio

The pay ratio of CEO compensation compared to the average employee compensation during 2019 is 83:1. Last year the ratio was 82:1.

This ratio consists of the CEO's total direct compensation during 2019 of EUR 5,024 thousand as reported in the Total direct compensation, pension and other benefits table in this appendix, compared to the average compensation of all employees. The average compensation of all employees was calculated from the numbers as reported in Note 24.

Selected operating expenses and additional information (wages and salaries) / average number of payroll employees = EUR 184,897 million/3,060 people= EUR 60,424.

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3 CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Before profit appropriation)

[EUR'000]	Notes	31 December 2019	31 December 2018[1]
ASSETS			
Intangible assets with a finite useful life	1	214,388	223,545
Intangible assets with an indefinite useful life (goodwill)	2	349,047	353,933
Property, plant and equipment	3	860,385	789,500
Investment property	4	90,602	90,152
Equity-accounted investments	5	3,879	3,613
Other equity investments	6	285	210
Non-current financial assets	9	1,643	1,490
Deferred tax assets	20	49,695	46,772
Other non-current assets	11	6,800	7,112
TOTAL NON-CURRENT ASSETS		**1,576,724**	**1,516,327**
Inventories	7	172,365	184,775
Trade receivables	8	150,475	163,553
Current financial assets	9	1,192	840
Current tax assets	10	5,172	9,226
Other current assets	11	29,218	24,888
Cash and cash equivalents	12	330,948	232,614
TOTAL CURRENT ASSETS		**689,370**	**615,896**
TOTAL ASSETS		**2,266,094**	**2,132,223**
EQUITY AND LIABILITIES			
Share capital		159,120	159,120
Share premium reserve		35,711	35,710
Other reserves		766,227	675,122
Profit (loss) attributable to the owners of the parent		83,569	127,194
Equity attributable to owners of the Parent	**13**	**1,044,627**	**997,146**
Reserves attributable to non-controlling interests		130,080	122,772
Profit (loss) attributable to non-controlling interests		6,860	8,466
Equity attributable to non-controlling interests	**13**	**136,940**	**131,238**
TOTAL EQUITY		**1,181,567**	**1,128,3848**
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee benefits	14	35,745	31,777
Non-current provisions	15	27,521	27,804
Non-current financial liabilities	17	515,772	461,462
Deferred tax liabilities	20	146,001	145,282
Other non-current liabilities	19	3,833	4,7680
TOTAL NON-CURRENT LIABILITIES		**728,872**	**671,093**
Current provisions	15	15,733	15,525
Trade payables	16	219,025	228,209
Current financial liabilities	17	55,997	27,407
Current tax liabilities	18	15,423	13,737
Other current liabilities	19	49,477	47,868
TOTAL CURRENT LIABILITIES		**355,655**	**332,746**
TOTAL LIABILITIES		**1,084,527**	**1,003,839**
TOTAL EQUITY AND LIABILITIES		**2,266,094**	**2,132,2239**

[1]The Group adopted IFRS 16 on 1 January 2019 using the modified retrospective approach, under which comparative information has not been restated.

CONSOLIDATED INCOME STATEMENT

[EUR'000]	Notes	2019	2018[2]
REVENUE	**21**	**1,211,828**	**1,196,186**
Change in inventories	7	5,798	12,378
Increase for internal work	22	6,436	6,648
Other income	22	19,330	24,458
TOTAL OPERATING REVENUE		**1,243,392**	**1,239,670**
Raw materials costs	23	(466,387)	(479,283)
Personnel costs	24	(184,897)	(176,326)
Other operating costs	25	(328,314)	(345,557)
EBITDA		**263,794**	**238,504**
Amortisation and depreciation	26	(106,483)	(78,093)
Additions to provision	26	(1,412)	(4,091)
Impairment losses	26	(4,156)	(3,107)
Total amortisation, depreciation, impairment losses and provisions		**(112,051)**	**(85,291)**
EBIT		**151,743**	**153,213**
Share of net profits of equity-accounted investees	**27**	**310**	**1,050**
Financial income	27	4,636	70,835
Financial expense	27	(25,654)	(28,145)
Net exchange rate losses	27	(4,387)	(12,318)
Net financial income (expense)		**(25,405)**	**30,372**
NET FINANCIAL INCOME (EXPENSE) AND SHARE OF NET PROFITS OF EQUITY-ACCOUNTED		**(25,095)**	**31,422**
PROFIT (LOSS) BEFORE TAXES		**126,648**	**184,635**
Income taxes	28	(36,219)	(35,866)
PROFIT FROM CONTINUING OPERATIONS		**90,429**	**148,769**
LOSS FROM DISCONTINUED ACTIVITIES, NET OF TAX	**36**	**-**	**(13,109)**
PROFIT (LOSS) FOR THE YEAR		**90,429**	**135,660**
Attributable to:			
Non-controlling interests		6,860	8,466
Owners of the Parent		**83,569**	**127,194**

[EUR]			
Earnings per ordinary share			
Basic earnings per share	**29**	**0.525**	**0.799**
Diluted earnings per share	**29**	**0.525**	**0.799**

[EUR]			
Earnings per ordinary share from continuing operations			
Basic earnings per share	**29**	**0.525**	**0.882**
Diluted earnings per share	**29**	**0.525**	**0.882**

[2]The Group adopted IFRS 16 on 1 January 2019 using the modified retrospective approach, under which comparative information has not been restated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

[EUR'000]	Notes	2019	2018[3]
PROFIT (LOSS) FOR THE YEAR		**90,429**	**135,660**
OTHER COMPONENTS OF COMPREHENSIVE INCOME:			
Items that will never be reclassified to profit or loss for the year:			
Net actuarial gains (losses) on post-employment benefits	30	(7,118)	396
Taxes recognised in equity	30	1,855	194
Total items that will never be reclassified to profit or loss		**(5,263)**	**590**
Items that may be reclassified to profit or loss for the year:			
Foreign currency translation differences - foreign operations	30	(6,227)	(64,219)
Profit (losses) on derivatives	30	1,561	(6,775)
Taxes recognised in equity	30	39	1,246
Total items that may be reclassified to profit or loss		**(4,627)**	**(69,748)**
TOTAL OTHER COMPREHENSIVE EXPENSE, NET OF TAX		**(9,890)**	**(69,158)**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR		**80,539**	**66,502**
Attributable to:			
Non-controlling interests		10,866	13,819
Owners of the Parent		**69,673**	**52,683**

[3]The Group adopted IFRS 16 on 1 January 2019 using the modified retrospective approach, under which comparative information has not been restated.


Louvre Abu Dhabi, UAE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

[EUR'000]	Notes	Share capital	Share premium reserve	Other reserves: Legal reserve	Other reserves: Translation reserve
Equity at 1 January 2019	**13**	**159,120**	**35,710**	**31,825**	**(570,236)**
Allocation of 2018 profit (loss)		-	-	-	-
Change in reserve due to conversion of the Company in Dutch N.V.	13	-	-	(31,825)	-
Distribution of 2018 dividends		-	-	-	-
Total transactions with investors		**-**	**-**	**(31,825)**	**-**
Profit (loss) for the year		-	-	-	-
Change in translation reserve	30	-	-	-	(10,720)
Net actuarial gains	30	-	-	-	-
Gain on derivatives	30	-	-	-	-
Total comprehensive income (expense)	**30**	**-**	**-**	**-**	**(10,720)**
Change in other reserves		-	-	-	-
Total other transactions		**-**	**-**	**-**	**-**
Equity at 31 December 2019	**13**	**159,120**	**35,710**	**-**	**(580,956)**

[EUR'000]	Notes	Share capital	Share premium reserve	Other reserves: Legal reserve	Other reserves: Translation reserve
Equity at 1 January 2018	**13**	**159,120**	**35,710**	**31,825**	**(500,469)**
Effects arising from application of IFRS 9		-	-	-	-
Equity at 1 January 2018 with introduction of the new standard IFRS 9		**159,120**	**35,710**	**31,825**	**(500,469)**
Allocation of 2017 profit		-	-	-	-
Distribution of 2017 dividends		-	-	-	-
Non-controlling interests in acquisition of subsidiary		-	-	-	-
Transactions with non-controlling investors		-	-	-	-
Total transactions with investors		**-**	**-**	**-**	**-**
Profit (loss) for the year		-	-	-	-
Change in translation reserve	30	-	-	-	(69,767)
Net actuarial gains	30	-	-	-	-
Losses on derivatives	30	-	-	-	-
Total comprehensive income (expense)	**30**	**-**	**-**	**-**	**(69,767)**
Change in other reserves		-	-	-	-
Total other transactions		**-**	**-**	**-**	**-**
Equity at 31 December 2018	**13**	**159,120**	**35,710**	**31,825**	**(570,236)**

[4] The Group adopted IFRS 16 on 1 January 2019 using the modified retrospective approach, under which comparative information has not been restated.
[5] The Group adopted IFRS 16 on 1 January 2019 using the modified retrospective approach, under which comparative information has not been restated.
* In the 2018 financial statement the Company presented earnings as other reserve. For 2019 financial statements this has been updated to retained earnings to be consistent with the separate financial statement. As part of the transformation from Cementir Holding SpA to Cementir Holding N.V. on 5 October 2019, Management aligned the equity composition.

Hedge reserve	Retained earnings*	Profit (loss) attributable to the owners of the parent	Equity attributable to owners of the Parent	Profit (loss) attributable to non-controlling interests	Reserves attributable to non-controlling interests	Equity attributable to non-controlling interests	Total Equity[4]
(7,337)	1,220,870	127,194	997,146	8,466	122,772	131,238	1,128,384
-	127,194	(127,194)	-	(8,466)	8,466	-	-
-	31,825	-	-	-	-	-	-
-	(22,277)	-	(22,277)	(4,961)	-	(4,961)	(27,238)
-	136,742	(127,194)	(22,277)	(13,427)	8,466	(4,961)	(27,238)
-	-	83,569	83,569	6,860	-	6,860	90,429
-	-	-	(10,720)	-	4,493	4,493	(6,227)
-	(4,776)	-	(4,776)	-	(487)	(487)	(5,263)
1,600	-	-	1,600	-	-	-	1,600
1,600	(4,776)	83,569	69,673	6,860	4,006	10,866	80,539
-	85	-	85	-	(203)	(203)	(118)
-	85	-	85	-	(203)	(203)	(118)
(5,737)	1,352,921	83,569	1,044,627	1,899	135,041	136,940	1,181,567

Hedge reserve	Retained earnings*	Profit (loss) attributable to the owners of the parent	Equity attributable to owners of the Parent	Profit (loss) attributable to non-controlling interests	Reserves attributable to non-controlling interests	Equity attributable to non-controlling interests	Total Equity[5]
(1,126)	1,159,657	71,471	956,188	5,695	53,775	59,470	1,015,658
-	4,804	-	4,804	-	-	-	4,804
(1,126)	1,164,461	71,471	960,992	5,695	53,775	59,470	1,020,462
-	71,471	(71,471)	-	(5,695)	5,695	-	-
-	(15,912)	-	(15,912)	-	(5,057)	(5,057)	(20,969)
-	-	-	-	-	69,715	69,715	69,715
-	(1,737)	-	(1,737)	-	(7,163)	(7,163)	(8,900)
-	53,822	(71,471)	(17,649)	(5,695)	63,190	57,495	39,846
-	-	127,194	127,194	8,466	-	8,466	135,660
-	-	-	(69,767)	-	5,548	5,548	(64,219)
-	785	-	785	-	(195)	(195)	590
(6,211)	682	-	(5,529)	-	-	-	(5,529)
(6,211)	1,467	127,194	52,683	8,466	5,353	13,819	66,502
-	1,120	-	1,120	-	454	454	1,574
-	1,120		1,120	-	454	454	1,574
(7,337)	1,220,870	127,194	997,146	8,466	122,772	131,238	1,128,384

CONSOLIDATED STATEMENT OF CASH FLOWS

[EUR'000]	Notes	31 December 2019	31 December 2018
Profit/(loss) for the year		**90,429**	**135,660**
Amortisation and depreciation	26	106,483	78,093
Net Reversals of impairment losses		(2,316)	(48,481)
Share of net profits of equity-accounted investees	27	(310)	(1,050)
Net financial income (expense)	27	25,405	12,117
Gains on disposals		(989)	(6,303)
Income taxes	28	36,219	35,865
Change in employee benefits		(2,355)	(2,576)
Change in provisions (current and non-current)		(1,196)	10,160
Operating cash flows before changes in working capital		**251,370**	**213,485**
(Increase) decrease in inventories		12,411	(25,851)
(Increase) decrease in trade receivables		12,470	8,180
Increase (decrease) in trade payables		(10,526)	15,442
Change in other non-current and current assets and liabilities		232	(2,538)
Change in current and deferred taxes		(2,207)	1,083
Operating cash flows		**263,750**	**209,801**
Dividends collected		-	1,227
Interest collected		3,779	4,255
Interest paid		(12,605)	(13,645)
Other net income (expense) collected (paid)		(7,487)	(2,132)
Income taxes paid		(32,366)	(42,304)
CASH FLOWS FROM OPERATING ACTIVITIES (A)		**215,071**	**157,202**
Investments in intangible assets		(5,595)	(3,970)
Investments in property, plant and equipment		(57,705)	(62,654)
Investments in equity investments and non-current securities		-	(85,981)
Proceeds from the sale of intangible assets		5	159
Proceeds from the sale of property, plant and equipment		2,886	8,069
Proceeds from the sale of equity investments and non-current securities		-	2,875
Proceeds from assets sold net of cash		-	288,547
Change in non-current financial assets		890	686
Change in current financial assets		2,424	8,558
Other changes in investing activities		(31)	(929)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)		**(57,126)**	**155,360**
Change in non-current financial liabilities		(14,954)	(237,704)
Change in current financial liabilities		(13,430)	(39,075)
Dividends distributed		(27,238)	(20,970)
Other changes in equity		(4,619)	(20,876)
CASH FLOWS USED IN FINANCING ACTIVITIES (C)		**(60,241)**	**(318,625)**
NET EXCHANGE RATE LOSSES ON CASH AND CASH EQUIVALENTS (D)		**630**	**(1,793)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**98,334**	**(7,857)**
Opening cash and cash equivalents	12	**232,614**	**240,471**
Closing cash and cash equivalents	12	**330,948**	**232,614**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

On 28 June 2019, the Extraordinary Shareholders' Meeting approved the transformation of the company Cementir Holding SpA from a joint-stock company under Italian law into a Naamloze Vennootschap under Dutch law, consequent to the transfer of the registered office to Amsterdam (36, Zuidplein, 1077 XV). The transfer and transformation process was completed on 5 October 2019.

On that date the Board of Directors resolved to establish an operational and secondary headquarters in Rome, at Corso Francia 200. The company's tax residence remained in Italy. As part of this transformation, Management aligned the equity composition from the Italian Law requirements with the Dutch Civil Code requirements.

The company remained listed on the STAR segment of the Milan Stock Exchange.

Cementir Holding N.V. (the "Parent") and its subsidiaries make up the Cementir Holding Group (the "Group"), mainly active in the cement and ready-mixed concrete sector in Italy and around the world.

At 31 December 2019 shareholders holding shares exceeding 3% of share capital, as indicated in the book of shareholders, from communications received pursuant to Article 5:28 of Financial Supervision Act and other information available, are:

1. Francesco Gaetano Caltagirone - 104,862,053 shares (65.901%). The shareholding is held as follows:
   - Direct ownership of 1,327,560 shares (0.834%)
   - Indirect ownership through the companies:
     - Calt 2004 Srl - 47,860,813 shares (30.078%)
     - Caltagirone SpA - 22,820,015 shares (14.341%)
     - FGC SpA - 17,585,562 shares (11.052%)
     - Gamma Srl - 5,575,220 shares (3.504%)
     - Pantheon 2000 SpA - 4,466,928 shares (2.807%)
     - Ical 2 SpA - 2,614,300 shares (1.643%)
     - Capitolium SpA - 2,604,794 shares (1.637%)
     - Vianini Lavori SpA - 6,861 shares (0.004%)
2. Francesco Caltagirone - 8,520,299 shares (5.355%). The above investment is held indirectly through the company Chupas 2007 Srl for 8,520,299 shares (5.355%).

On 5 March 2020, the Board of Directors approved these consolidated financial statements at 31 December 2019. The consolidated financial statements were authorised for issue by the Board of Directors on 9 March 2020.

Cementir Holding N.V. is included line-by-line in the consolidated financial statements of the Caltagirone Group. At the date of preparation of these consolidated financial statements, the ultimate Parent is FGC SpA due to the shares held via its subsidiaries.

The consolidated financial statements at 31 December 2019 include the financial statements of the Parent and its subsidiaries. The financial statements of the individual companies at the same date prepared by their directors were used for the consolidation.

Going Concern

The financial statement of the Group has been prepared on the basis of the going concern assumption.

Statement of compliance with the IFRS

These consolidated financial statements at 31 December 2019, drawn up on a going concern basis for the Parent and the subsidiaries, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2:362(9) of the Dutch Civil Code.

Certain parts of this Annual Report contain financial measures that are not measures of financial performance or liquidity under IFRS. These are commonly referred to as non-IFRS financial measures and include items such as Earnings Before Interest, Taxes, Depreciation and Amorisation (EBITDA) and Earnings Before Income Taxes (EBIT). The Company calculates EBITDA before provisions.

Basis of presentation

The consolidated financial statements at 31 December 2019 are presented in euros, the Parent's functional currency. All amounts are expressed in thousands of euros, unless indicated otherwise. The consolidated financial statements consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes. The Group has opted to present these statements as follows:
- the statement of financial position presents current and non-current assets and liabilities separately;
- the income statement classifies costs by nature;
- the statement of comprehensive income presents the effect of gains and losses recognised directly in equity, starting from the profit or loss for the year;
- the statement of cash flows is presented using the indirect method.

The general criterion adopted is the historical cost method, except for items recognised and measured at fair value based on specific IFRS, as described below in the section on accounting policies.
The IFRS have been applied consistently with the guidance provided in the "Framework for the preparation and presentation of financial statements". The Group was not required to make any departures as per IAS 1.19.
In the financial statements, in addition to those specifically requested by IAS 1 and the other standards, when material, so as to show transactions with related parties separately or, in the case of the income statement, profits and losses on non-recurring or unusual transactions.
The Parent Cementir Holding N.V. has also prepared its separate financial statements at 31 December 2019 in accordance with EU-IFRS and with Section 2:362(9) of Dutch Civil Code, as defined above.

Standards and amendments to standards adopted by the Group

a) As of 1 January 2019, the Group has adopted the following new accounting standards:

- "IFRS 16 - "*Leases*", whose endorsement by the EU took place on 31 October 2017 with Regulation No. 1986. IFRS 16 supersedes IAS 17 *Leases* and IFRIC Interpretations 4 - Determining whether an arrangement contains a lease, SIC 15 - Operating leases - Incentives and SIC 27- Assessing the substance of transactions in the legal form of a *lease*. The standard introduces a new definition of leases and introduces a control-based approach to distinguish leases from contracts for the provision of services. Specifically, to determine whether a contract is a lease, IFRS 16 requires verification of whether or not the lessee has the right to control the use of an identified asset for a determined period of time. The standard applies to financial statements for years beginning on or after 1 January 2019. It sets out a single approach to recognition for the lessee requiring, as a general rule, the recognition under assets of a right-of-use asset and the recognition under liabilities of a lease liability, which represents the obligation to pay the principal portion of lease payments. The changes introduced by the new accounting standard do not have a significant impact on the lessor's financial statements. For a detailed description of the standard, reference should be made to the paragraph on accounting policies. In terms of the impacts deriving from first application, reference should be made to note 31 "IFRS 16 Leases" of these notes.

  First-time adoption of IFRS 16

  The Cementir Group applied IFRS 16 from 1 January 2019; Within this framework, detailed analysis was conducted to verify the impact arising from introduction of the new standard. The "Modified Retrospective" transition approach has been adopted, which involves recognition of the right-of-use asset on the initial application date at an amount equal to the lease liability.

Definition of lease

Previously, the Group decided at the start of the contract whether it was, or contained, a lease under IFRIC 4. In accordance with IFRS 16, the Group assesses whether the contract is or contains a lease based on the definition of a lease in the standard.

At the date of initial application of IFRS 16, the Group decided to adopt the practical expedient, which allowed it to not review which transactions constitute a lease. IFRS 16 has been applied only to contracts that had previously been identified as leases. Contracts that had not been identified as leases by applying IAS 17 and IFRIC 4 were not reassessed to determine if they were a lease. Therefore, the definition of a lease contained in IFRS 16 has been applied only to contracts signed or amended on or after 1 January 2019.

Lessee accounting approach

As lessee, the Group previously classified leases as operating or financial, assessing whether the lease transferred substantially all the risks and rewards of ownership of the underlying asset. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities in the statement of financial position for most leases.

The Group has decided to apply the exemptions on the recognition of short-term leases (less than one year) and to leases of low-value assets (low-value lease), i.e. those where the asset, when new, or the total value of the contract, is equal to or less than EUR 5,000. For these types of contracts, the company recognises the payments due as an expense on either a straight-line basis over the lease term or another systematic basis if more representative. Short-term leases are treated as new leases in the event of contractual changes or changes in duration.

For leases classified as operating leases under IAS 17, at the date of initial application, the lease liabilities were determined at an amount equal to the present value of the residual lease payments due, discounted using the Group's incremental borrowing rate at 1 January 2019. The right-of-use assets have been recognised at an amount equal to the lease liability, adjusted by the amount of any prepayments or accumulated payments due for the lease. In addition, the Group used the following main practical expedients to apply IFRS 16 to leases previously classified as operating leases under IAS 17:

- it applied a single discount rate to a portfolio of leases with similar characteristics;
- it applied the exemption from recognition of right-of-use assets and lease liabilities arising from contracts with a duration of less than 12 months;
- it excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- it used hindsight at the date of initial application in determining the lease term if the contract contains options to extend or terminate the lease.

Concerning the effects of application of IFRS 16, there was an increase in right-of-use assets of about EUR 84 million and a corresponding negative effect on net financial debt of about EUR 84 million. Deferred tax impact is nil. Refer to note 31 for additional information on the IFRS 16.

When measuring the lease liabilities, the Group discounted the payments due for the lease using the incremental borrowing rate at 1 January 2019. The weighted average rate applied was 1.8%.

As regards the interest rates applied to lease agreements that do specify the implicit rate, the rates applied to the Group's debt were used at initial application. These rates have been updated every six months to reflect changes in the rates and the differential with benchmark bonds.

- "*Annual Improvements to IFRS Standards 2015-2017 Cycle*" endorsed by the EU on 14 March 2019 with Regulation 412. The amendments introduced, which apply starting from annual reporting periods commencing on or after 1 January 2019 and form an ordinary part of the rationalisation and clarification of international accounting standards, relate to the following standards: (i) IFRS 3 - *Business Combinations* and IFRS 11 - *Joint Arrangements*: the IASB clarified how to account for the increase in an interest in a joint operation that meets the definition of a business; (ii) IAS 12 - *Income Taxes*: the IASB has clarified that the income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the underlying transactions or events that generated the distributable profits (i.e. in profit or loss, OCI or equity); (iii) IAS 23 - "*Borrowing Costs*": the IASB clarified that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings for qualifying assets that are now ready for their intended use are included in that general pool for the purposes of IAS 23.

- Amendments to IAS 19 - *Employee Benefits*. The document "*Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*", endorsed by the EU on 13 March 2019 with Regulation No. 402, clarifies a number of accounting aspects relating to amendment, curtailment or settlement of a defined benefit plan. The amendments apply to amendments to plans, curtailments or transactions as of 1 January 2019, i.e. the date on which they are first applied.
- Amendments to IAS 28 - *Investments in associates and joint ventures.* The document "*Long-term interests in Associates and Joint Ventures (Amendments to IAS 28)*", endorsed by the EU on 8 February 2019 with Regulation No. 237, aims to clarify a number of aspects in cases where companies finance associates and joint ventures with preference shares or with loans for which repayment is not expected in the foreseeable future ("Long-Term Interests" or "LTI"). In particular, the amendment clarifies that those financial assets, though representing an extension to the net investments in those investees that IAS 28 applies to, are subject to the "impairment" provisions of IFRS 9. The amendments are applicable to reporting periods beginning on or after 1 January 2019.
- *IFRIC 23 - Uncertainty over Income Tax Treatments*, endorsed by the EU on 23 October 2018 with Regulation No. 1595, which provides guidance on how to reflect uncertainties over income tax treatments for a certain fact when accounting for income tax. IFRIC 23 is applicable to reporting period beginning on or after 1 January 2019.
- Amendments to IFRS 9 - *Financial Instruments.* The document "*Prepayment features with Negative Compensation (Amendments to IFRS 9)*", endorsed by the EU on 22 March 2018 with Regulation No. 498, aims to amend the requirements of IFRS 9 with reference to the following two situations: (i) financial assets that contain prepayable options with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other significant requirements of IFRS 9; (ii) new rules are introduced for accounting for a non-substantial modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of fixed-rate financial liabilities. The amendments are applicable to reporting periods beginning on or after 1 January 2019.

Except for that said above about IRFS 16, adopting the new standards applicable as of 1 January 2019 did not have significant effects.

b) Standards and interpretations of standards applicable for the financial years starting after 2019 and not adopted in advance by the Group:

- On 29 March 2018, the IASB published the reviewed version of the *Conceptual Framework for Financial Reporting*. The main changes compared to the 2010 version concern a new chapter on measurement, improved definitions and guidance, in particular with regard to the definition of liabilities, and clarification of important concepts such as stewardship, prudence and uncertainty in valuations. The amendments are applicable to annual reporting periods beginnings on or after 1 January 2020. EU endorsement took place on 6 December 2019 through Regulation No. 2075.
- On 31 October 2018, the IASB published the document "Amendments to IAS 1 and IAS 8: *"Definition of Material*" to refine and align the definition of Material present in some IFRS, so that it is consistent with the new Conceptual Framework for Financial Reporting approved in March 2018 and endorsed by the EU

on 6 December 2019. The amendments are applicable to annual reporting periods beginnings on or after 1 January 2020. EU endorsement took place on 10 December 2019 through Regulation No. 2014.

- On 26 September 2019, the IASB published *"Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform"* The aim of the document is to enable reporting entities not to terminate hedging transactions until the interest-rate benchmark reform, which is still underway worldwide, has been completed. Specifically, the reform has created uncertainties about the timing and amount of future cash flows associated with certain financial instruments, with the consequent risk of having to terminate hedging relationships designated in accordance with IAS 39 or IFRS 9. According to the IASB, terminating hedging relationships because of these uncertainties does not provide useful information to users of financial statements; therefore, the document in question made specific amendments to IAS 39, IFRS 9 and IFRS 7, introducing temporary derogations from the application of the specific hedge accounting provisions of IFRS 9 and IAS 39, to be applied compulsorily to all hedging transactions directly impacted by the interest-rate benchmark reform. The amendments are applicable to annual reporting periods beginnings on or after 1 January 2020. EU endorsement took place on 16 January 2020 through Regulation No. 34.

At the approval date of these consolidated financial statements, the Group is analysing whether there are any effects resulting from applying the new standards and interpretations.

c) Standards and interpretations to be applied shortly:

At the date of approval of these consolidated financial statements, the IASB has issued certain standards, interpretations and amendments that the European Union has yet to endorse, some of which are still at the discussion stage. They include:

- On 18 May 2017, the IASB published the new standard IFRS 17 - Insurance Contracts, which replaces IFRS 4. The new standard on insurance contracts aims to increase transparency on the sources and quality of profit and to ensure greater comparability of results, introducing a single standard for revenue recognition that reflects the services provided. In June 2019, the IASB published an exposure draft that includes some amendments to IFRS 17 and defers the entry into force of the new accounting standard to 1 January 2022. At the reporting date, the amendments to IFRS 17 have not yet been definitively approved by the IASB.
- On 22 October 2018, the IASB published a number of amendments to IFRS 3. The document "*Amendment to IFRS 3 Business Combinations*" introduced a much more restrictive definition of business than the one in the current version of IFRS 3, and a logical path to be followed to check whether a transaction can be considered a business combination or the simple acquisition of an asset. The amendment must be applied to acquisitions as of 1 January 2020. Endorsement by the EU is expected in 2020.
- On 23 January 2020, the IASB published a number of amendments to IFRS 1. The document "*Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*" states that a liability is classified as current or non-current according to the rights existing at the reporting date. In addition, it states that the classification is not affected by the entity's expectation that it will exercise its right to defer settlement of the liability. Finally, it clarifies that such settlement consists of the transfer of cash, equity instruments, other assets or services to the counterparty. The amendments are applicable to annual reporting periods beginnings on or after 1 January 2022. Earlier application is permitted. The endorsement process is still in progress.

The potential impact of the accounting standards, amendments and interpretations to be applied in the future on the Group's financial reports is currently being studied and assessed.

Basis of consolidation

Consolidation scope

A list of the companies included in the scope of consolidation at 31 December 2019 is provided in annex 1.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.
The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognised in profit or loss.
Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.
If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Subsidiaries

The scope of consolidation includes the Parent, Cementir Holding NV, and the companies over which it has direct or indirect control. Subsidiaries subject to direct or indirect control include companies for which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence of potential voting rights is considered when determining whether control exists.
Subsidiaries are consolidated from the date on which control is obtained until when control ceases to exist. The financial statements used for consolidation purposes have a reporting date of 31 December, i.e., the same as that of the consolidated financial statements. They are usually prepared specifically for the purpose and approved by the directors of the individual companies and adjusted, when necessary, to comply with the Parent's accounting policies.

Consolidation criteria

Subsidiaries are consolidated line-by-line. The criteria adopted for line-by-line consolidation are as follows:

- assets, liabilities, expense and income are consolidated line-by-line, attributing to non-controlling interests (when they exist) their share of equity and profit (loss) for the year, which is presented separately under equity and in the consolidated statement of comprehensive income;
- business combinations where the Parent acquires control of an entity are recognised using the acquisition method. The purchase cost is given by the fair value of the transferred assets, the liabilities assumed and equity instruments issued as at the acquisition date. The acquired assets, liabilities and contingent liabilities are recognised at fair value as at the date of acquisition. The difference between the purchase cost and the fair value of the acquired assets and liabilities is recognised as goodwill, if positive, or directly as income in the income statement, if negative;
- intragroup transactions and balances, including any unrealised profits with third parties arising on transactions with group companies, are eliminated, net of the related tax effect, if material. Unrealised losses are not eliminated if the transaction provides evidence of an impairment of the transferred asset;

- gains or losses on the sale of investments in consolidated companies are recognised in equity attributable to the owners of the Parent as owner transactions for the difference between the sales price and the related share of equity sold. If the sale leads to the loss of control and, therefore, the exclusion of the investee from the scope of consolidation, the difference between the sales price and the related share of equity is recognised as a gain or loss in the income statement.

Interests in joint arrangements

A joint arrangement is an agreement whereby two or more parties contractually have joint control of an "arrangement", i.e. when decisions about the relevant activities require the unanimous consent of the parties sharing control.

As regards the method of measurement and recognition in the financial statements, IFRS 11 sets out different approaches for:

- Joint Operations (JO): a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- Joint Ventures (JV): a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The formulation of IFRS 11 as regards the distinction between JO and JV therefore depends upon the rights and obligations of the co-venturer in the joint arrangement, i.e. the substance of the arrangement and not its legal form.

As regards the presentation in the consolidated financial statements of JVs, IFRS 11 only requires then to be measured using the equity method, as described below.

As regards JOs, since the parties to the arrangement share the rights to the assets and assume the obligations for liabilities connected to the agreement, IFRS 11 requires each joint operator to recognise the pro-rata value of its share of the assets, liabilities, revenues and expense of the JO.

Associates

Associates are entities over which the Group has significant influence, which is assumed to exist when the investment is between 20% and 50% of the voting rights.

Investments in associates are measured using the equity method and are initially recognised at cost.

The equity method may be described as follows:

- the carrying amount of the investments equals the Group's share of the investees' equity and includes the recognition of any greater value attributable to the assets and liabilities and any goodwill identified at the acquisition date;
- the Group's share of profits or losses is recognised from the date that significant influence, or joint control, commences and until such significant influence or joint control ceases to exist. If an equity-accounted investee has a deficit due to losses, the carrying amount of the investment is cancelled and any remainder attributed to the Group, where the Group has a constructive or legal obligation to cover such losses, is recognised in a specific provision. Changes in the equity of the equity-accounted investee not related to its profit or loss for the year are offset directly against reserves;
- unrealised significant gains and losses on transactions between the Parent/subsidiaries and equity-accounted investees are eliminated to the extent of the Group's investment therein; unrealised losses are eliminated, unless they represent an impairment loss.

Accounting policies

Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. They are a resource, controlled by an entity, from which future economic benefits are expected to flow. They are recognised at cost, including any directly related costs necessary for the asset to be available for use.

Upon initial recognition, the Group determines the asset's useful life. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash inflows for the Group. Useful life is reviewed annually and any changes, if necessary, are applied prospectively.
An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and the gain or loss (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the income statement in the year of its derecognition.
Intangible assets with a finite useful life are recognised net of accumulated amortisation and any impairment losses determined using the methods set out below. Amortisation begins when the asset is available for use and is allocated systematically over its residual useful life. Amortisation is determined in the period in which the intangible asset becomes available for use when it actually becomes available for use.
The estimated useful life of the main items of intangible assets with a finite useful life is reported below:

	Useful life intangible assets finite useful life
Development expenditure	5
Concessions, licences and trademarks	4-18-30
Other intangible assets, of which:	5-22
- Customer list	15-20

Intangible assets with an indefinite useful life are those assets for which, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate inflows for the Group. They are initially recognised at cost, determined using the same methods indicated above for intangible assets with a finite useful life. They are not amortised but are tested for impairment annually or more frequently, if specific events suggest that they may be impaired, using the methods set out below for goodwill. Any impairment losses are reversed when the reasons therefore no longer exist.

Goodwill [intangible assets with an indefinite useful life]

In the case of an acquisition of a subsidiary, the acquired identifiable assets, liabilities assumed and contingent liabilities are recognised at their fair value as at the date of acquisition. Any positive difference between the purchase cost and the Group's share of fair value of these assets and liabilities is recognised as goodwill under intangible assets. Any negative difference (negative goodwill) is recognised in the income statement at the acquisition date. Goodwill is not amortised after initial recognition but is tested for impairment annually or more frequently whenever there is an indication that it may be impaired. Impairment losses on goodwill are not reversed.

Emission rights [Intangible assets with a finite useful life]

The IFRS do not specifically regulate emission rights (or CO_2), Emission rights are initially recognised as intangible assets at fair value using the cap and trade scheme. They are subsequently measured using the cost model. Emission rights recognised under intangible assets are not amortised but are tested for impairment. At the end of each reporting period, if production requires a greater number of CO_2 allowances than those available in the register, the Group sets up a provision for risks and charges for the fair value of the number of allowances to be purchased subsequently on the market.

Property, plant and equipment

Property, plant and equipment are recognised at their acquisition or construction cost, including directly attributable costs required to make the asset ready for the use for which it was purchased, increased by the present value of the estimated cost of dismantlement or removal of the asset, if the Group has an obligation in this sense.

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalised as part of the asset's cost until the asset is ready for its intended use or sale.

Ordinary and/or regular maintenance and repair costs are expensed when incurred. Costs to extend, upgrade or improve group-owned assets or assets owned by third parties are capitalised only when they meet the requirements for their separate classification as assets or a part of an asset, using the component approach.

Property, plant and equipment are recognised net of accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually. Any necessary changes to its useful life are applied prospectively. Quarries are depreciated considering the quantities extracted in the period compared to the quantity extractable over the quarry's useful life (extracted/extractable criterion). When the Group has a specific commitment to do so, it recognises a provision for site restoration costs.

The estimated useful life of the main items of property, plant and equipment is reported below:

	Useful life of property, plant and equipment
Quarries	Extracted/extractible
Production plants	10-20 years
Other plants (not production):	
- Industrial buildings	18-20 years
- Light construction	10 years
- Generic or specific plant	8 years
- Sundry equipment	4 years
- Transport vehicles	5 years
- Office machines and equipment	5 years

The above time brackets, which show the minimum and maximum number of years, reflect the existence of components with different useful lives in the same asset category.

Land, whether free of construction or part of civil or industrial buildings, is not depreciated as it has an indefinite useful life.

If the asset to be depreciated consists of separate identifiable components with different useful lives, they are depreciated separately using the component approach.

Property, plant and equipment are derecognised at the time of sale or when no future economic benefits are expected from their use. The related gain or loss (calculated as the difference between the net disposal proceeds and related carrying amount) is recognised in the income statement in the year of derecognition.

Leases

<u>Identifying a lease</u>

The company checks whether a contract contains a lease at the inception date (the earlier of the date of the lease agreement and the date of commitment by the parties to the terms of the contract) and subsequently each time the terms and conditions of the contract are changed. A contract is, or represents, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract contains or represents a lease, the company:

- assesses whether it has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- verifies whether the contract refers to the use of a specified asset, explicitly or implicitly, physically distinct or representing substantially all the capacity of a physically distinct asset. If the supplier has the substantive substitution right, the asset is not identified;
- verifies whether it has the right to direct the use of the activity. The company maintains that it has this right when it has the rights to make the most significant decisions to change the method and purpose of using the asset.

For contracts containing more than one lease and non-lease component and therefore falling under other accounting standards, the individual components to which the respective accounting standards apply must be separated out.

The lease term begins when the lessor makes the asset available to the lessee (commencement date) and is determined by reference to the non-cancellable period of the contract, i.e. the period during which the parties have legally enforceable rights and obligations, also including rent-free periods. The term can be extended by:

- the period covered by an option to renew the contract ("renewal option"), when the company is reasonably certain that it will exercise that option;
- the periods after the date of termination ("termination option"), when the company is reasonably certain that it will not exercise that option.

Termination options held only by the lessor are not considered.

The reasonable certainty of whether or not to exercise an option to extend or terminate the contract is verified by the company on the commencement date, considering all the facts and circumstances that give rise to an economic incentive to exercise or not to exercise the option, and is subsequently reviewed whenever significant events occur or changes in circumstances that could affect the decision, which are under the control of the company.

<u>Lease accounting</u>

At the effective date of the lease, the company recognises the right-of-use (RoU) asset and the lease liability.

The right-of-use asset is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted for lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred by the lessee for the dismantlement and removal of the underlying asset or restoring the underlying asset or the site where it is located, net of any lease incentives received.

The lease liability is measured at the present value of the lease payments that are not paid at that date. For discounting purposes, the company uses the implicit interest rate of the *lease* when possible - and if it can be inferred from the contract - or alternatively the incremental borrowing rate (IBR). The *lease* payments included in the measurement of the liability include fixed payments, variable payments that depend on an index or rate, amounts expected to be paid as a residual value guarantee, the exercise price of a purchase option (which the company has reasonable certainty that it will exercise), payments due during an optional renewal period (if the company is reasonably certain that it will exercise the renewal option) and penalties for early termination (unless the company is reasonably certain that it will not terminate the *lease* early).

Subsequently, the right-of-use asset is amortised on a straight-line basis over the entire term of the contract, unless the contract provides for the transfer of ownership at the end of the lease term or the cost of the lease reflects the fact that the lessee will exercise the purchase option. In the latter case, the amortisation periodo must be the shorter of the useful life of the asset and the term of the contract. The estimated useful lives of right-of-use assets are calculated according to the same approach applied to the associated asset. In addition, the value of the right-of-use asset is reduced by any impairment losses and adjusted to reflect the remeasurement of the lease liability.

Subsequent to initial measurement at the commencement date, lease liabilities are measured at amortised cost using the effective interest criterion and is remeasured in the event of a change in future lease payments deriving from a change in the index or rate, in the event of a change in the amount that the company expects to pay as a

residual value guarantee or when the company changes its measurement as a result of the exercise or non-exercise of a purchase, extension or termination option. When the lease liability is remeasured, the lessee makes a corresponding change to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the change is recognised in profit/(loss) for the period.
In the statement of financial position, the company recognises right-of-use assets under assets, within the same line item as that within which the corresponding assets would be presented if they were owned; lease liabilities are recognised under financial liabilities. In the income statement, interest expense on lease liabilities is a component of financial expenses and shown separately from the amortisation of right-of-use assets.

Lessor

Identifying a lease

At the commencement date of the contract and, subsequently, each time the contractual terms and conditions are amended, the company classifies each of the leases in which it acts as lessor as a finance or operating lease. To this end, the company make a general assessment as to whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. In this case, the lease is classified as a finance lease, otherwise as an operating lease. As part of this assessment, the company considers - among the various indicators - whether the lease term covers most of the economic life of the underlying asset and/or whether or not there are reasonably exercisable purchase options.
For contracts containing a lease component and one or more additional lease or non-lease components, the company allocates the consideration in the contract applying IFRS 15.

Leasing accounting

The company recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The company uses the interest rate implicit in the lease to measure the net investment in the lease, defined in such a way that the initial direct costs are included. The company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.
Financial income is recognised over the lease term on a systematic basis.
In the case of operating leases, the company recognises the payments received as income on a straight-line basis over the lease term under "other revenue from sales and services".

Subleases

As regards subleases, the company, as intermediate lessor, classifies its share of the head lease separately from the sublease. To this end it classifies the sublease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease that the company has accounted for applying the exemption allowed for by the standard and discussed below, the sublease is classified as an operating lease. In the presence of subleases, the head lease is never considered to be of low value.

Investment property

Investment property is initially measured at cost and subsequently at fair value; any gain or loss in fair value is recognised in the income statement. The investment property held to earn rentals or for capital appreciation is not depreciated.
Fair value is calculated on the basis of the following methods, depending on the type of investment:

- market value approach based on an analysis of a sample of recent sales of similar properties located in the nearby area. The resulting amount is then adjusted to account for the particular features of the building or land (level 2);
- projection of discounted cash flows based on reliable estimates of future cash flows supported by payments under lease and/or other existing contracts (level 3).

Impairment losses

At each reporting date, the Group assesses whether events or changes in circumstances exist suggesting that the carrying amount of intangible assets or property, plant and equipment may not be recovered. If any such indication exists, the Group determines the asset's recoverable amount. If the carrying amount exceeds the recoverable amount, the asset is impaired and written down to reflect its recoverable amount. The recoverable amount of goodwill and other intangible assets with an indefinite life is estimated at each reporting date or whenever changes in circumstances or specific events make it necessary.

The recoverable amount of property, plant and equipment and intangible assets is the higher of their fair value less costs to sell and their value in use, which is the present value of the future cash flows expected to be derived from an asset or a cash-generating unit to which the asset belongs, in the case of assets that do not independently generate largely separate cash flows.

When defining value in use, the future cash flows are discounted using a pre-tax rate that reflects the current market estimate of the time value of money and specific risks of the asset.

Impairment losses are recognised in the income statement when the carrying amount of the asset or related cash-generating unit (CGU) to which it is allocated is higher than its recoverable amount. Impairment losses on CGUs are firstly used to decrease the carrying amount of any goodwill allocated thereto and subsequently the other assets, in proportion to their carrying amounts. When the reason for an impairment loss on property, plant and equipment and intangible assets other than goodwill no longer exists, the carrying amount of the asset is increased through profit or loss to the carrying amount the asset would have had, had the impairment loss not been recognised and depreciation/amortisation charged.

If the impairment loss is higher than the carrying amount of the tested asset allocated to the CGU to which it belongs, the remaining amount is allocated to the assets included in the CGU in proportion to their carrying amounts. This allocation has as a minimum limit the higher amount of:

- the fair value of the asset, net of costs to sell;
- the value in use, as defined above;
- zero.

Impairment losses are recognised in the income statement under amortisation, depreciation and impairment losses.

Discontinued operations and non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will mainly be recovered through their sale and not with their continued use are classified as held for sale and presented separately from other assets and liabilities in the statement of financial position. For that to occur, the asset (or disposal group) must be available for immediate sale in its present condition, subject to terms that are used and customary for the sale of such assets (or disposal groups) and its must be highly probable within one year. If these criteria are met after the reporting date, the non-current asset (or disposal group) is not classified as held for sale. However, if those conditions are met after the reporting date but before authorisation to publish the financial statements, suitable information is provided in the Notes.

Non-current assets (or disposal groups) classified as held for sale, are recognised at the lower of their carrying amount between book value and relative fair value, less costs to sell; the comparative prior year-end captions are not reclassified. A discontinued operation is a component of a company that has either been disposed of or classified as held for sale and:

- represents a major line of business or geographical area of operations;
- is part of a coordinated disposal plan for a major activity branch or geographical area of operations or is a subsidiary acquired solely to be resold.

The profit or loss discontinued operations - whether disposed of or classified as held for sale and in the process of being disposed of are shown separately in the income statement, net of tax effects. The corresponding amounts for the previous year, where present, are reclassified and shown separately in the income statement, net of tax effects, for comparative purposes.

Inventories

Raw materials, semi-finished products and finished goods are recognised at cost and measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and includes any ancillary costs. In order to determine net realisable value, the carrying amount of any obsolete or slow-moving inventories is written down to reflect their future utilisation/net realisation by recognising an allowance for inventory write-down.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification and measurement

Financial assets are classified in three main categories: at amortised cost, at the fair value recognised in the other components of the comprehensive income statement (FVOCI) and at the fair value recognised in the profit/(loss) for the year (FVTPL). The categories established by IAS 39, that is, held till expiry, loans and credits and held for sale, were eliminated.

Financial assets relating to commodity swaps are always recognised at fair value.

If the instrument is held for trading purposes, the changes in fair value must be recognised in the income statement. Whereas, for all the other investments, the company can decide, at the initial recognition date, to subsequently recognise all changes to fair value in the other components of the comprehensive income statement (OCI), exercising the FVTOCI option. In that case, amounts accumulated in the OCI will never be attributed to profit/(loss) for the year even if the investment is removed from accounts. Application of the "FVTOCI" option is irrevocable and reclassifications between the three categories are not permitted.

Related to classification of financial assets represented by RECEIVABLES AND CERTIFICATES OF INDEBTEDNESS, two elements need to be considered:

1. the business model adopted by the company. Specifically:

- *Held to Collect* (HTC), model aimed at owning the financial assets to collect contractual flows;
- *Held To Collect and Sale* (HTC&S), model aimed at both collecting contractual flows resulting from the financial assets and to sell the financial asset itself;
- other different business models to the two previous ones.

2. the characteristics of the contractual cash flow coming from the financial instrument. More specifically, checking whether those contractual cash flows are solely represented by payment of capital and interest or include other components. This control is called SPPI Test (Solely Payment of Principal and Interest Test).

A financial asset represented by a certificate of indebtedness can be classified in the following categories:

1) Amortised cost when:

a. the instruments' contractual cash flows are solely represented by payment of capital and interest (SPPI Test passed); and

b. the business model adopted by the company foresees that the latter only holds the financial asset to collect the contractual cash flows (HTC business model).

In this category, financial instruments are initially recognised at fair value, including operating costs, and are then valued at amortised cost. Interest (calculated using the effective interest criterion as in the previously in force IAS 39), losses (and recovery of losses) for reduced value, profits/(losses) on exchange and profits/(losses) resulting from elimination from accounts are recognised in profit/(loss) of the year.

2) Fair Value Through Other Comprehensive Income (FVTOCI) when:

a. the instruments' contractual cash flows are solely represented by payment of capital and interest (SPPI Test passed); and

b. the business model adopted by the company foresees that the latter holds the financial asset to collect the contractual cash flows and the cash flows generated by sales (HTC&S business model).

In that category the financial instruments classified are initially recognised at fair value, including operating costs.

Interest (calculated using the effective interest criterion as in the previously in force IAS 39), losses/(profits) for reduced value, profits/(losses) on exchange are recognised in profits/(losses) for the year. Other changes to the fair value of the instrument are recognised amongst the other comprehensive income statement components (OCI). When the instrument is deleted from accounts, all profits/(losses) accumulated to OCI will be reclassified in the profit/(loss) for the year.

3) Fair Value Through Profit Or Loss secondarily, that is when:

a. the criteria described above are not complied with or;

b. when the fair value option is exercised.

Financial instruments classified in that category are initially and subsequently recognised at fair value. Operation costs and the changes in fair value are recognised in the profit/(loss) for the year.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Losses for reduction in value

The 'expected credit loss' model (or 'ECL' model) assumes a significant valuation level due to the impact of economic factor changes on the ECL which are weighted based on probability.

The new loss for reduction in value model applies to financial assets valued at amortised cost or at FVOCI, except for the credit instruments and assets resulting from contracts with customers.

Funds hedging credits are valued using the following approaches: the "General deterioration method" and the "Simplified approach"; Specifically:

- The "General deterioration method" requires classification of the financial instruments included in the scope of IFRS 9 application in three stages. The three stages reflect the credit's quality deterioration level, from when the financial instrument is acquired, and imply a different ECL calculation method;
- The "Simplified approach" foresees adoption of some simplifications for trade credits, contract assets and credits resulting from leasing contracts, in order to avoid that companies be obliged to monitor changes to the credit risk, as foreseen by the general model. Recognition of the loss applying the simplified approach must be lifetime, therefore the allocation stage is not required. Therefore, for that type receivables are divided into uniform clusters; the reference parameters (PD, LGD, and EAD) used to calculate the lifetime expected credit losses are then calculated for each cluster using the information available.

In cases where the General Deterioration Method is applied, as was said, financial instruments are classified in three stages based on deterioration of the credit quality between the date of initial recognition and that of valuation:

- Stage 1: includes all financial assets being considered when they are first recognised (Initial recognition date) regardless of the qualitative parameters (e.g.: rating) and except for situations with objective evidence of impairment. In the subsequent valuation stage, all financial instruments that have had a significant increase in credit risk compared to initial recognition or that have a low credit risk at the reference date remain in stage

1. For those assets, credit losses for the next 12 months (*12-month ECL*) are recognised, considering the possibility that default could occur in the next 12 months. The interest on financial instruments included in stage 1 is calculated on the book value gross of any asset impairment losses;

- Stage 2: includes financial instruments that have had a significant increase in credit risk compared to the initial recognition Date, but no objective evidence of impairment. Solely expected credit losses resulting from all possible default events are recognised for those assets; for the entire expected lifetime of the financial instrument (*Lifetime ECL*). The interest on financial instruments included in stage 2 is calculated on the book value gross of any asset impairment losses;
- Stage 3: includes financial assets with objective evidence of impairment at the Date of valuation. Solely expected credit losses resulting from all possible default events, for the entire expected lifetime of the financial instrument, are recognised for those assets.

Financial liabilities

Classification and measurement

Financial liabilities, related to loans and borrowings, trade payables and other obligations to pay, are initially recognised at fair value, net of directly related costs. They are subsequently measured at amortised cost, using the effective interest method. If there is a change in the estimated future cash flows and they can be determined reliably, the carrying amount of the liability is recalculated to reflect this change based on the present value of the new estimated future cash flows and the initially determined internal rate of return.

Financial liabilities are classified as current liabilities, unless the Group has the unconditional right to defer their payment for at least 12 months after the reporting date.

Derecognition

Financial liabilities are derecognised when they are extinguished, and the Group has transferred all the risks and obligations related to them.

Derivatives

In line with IFRS 9, in the first application stage, the Group has decided to avail itself of the possibility to still apply the hedge accounting provisions foreseen by IAS 39. So, provisions regarding derivative financial instruments have remained the same.

The Group uses derivatives to hedge the risk of fluctuations in exchange rates, interest rates and market prices. All derivatives are measured and recognised at fair value.

Transactions that meet requirements for the application of hedge accounting are classified as hedging transactions. Other transactions are designated as trading transactions, even when their purpose is to manage risk. Therefore, as some of the formal requirements of IFRS were not met at the derivative agreement date, changes in their fair value are recognised in the income statement.

Subsequent fair value gains or losses on derivatives that meet the requirements for classification as hedging instruments are recognised using the criteria set out below.

A derivative qualifies for hedge accounting if, at the inception of the hedge, there is formal designation and documentation of the hedging relationship, including the entity's risk management objective and strategy for undertaking the hedge as well as methods to test effectiveness. The hedge's effectiveness is assessed at inception and over the life of the hedge. Generally, a hedge is considered to be highly effective if, both upon inception and over its life, changes in the fair value (fair value hedges) or estimated cash flows (cash flow hedges) of the hedged item are substantially covered by changes in the fair value of the hedging instrument.

When the hedge relates to changes in the fair value of a recognised asset or liability (fair value hedge), changes in the fair value of both the hedging instrument and the hedged item are recognised in the income statement.

In the case of cash flow hedges (hedging designated to offset the risk of changes in cash flows generated by the

future performance of contractually defined obligations at the reporting date), changes in fair value of the derivative recognised after its initial recognition are recognised under reserves (in equity) for the effective part only. When the economic effects of the hedged item arise, the reserve is reversed to the income statement under operating income (expense). If the hedge is not perfectly effective, changes in the fair value of the hedging instrument, related to the ineffective portion, are immediately recognised in the income statement. If, during the life of a derivative, the estimated cash flows hedged are no longer highly probable, the portion of the reserves related to that instrument is immediately reversed to the income statement. Conversely, if the derivative is sold or no longer qualifies as an effective hedging instrument, the part of the reserves representing the fair value changes in the instrument, accumulated to date, is maintained in equity and reversed to the income statement using the above classification method when the originally hedged transaction takes place.
The fair value of financial instruments was calculated used pricing techniques in order to define the present value of future cash flows attributable to such instruments, using market curves in place at the measurement date. Furthermore, the component related to the risk of non-compliance (by the Group and the counterparty) was measured using yield-curve spreads.

Cash and cash equivalents

Cash and cash equivalents are recognised at fair value and include bank deposits and cash-on-hand, i.e., short-term, highly liquid assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Employee benefits

Liabilities for employee benefits paid at or after termination of employment related to defined benefit plans, net of any plan assets, are determined using actuarial assumptions, estimating the amount of future benefits accrued by employees at the reporting date. They are recognised on an accruals basis over the period in which the employees' rights accrue.
Defined benefit plans also include the post-employment benefits (TFR) due to employees[6] pursuant to Article 2120 of the Italian Civil Code for benefits vested up to 31 December 2006. Following pension law reform, post-employment benefits accruing since 1 January 2007 are compulsorily transferred to a supplementary pension fund or the special treasury fund set up by INPS (the Italian social security institution) depending on which option the employee has chosen. Therefore, the Group's liability for defined benefits owing to employees solely relates to those vested up to 31 December 2006.
Accounting policies adopted by the Group[6] since 1 January 2007 (described below) comply with the prevailing interpretation of the new legislation and follow the accounting guidance provided by relevant professional bodies. Specifically:

- post-employment benefits accruing since 1 January 2007 are considered to be defined contribution plans, including when the employee has opted to transfer the benefits to the INPS treasury fund. These benefits, determined in accordance with Italian Civil Code requirements, are not subjected to actuarial evaluation and are recognised as personnel expense.
- post-employment benefits vested up to 31 December 2006 continue to be recognised as a company liability for defined benefit plans. This liability will not increase in the future through additional accruals. Therefore, unlike in the past, the actuarial calculation used to determine the 31 December 2016 balance did not include future salary increases.

Independent actuaries calculate the present value of the Group's obligations using the projected unit credit method. They project the liability into the future to determine the probable amount to be paid when the

[6] For Italian companies.

employment relationship terminates and then discount it to consider the time period before the first effective payment. This calculation includes post-employment benefits accrued for past service and uses actuarial assumptions, mainly based on interest rates, which reflect the market yield on high quality corporate bonds with a term consistent with that of the Group's obligation and employee turnover rate.
Actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the Group's obligations at the reporting date, due to changes in the actuarial assumptions previously used (see above), are recognised directly in other comprehensive income.

Provisions for risks and charges

These provisions cover certain or probable risks and charges identified, whose due date or amount is unknown at the reporting date.
Accruals to provisions for risks and charges are recognised when the company has a constructive or legal obligation at the reporting date as a result of a past event and it is likely that an outflow of resources will be necessary to settle the obligation and the amount of this outflow can be estimated reliably. When the time value of money is material and the payment dates can be estimated reliably, the provision is discounted. Increases in the provision due to the passage of time are recognised as a financial expense. The Group sets up a specific provision when it has an obligation to dismantle and restore sites (e.g., quarries), thus increasing the carrying amount of the related asset pursuant to IFRIC 1.

Revenue from contracts with customers

The Group is in the business mainly of producing and distributing cement, ready-mixed concrete, aggregates and related services. Revenue from contracts with customers is recognised at the point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. For standard sale of products, control generally passes to the customer at the time the product is delivered and accepted, depending on the delivery conditions and incoterms. The Group has generally concluded that it is the principal in its revenue arrangements. The transaction price may be variable due to discounts, rebates or similar arrangements. Revenue is only recognized for the part of the consideration for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Sale of services

The Group is providing mainly transport services which are recognized at the time the service is provided.

Financial income and expense

Financial income and expense are recognised on an accruals basis considering the interest accrued on the carrying amount of the related financial assets and liabilities using the effective interest rate, i.e., the interest rate that matches the cash inflows and outflows of a specific transaction. Reference should be made to the section on property, plant and equipment for the treatment of capitalised borrowing costs.

Dividends

Dividends are recognised when the shareholders' right to receive them is established. This usually takes place at the date of the shareholders' resolution to distribute the dividends. Therefore, distribution is recognised as a liability in the period in which the shareholders approve it.

Income taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities are calculated on temporary differences between the carrying amounts of assets and liabilities and their tax base, except for goodwill, applying the tax rates expected to be enacted in the years in which the temporary differences will be recovered or settled.

Deferred tax assets are recognised when their recovery is probable, i.e., when taxable profits sufficient to allow recovery are foreseen for the future. Recoverability is reviewed at the end of each reporting period.

Current and deferred income taxes are recognised in the income statement except for those related to items directly recognised in other comprehensive income. Other current and deferred income taxes are offset when the income taxes are applied by the same tax authority, there is a legal right to offset and payment of the net balance is expected.

Other non-income taxes, such as property taxes, are recognised under other operating costs.

Earnings per share

(i) Basic: basic earnings per share are calculated by dividing the Group's profit by the weighted average number of shares outstanding during the year, excluding treasury shares.

(ii) Diluted: diluted earnings per share are calculated by dividing the Group's profit by the weighted average number of shares outstanding during the year, excluding treasury shares. The weighted average is adjusted assuming that all potential shares with diluting effects have been converted. Diluted earnings per share are not calculated if the Group makes a loss, as any dilutive effect would lead to an improvement in the earnings per share.

Transactions in currencies other than the functional currency

All transactions in currencies other than the functional currency of individual group companies are recognised at the exchange rate applicable at the transaction date.

Monetary assets and liabilities in currencies other than the functional currency are subsequently retranslated using the closing rate. Any resulting exchange rate gains or losses are recognised in the income statement.

Non-monetary assets and liabilities denominated in a currency other than the functional currency are recognised at historical cost and converted using the exchange rate in force at the date the transaction was first recognised. Non-monetary assets and liabilities recognised at fair value are translated using the exchange rate in force at the date fair value was determined.

Translation of financial statements of foreign operations

The financial statements of subsidiaries, associates and joint ventures are prepared using the currency of the primary economic environment in which they operate (the functional currency).

The financial statements of group companies operating outside the Eurozone are translated into euros using the closing rate for the statement of financial position items and the average annual rate for the income statement items if no major fluctuations are detected in the reference period, in which case the exchange rate on the date of the transaction applies. Translation differences arising on the adjustment of opening equity at the closing spot rates and the differences arising from the different methods used to translate profit for the year are recognised in equity through the statement of comprehensive income and shown separately in a special reserve.

When a foreign operation is sold, the translation differences accumulated in the specific equity reserve are reclassified to profit or loss.

The main exchange rates used in translating the financial statements of companies with functional currencies other than the euro are as follows:

	31 December 2019	Average 2019	31 December 2018	Average 2018
Turkish lira - TRY	6.68	6.36	6.06	*
US dollar - USD	1.12	1.12	1.15	1,18**
British pound - GBP	0.85	0.88	0.89	0.88
Egyptian pound - EGP	17.92	18.80	20.55	21.04
Danish krone - DKK	7.47	7.47	7.47	7.45
Icelandic krona - ISK	135.80	137.28	133.20	127.68
Norwegian krone - NOK	9.86	9.85	9.95	9.60
Swedish krona - SEK	10.45	10.59	10.25	10.26
Malaysian ringgit - MYR	4.60	4.64	4.73	4.76
Chinese renminbi yuan - CNY	7.82	7.74	7.88	7.81

*For translation of the financial data of the Turkish companies, an average YTD exchange rate was applied till July 2018 and an average monthly exchange rate starting from August 2018.
**For the translation of the financial data of LWCC, the average YTD exchange rate was used from April 2018.

Use of estimates

The preparation of consolidated financial statements requires management to use accounting policies and methods that are sometimes based on difficult and subjective judgements, estimates based on past experience and assumptions that are considered reasonable and realistic in the circumstances. The application of these estimates and assumptions affects the amounts presented in the financial statements and disclosures. The actual results for which these estimates and assumptions were used may differ due to the uncertainties that characterise the assumptions and the conditions on which the estimates were based.

The accounting policies and financial statements items that require greater subjective judgement by management when making estimates and for which a change in the conditions underlying the assumptions could have a significant impact on the Group's consolidated financial statements are the following:

- *Intangible assets with an indefinite life*: goodwill is tested for impairment annually to identify any impairment losses to be recognised in the income statement. Specifically, testing entails the calculation of the recoverable amount of the CGUs to which goodwill is allocated by estimating the related value in use or fair valueless costs to sell; if the recoverable amount is lower than the CGUs' carrying amount, the goodwill allocated to it is impaired. Allocation of goodwill to the CGUs and determination of their fair value involves the use of estimates that rely on factors that may change over time, with potentially significant effects compared to the valuations made by management.
- *Impairment losses on non-current assets*: in accordance with the Group's accounting policies, property, plant and equipment and intangible assets with a finite life are tested for impairment when indicators exist showing that recovery of the relative carrying amount through the assets' use is unlikely. Management makes use of subjective judgments based on information available within the Group and on the market as well as past experience to check the existence of these indicators. If there is indication of impairment, the Group determines impairment using valuation techniques deemed suitable. The correct identification of impairment indicators and the estimates used to determine impairment rely on factors that may vary over time, affecting management's judgement and estimates.
- *Amortisation and depreciation of non-current assets*: amortisation and depreciation are significant costs for the Group. The cost of property, plant and equipment is depreciated systematically over the assets' estimated useful life, The estimated useful life of the Group's assets is determined by management when the asset is purchased, on the basis of past experience of similar assets, market conditions and expectations about future events that

could impact the assets' useful life, such as technological change. As such, effective useful life may differ from estimated useful life. The Group regularly assesses technological and sector changes, dismantlement costs and the recoverable amount to update useful life. This regular update could lead to a change in the depreciation period and, therefore, the amount of depreciation in future years. Management regularly reviews the estimates and assumptions and the effects of each change are recognised in the income statement. When the review affects current and future years, the change is recognised in the year in which it is made and in the related future years, as explained in more detail in the next section.

- *Purchase price allocation:* as part of business combinations, the identifiable assets purchased and the liabilities assumed are recognised in the consolidated financial statements at fair value on the acquisition date, through a Purchase price allocation process, against the consideration transferred to acquire the control of a company, which corresponds to the fair value of the assets acquired and the liabilities assumed, as well as of capital instruments issued. During the measurement period, the calculation of the aforementioned their values requires Directors to make estimates on the information available on all facts and circumstances that exist on the acquisition date and may affect the value of the acquired assets and assumed liabilities.
- *Estimate of the fair value of investment property:* at each reporting data investment property is measured at fair value and is not subject to depreciation. When determining their fair value, the Directors based their valuation on assumptions about the trend of the reference real estate market in particular. Such assumptions may vary over time, influencing evaluations and forecasts to be performed by the Directors.

Changes in accounting policies, errors and changes in estimates

The Company modifies the accounting policies adopted from one reporting period to another only if the change is required by a standard or contributes to providing more reliable and relevant information about the effects of transactions on the company's financial position, performance and cash flows.

Changes in accounting policies are recognised retrospectively in the opening balance of each affected component of equity for the earliest prior period presented. Other comparative amounts shown for each previous period presented are adjusted as if the new accounting policy had always been applied. The prospective approach is only applied when it is impracticable to reconstruct the comparative amounts.

The application of a new or amended accounting standard is accounted for as required by the standard. If the standard does not govern the transition method, the change is accounted for retrospectively or, if impracticable, on a prospective basis.

This same approach is applied to material errors. Non-material errors are recognised in the income statement in the period in which the error is identified.

Changes in estimates are recognised prospectively in the income statement in the period in which the change takes place, if it only affects that period, or in the period in which the change takes place and subsequent periods, if the change also affects these periods.

Financial risk management

The Group is exposed to financial risks related to its operations, namely:

Credit risk

The Group is not particularly exposed to credit risk, despite operating in different geographical markets, as it is not overly exposed to a limited number of positions. Moreover, its operating procedures require checks on credit risk, with the sale of products and/or services limited to customers with suitable credit ratings and guarantees. Receivables are recognised net of the loss allowance, calculated considering the rules set out by IFRS 9, as mentioned above. Therefore, the maximum exposure to credit risk is equivalent to the carrying amount.

With respect to bank deposits and derivatives, the Group has always worked with leading counterparties, thus limiting its credit risk in this sense.

Liquidity risk

Liquidity risk concerns the availability of financial resources and access to credit market and financial instruments.
Specifically, the Group monitors and manages its cash flows, funding requirements and liquidity levels in order to ensure the effective and efficient use of its financial resources.
It meets its liquidity requirements for investing activities, working capital and the payment of amounts payable drawing on cash flows generated constantly by its operating activities and on credit facilities.
The Group aims to maintain its ability to generate cash flows through operating activities, given the current market conditions. In fact, thanks to its strong financial position, any unplanned financial requirements can be funded through its access to credit facilities.

Market risk

Market risk mainly concerns exchange rates, interest rates and raw materials costs, as the Group operates internationally in areas with different currencies. It uses financial instruments to hedge these risks.
The Group monitors the financial risks to which it is exposed regularly so as to assess in advance any potential impacts and take the most suitable action to mitigate them; it does this through the use of derivatives.

Currency risk

Group companies operate internationally; as such they are structurally exposed to currency risk for cash flows from operating activities and financing operations in currencies other than the functional currency.
The Group's operating activities are exposed differently to changes in exchange rates: in particular the cement sector is exposed to currency risk on both revenues, for exports, and costs to purchase solid fuels in USD; whereas the ready-mixed concrete sector is less exposed as both revenue and costs are in local currency. The Group assesses the natural hedging of cash flows and financing for these risks and purchases currency forwards and currency put and call options for hedging purposes. Transactions involving derivatives are performed for hedging purposes.
The Group's presentation currency is the euro. As a result, it is exposed to currency risk in relation to the translation of the financial statements of consolidated companies based in countries outside the Economic Monetary Area (except for Denmark whose currency is historically tied to the euro). The income statements of these companies are translated into euros using the average annual rate in the event that changes in value are not significant, and changes in exchange rates may affect the value in euros, even when the revenue and profits in local currency remain unchanged. Pursuant to the IFRS, translation differences on assets and liabilities are recognised directly in equity in the translation reserve (note 13).

Interest rate risk

As the Group has net financial debt, it is exposed to the risk of fluctuations in interest rates. The Group purchases interest rate swaps to partly hedge the risk after assessing forecast interest rates and timeframes for the repayment of debt by using estimated cash flows.
The Group's operating and financial policies aim to minimise the impact of these risks on its performance.

Raw materials price risk

The Group is exposed to the risk of fluctuations in raw materials prices. It manages this risk through supply agreements with Italian and foreign suppliers which set prices and quantities for roughly 12 months. It also uses suppliers in different geographical areas to avoid the risk of supply chain concentration and to obtain the most competitive prices.
Also refer to note 32 for quantitative information on risks.

Group's value

The market capitalisation of the Cementir share at 31 December 2019 is EUR 1,069.9 million, against Equity attributable to owners of the Parent of EUR 1,045 million as the investors are assigning to the company a value higher than that resulting from the economic value of its net assets as according to the Group balance sheet as of the end of 2019.

Segment reporting

In accordance with IFRS 8, the Group has identified its operating segments on the basis of the Parent's internal reporting system for management purposes.

The Group's operations are organised on a regional basis, divided into Regions that represent the following geographical areas: Nordic & Baltic, Belgium, North America, Turkey, Egypt, Asia Pacific and Italy.

The Nordic & Baltic includes Denmark, Norway, Sweden, Iceland, Poland, Russia and the white cement operations in Belgium and France. Belgium includes the activities of the Compagnie des Ciments Belges S.A. group in Belgium and France. North America includes the United States, previously included in the item Other in the Nordic & Baltic and USA Area. The Asia Pacific area includes China, Malaysia and Australia. Turkey and Egypt were included in the Eastern Mediterranean area in 2018.

The Group's geographical segments consist of the non-current assets of each company based and operating in the above areas. Transfer prices applied to transactions between segments for the exchange of goods and services comply with normal market conditions.

The following table shows the performance of each operating segment in 2019:

[EUR'000]	Nordic & Baltic		Belgium	North America	Turkey	Egypt	Asia Pacific	Italy	Unallocated items and adjustments	Cementir Holding Group
	Denmark	Other*		USA						
Operating revenue	**393,985**	**251,517**	**264,820**	**158,158**	**134,157**	**34,627**	**101,596**	**77,257**	**(172,725)**	**1,243,392**
Intra-segment operating revenue	(91,693)	(4,480)	-	(852)	(968)	(1,810)	-	(72,922)	172,725	-
Contributed operating revenue	302,292	247,037	264,820	157,306	133,189	32,817	101,596	4,335	-	1,243,392
Segment result (EBITDA)	**112,180**	**23,352**	**68,089**	**24,068**	**(2,349)**	**6,340**	**23,543**	**8,571**	**-**	**263,794**
Amortisation, depreciation, impairment losses and provisions	(34,287)	(9,968)	(24,089)	(14,900)	(15,072)	(2,793)	(7,191)	(3,751)	-	(112,051)
EBIT	**77,893**	**13,384**	**44,000**	**9,168**	**(17,421)**	**3,547**	**16,352**	**4,820**	**-**	**151,743**
Net profit (loss) of equity-accounted investees	142	168	-	-	-	-	-	-	-	310
Net financial income (expense)	-	-	-	-	-	-	-	-	(25,405)	(25,405)
Profit (loss) before taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**126,648**
Income taxes	-	-	-	-	-	-	-	-	(36,219)	(36,219)
Profit (loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**90,429**

*"Other" includes the operations in Norway, Sweden, Iceland, Poland and Russia.

The following table shows the performance of each operating segment in 2018:

[EUR'000]	Nordic & Baltic		Belgium	North America	Turkey	Egypt	Asia Pacific	Italy	Unallocated items and adjustments	Cementir Holding Group
	Denmark	Other*		USA						
Operating revenue	**380,156**	**256,831**	**246,341**	**126,704**	**193,502**	**28,476**	**94,313**	**89,459**	**(176,112)**	**1,239,670**
Intra-segment operating revenue	*(88,463)*	*(3,127)*	*-*	*(953)*	*(1,620)*	*(1,356)*	*-*	*(80,593)*	*176,112*	*-*
Contributed operating revenue	291,693	253,704	246,341	125,751	191,882	27,120	94,313	8,866	-	1,239,670
Segment result (EBITDA)	**96,331**	**22,211**	**54,560**	**17,160**	**22,961**	**3,211**	**19,472**	**2,598**	**-**	**238,504**
Amortisation, depreciation, impairment losses and provisions	(24,658)	(5,457)	(19,876)	(8,034)	(16,296)	(2,295)	(6,508)	(2,167)	-	(85,291)
EBIT	**71,673**	**16,754**	**34,684**	**9,126**	**6,665**	**916**	**12,964**	**431**	**-**	**153,213**
Net profit (loss) of equity-accounted investees	(16)	330	-	736	-	-	-	-	-	1,050
Net financial income (expense)	-	-	-	-	-	-	-	-	30,372	30,372
Profit (loss) before taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**184,635**
Income taxes	-	-	-	-	-	-	-	-	(35,866)	(35,866)
Profit (loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**148,769**

*"Other" includes the operations in Norway, Sweden, Iceland, Poland and Russia.

The following table shows other data for each geographical segment in 2019:

[EUR'000]	Segment assets	Non current segment assets	Segment liabilities	Equity-accounted investments	Investments in property, plant and equipment and intangible asset
Nordic & Baltic:					
Denmark	591,384	467,655	312,669	2,838	39,825
Others*	138,342	79,383	71,559	1,041	8,996
Belgium	524,228	397,944	156,948	-	17,629
North America	322,016	232,085	53,881	-	4,165
Turkey	286,859	206,886	60,607	-	6,262
Egypt	103,728	39,584	17,566	-	1,991
Asia Pacific	143,497	75,296	21,873	-	6,318
Italy	156,040	77,891	389,424	-	3,174
Total	**2,266,094**	**1,576,724**	**1,084,527**	**3,879**	**88,360**

*"Other" includes the operations in Norway, Sweden, Iceland, Poland and Russia.

The following table shows other data for each geographical segment in 2018:

[EUR'000]	Segment assets	Non current segment assets	Segment liabilities	Equity-accounted investments	Investments in property, plant and equipment and intangible asset
Nordic & Baltic:					
Denmark	507,594	428,787	273,739	2,666	21,126
Others*	126,201	65,998	60,034	888	7,766
Belgium	520,645	396,815	151,414	59	16,411
North America	305,372	219,913	39,598	-	4,619
Turkey	319,347	222,658	54,088	-	10,084
Egypt	93,752	35,521	16,628	-	972
Asia Pacific	126,423	75,045	17,888	-	5,118
Italy	132,889	71,590	390,450	-	570
Total	**2,132,223**	**1,516,327**	**1,003,839**	**3,613**	**66,666**

*"Other" includes the operations in Norway, Sweden, Iceland, Poland and Russia.

The following table shows revenue from third-party customers by geographical segment in 2019:

[EUR'000]	Nordic & Baltic		Belgium	North America	Turkey	Egypt	Asia Pacific	Italy	Rest of the World	Cementir Holding Group
	Denmark	Other*		USA						
Revenue by customer geographical location	261,680	302,386	176,094	154,711	131,289	17,416	105,217	316	62,719	1,211,828

*"Other" includes the operations in Norway, Sweden, Iceland, Poland and Russia.

Also refer to note 21) for information on segment revenue by product.

Notes

1) Intangible assets with a finite useful life

At 31 December 2019, intangible assets with a finite useful life amounted to EUR 214,388 thousand (EUR 223,545 thousand at 31 December 2018). Concession rights and licences mainly consisted of concessions to use quarries and software licences for the IT system (SAP R/3). Other intangible assets include the values assigned to certain assets upon acquisition of the CCB Group and LWCC, such as customer lists and contracts for the exclusive exploitation of quarries. These amounts were recognised as part of the purchase price allocation for the acquisition of these companies.

Amortisation is applied over the assets' estimated useful life.

[EUR'000]	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2019	**1,786**	**52,256**	**231,191**	**485**	**285,718**
Additions	-	1,646	342	4,936	6,924
Disposals	-	(29)	(140)	-	(169)
Impairment losses	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-
Exchange differences	-	585	1,685	8	2,278
Reclassifications	-	879	4,323	(4,973)	229
Gross amount at 31 December 2019	**1,786**	**55,337**	**237,401**	**456**	**294,980**
Amortisation at 1 January 2019	**1,786**	**17,732**	**42,655**	**-**	**62,173**
Amortisation	-	3,292	15,174	-	18,466
Decrease	-	(24)	(140)	-	(164)
Change in consolidation scope	-	-	-	-	
Exchange differences	-	123	(6)	-	117
Reclassifications	-	364	(364)	-	
Amortisation at 31 December 2019	**1,786**	**21,487**	**57,319**	**-**	**80,592**
Net amount at 31 December 2019	**-**	**33,850**	**180,082**	**456**	**214,388**

The Group spent approximately EUR 2.1 million on research and development during the year (EUR 2.2 million at 31 December 2018), all of which was recognised in the income statement.

[EUR'000]	Development expenditure	Concessions, licences and trademarks	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2018	**1,988**	**31,629**	**141,232**	**1,363**	**176,212**
Additions	-	210	2,931	863	4,004
Disposals	(207)	(165)	(1,391)	-	(1,763)
Impairment losses	-	-	-	-	-
Change in consolidation scope	-	19,178	81,415	-	100,593
Exchange differences	5	1,171	5,299	6	6,481
Reclassifications	-	233	1,705	(1,747)	191
Gross amount at 31 December 2018	**1,786**	**52,256**	**231,191**	**485**	**285,718**
Amortisation at 1 January 2018	**1,906**	**14,940**	**30,904**	**-**	**47,750**
Amortisation	82	2,833	13,674	-	16,589
Decrease	(207)	(29)	(1,368)	-	(1,604)
Change in consolidation scope	-	-	314	-	314
Exchange differences	5	(12)	(869)	-	(876)
Reclassifications	-	-	-	-	-
Amortisation at 31 December 2018	**1,786**	**17,732**	**42,655**	**-**	**62,173**
Net amount at 31 December 2018	**-**	**34,524**	**188,536**	**485**	**223,545**

2) Intangible assets with an indefinite useful life (goodwill)

The Group regularly tests intangible assets with an indefinite useful life, consisting of goodwill allocated to CGUs, for impairment.

At 31 December 2019, the item amounted to EUR 349,047 thousand (EUR 353,933 thousand at 31 December 2018). The following table shows CGUs by macro geographical segment.

							31.12.2019
[EUR'000]	Nordic & Baltic		North America	Turkey	Egypt	Asia Pacific	Total
	Denmark	Other	USA				
Opening balance	**230,639**	**26,509**	**26,870**	**64,924**	**1,852**	**3,139**	**353,933**
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-	-
Exchange differences	(7)	(117)	517	(5,640)	272	89	(4,886)
Reclassifications	-	-	-	-	-	-	-
Closing balance	**230,632**	**26,392**	**27,387**	**59,284**	**2,124**	**3,228**	**349,047**

[EUR'000]	Nordic & Baltic		North America	Turkey	Egypt	Asia Pacific	31.12.2018 Total
	Denmark	Other	USA				
Opening balance	**230,679**	**25,564**	**-**	**85,546**	**1,784**	**3,068**	**346,641**
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Change in consolidation scope	-	-	24,971	-	-	-	-24,971
Exchange differences	(40)	945	1,899	(20,622)	68	71	(17,679)
Reclassifications	-	-	-	-	-	-	-
Closing balance	**230,639**	**26,509**	**26,870**	**64,924**	**1,852**	**3,139**	**353,933**

In line with previous years, the Group tested the cash generating units (CGUs), to which goodwill had been allocated, for impairment.

CGUs are defined as the smallest identifiable group of assets that generates cash inflows which are largely independent of cash inflows generated by other assets or groups of assets. The Group's CGUs consist of companies and/or the specific facilities they operate and to which goodwill paid at acquisition was allocated.

At 31 December 2019, the Group represented the CGUs on the basis of its operating segments, consistent with corporate organisation. The CGU groupings for the "Nordic & Baltic" and "Turkey" include CGUs to which goodwill was allocated for the local acquisitions of companies and/or plants.

In particular, the "Nordic & Baltic" CGU includes the Aalborg Portland Group, Unicon Denmark and Unicon Norway, the "North America" CGU includes the United States, the "Turkey" CGU includes the Cimentas Group, Lalapasa, Sureko, Elazig Cimento, Neales and Egypt refers to the Sinai White Cement Company, the "Asia Pacific" CGU includes Aalborg Portland Malaysia, China and Australia.

Impairment testing of the CGUs covered cash flows tied to the acquisition of the relative groups and consolidated at Cementir Holding level, to check goodwill generated upon acquisition by the Parent for impairment.

Impairment testing involved comparing each CGU's carrying amount with its value in use, determined using the discounted cash flow (DCF) method applied to the future cash flows forecast by the three/five years plans prepared by the directors of each CGU. Cash flow projections were estimated using budget forecasts for 2020 approved by the Board of Directors of the respective subsidiaries and of the following two / four-year period carried out by the company management; these projections were prepared on the basis of the Group Business Plan for the three-year period 2020-2022, examined and approved by the Board of Directors of Cementir Holding N.V. on 13 November 2019. The terminal values were determined using a perpetual growth rate.

The discount rate applied to the estimated future cash flows was determined for each CGU using a weighted average cost of capital (WACC).

Key assumptions to determine value in use of CGUs were as follows:

31.12.2019

Values in %	Growth rate of terminal values	Discount rate	Average increase of revenue 2020 to terminal period	Average EBITDA ratio 2020 to terminal period
Nordic & Baltic	1%	4-6%	1-2%	6-14%
North America	1%	6%	3%	18%
Turkey/Egypt	3-4%	15-15.5%	0.3-26%	9-15%
Asia Pacific	3%	8-9%	3%	16-28%

31.12.2018

Values in %	Growth rate of terminal values	Discount rate	Average increase of revenue 2019 to terminal period	Average EBITDA ratio 2019 to terminal period
Nordic & Baltic	1%	5-7%	1-2%	9-13%
North America	1%	7%	2%	20%
Turkey/Egypt	3-4%	15-16.4%	12-25%	13-25%
Asia Pacific	3%	10-11%	5-6%	20-25%

The above tests did not identify any impairment at 31 December 2019.
A sensitivity analysis was performed assuming a hypothetical variation in the discount rate (WACC) and showed that the impairment test results were not sensitive to changes in input assumptions. Specifically, a variation in WACC, at the same conditions, would not result in the recognition of any impairment loss for all the CGUs listed above. Furthermore, a growth rate of terminal values equal to zero, at the same conditions, would not result in the recognition of any impairment loss for all the aforesaid CGUs.
Impairment testing took into consideration performance expectations for 2020. The Group made specific forecasts about its business performance for subsequent years considering the financial and market situation.
The input assumptions stated in the table above were applied to estimates and forecasts determined by on the basis of past experience and expected developments in the markets in which the Group operates. The Group constantly monitors circumstances and events that could lead to impairment losses based on developments in the current economic climate. Given the macro economic uncertainties in Turkey, the headroom of the CGU in Turkey is sensitive to changes in assumptions.

3) Property, plant and equipment

At 31 December 2019, property, plant and equipment reached EUR 860,385 thousand (EUR 789,499 thousand at 31 December 2018) and included EUR 82.7 million in right-of-use assets.
At 31 December 2018, the change in consolidation scope is attributable to the recognition of property and plant of LWCC, (IFRS 3 Business Combinations), following the acquisition of control on 29 March 2018.
Additional disclosures for each category of property, plant and equipment are set out below:

[EUR'000]	Land and buildings	Quarries	Plant and equipment	Other	Right-of-use assets	Assets under development and advances	Total
1 January 2019	**489,623**	**188,968**	**1,472,226**	**64,640**	**5,789**	**47,087**	**2,268,333**
Change in accounting policy, leases	-	-	-	-	77,821	-	77,821
Additions	1,393	2,849	17,624	2,920	24,677	31,973	81,436
Disposals	(1,066)	(5)	(7,831)	(7,198)	(6,029)	(965)	(23,094)
Impairment losses	(161)	-	(1,714)	(1,238)	-	-	(3,113)
Change in consolidation scope	-	-	-	-	-	-	-
Exchange differences	(1,217)	574	(7,378)	(1,205)	(120)	446	(8,900)
Reclassifications	1,479	2,341	26,363	7,411	-	(36,929)	665
Gross amount at 31 December 2019	**490,051**	**194,727**	**1,499,290**	**65,330**	**102,138**	**41,612**	**2,393,148**
Depreciation at 1 January 2019	**299,238**	**21,498**	**1,107,137**	**47,437**	**3,524**		**1,478,834**
Change in accounting policy, leases	-	-	-	-	-	-	-
Depreciation	10,972	2,484	46,374	3,710	24,479	-	88,019
Decrease	(638)		(7,591)	(7,037)	(4,633)		(19,899)
Change in consolidation scope	-	-	-	-	-	-	-
Exchange differences	(729)	236	(8,197)	(822)	(26)	-	(9,538)
Reclassifications	(1,154)	470	(4,541)	4,462	(3,890)	-	(4,653)
Depreciation at 31 December 2019	**307,689**	**24,688**	**1,133,182**	**47,750**	**19,454**	**-**	**1,532,763**
Net amount at 31 December 2019	**182,362**	**170,039**	**366,108**	**17,580**	**82,684**	**41,612**	**860,385**

Note 31) IFRS 16 Leases gives a breakdown of Right-of-use assets categorised according to their nature.

[EUR'000]	Land and buildings	Quarries	Plant and equipment	Other	Right-of-use assets	Assets under development and advances	Total
1 January 2018	**472,658**	**187,229**	**1,412,230**	**75,609**	**-**	**47,412**	**2,195,138**
Additions	1,584	2,002	16,992	2,432	-	39,652	62,662
Disposals	(2,424)	(1,287)	(10,838)	(7,387)	-	(793)	(22,729)
Change in consolidation scope	35,027	919	61,443	3,994	-	3,653	105,036
Exchange differences	(14,759)	(840)	(50,881)	(4,811)	-	(227)	(71,518)
Reclassifications	(2,463)	945	43,280	592	-	(42,610)	(256)
Gross amount at 31 December 2018	**489,623**	**188,968**	**1,472,226**	**70,429**	**-**	**47,087**	**2,268,333**
Depreciation at 1 January 2018	**284,169**	**20,368**	**1,076,112**	**54,649**	**-**	**-**	**1,435,298**
Depreciation	10,400	1,625	45,802	3,679	-	-	61,506
Decrease	(1,289)	(92)	(10,215)	(6,947)	-	-	(18,543)
Change in consolidation scope	12,721	122	35,147	2,580	-	-	50,570
Exchange differences	(6,694)	(525)	(39,778)	(3,000)	-	-	(49,997)
Reclassifications	(69)	-	69	-		-	-
Depreciation at 31 December 2018	**299,238**	**21,498**	**1,107,137**	**50,961**	**-**	**-**	**1,478,834**
Net amount at 31 December 2018	**190,385**	**167,470**	**365,089**	**19,468**	**-**	**47,087**	**789,499**

At 31 December 2019, the recoverable amount of the CGU (Hereko) was estimated on the basis of its value in use, due to delays in capital expenditure which postponed full operation of the facilities and did not enable achievement of the earnings targets.

Key assumptions were based on assessments by management concerning future projections for the sector of reference and an historic analysis of internal and external factors of information. Future cash flows were considered until 2035, when the waste management agreement will expire.

Key assumptions used to estimate the recoverable amount of the CGU were:

- WACC of 15% (2018: 15.9%);
- growth rate of 5.5% (2018: 5.5%);
- EBITDA margin between 13% and 15% (2018: 38%-44%), in line with company forecasts starting from 2020 onwards.

Impairment testing at 31 December 2019 found a recoverable amount for the CGU of EUR 5.6 million, compared to a carrying amount of EUR 8.4 million. Accordingly, an impairment loss of EUR 2.9 million was recognised under the caption "Impairment losses" (note 26 on plant and machinery).

See the section on accounting policies for the useful life criteria adopted by the Group.

At 31 December 2019, a total of EUR 111.7 million of property, plant and equipment (EUR 111.4 million at 31 December 2018) was pledged as collateral for bank loans totalling a residual EUR 122.7 million at the reporting date (EUR 135.5 million at 31 December 2018).

Contractual commitments in place at 31 December 2019 to purchase property, plant and equipment amounted to EUR 2.7 million (EUR 1.4 million at 31 December 2018). No financial expenses were capitalised in 2019, nor in 2018.

4) Investment property

Investment property of EUR 90,602 thousand (EUR 90,152 thousand at 31 December 2018) is recognised at fair value, calculated annually based on independent expert opinions.

[EUR'000]	31.12.2019			31.12.2018		
	Land	Buildings	Total	Land	Buildings	Total
Opening balance	**61,429**	**28,723**	**90,152**	**65,776**	**29,318**	**95,094**
Increase	-	-	**-**	-	-	**-**
Decrease	-	-	**-**	-	-	**-**
Fair value gains (losses)	6,188	284	**6,472**	11,161	356	**11,517**
Exchange differences	(5,721)	(301)	**(6,022)**	(15,508)	(951)	**(16,459)**
Reclassifications	-	-	**-**	-	-	**-**
Closing balance	**61,896**	**28,706**	**90,602**	**61,429**	**28,723**	**90,152**

At 31 December 2019, the investment property mainly included land and buildings of the Cimentas Group for EUR 61.4 million (EUR 61 million at 31 December 2018).
At 31 December 2019, approximately EUR 7.4 million of investment property was pledged as collateral for bank loans totalling a residual, undiscounted amount of approximately EUR 5.2 million at the reporting date.
The fair value of investment property was determined by independent property assessors who meet professionalism requirements, bearing in mind mainly the prices of other similar assets recently involved in transactions or currently offered on the same market. Refer to note 33 for information on fair value.

5) Equity-accounted investments

The item includes the Group's share of equity in equity-accounted associates and joint ventures. The carrying amount of these investments and the Group's share of the investees' profit or loss are shown below:

Companies	Business	Registered office	% owned	Carrying amount	Share of profit or loss
31.12.2019					
ECOL Unicon Spzoo	Ready-mixed concrete	Gdańsk (Poland)	49%	2,838	142
ÅGAB Syd Aktiebolag	Aggregates	Svedala (Sweden)	40%	1,041	168
Total				**3,879**	**310**

Companies	Business	Registered office	% owned	Carrying amount	Share of profit or loss
31.12.2018					
Lehigh White Cement Company *Joint Venture*	Cement	Allentown (USA)	24.5%	-	736*
Sola Betong AS	Ready-mixed concrete	Tananger (Norway)	33.3%	-	178
ECOL Unicon Spzoo	Ready-mixed concrete	Gdańsk (Poland)	49%	2,666	(16)
ÅGAB Syd Aktiebolag	Aggregates	Svedala (Sweden)	40%	888	152
Recybel	Other	Liège-Flémalle (Belgium)	25.5%	59	-
Total				**3,613**	**1,050**

*The Group's share of the profit, and relative ownership percentage, of Lehigh White Cement Company refers to the first quarter of 2018, before acquiring control on 29 March 2018, whereas its share of the profit and related ownership percentage, of Sola Betong refers to the first eleven months of the year before the investment was sold in December 2018.

No indicators of impairment were identified for these investments.

6) Other investments

[EUR'000]	31.12.2019	31.12.2018
Available-for-sale equity investments *Opening balance*	**210**	**221**
Increase (decrease)	19	-
Fair value gains (losses)	-	-
Change in consolidation scope	-	-
Reclassifications to assets held for sale	-	-
Exchange differences	(3)	(11)
Reclassifications - Recybel	*59*	
Available-for-sale equity investments *Closing balance*	**285**	**210**

No indicators of impairment were identified.

7) Inventories

The carrying amount of inventories approximates their fair value; a breakdown of the item is shown below:

[EUR'000]	31.12.2019	31.12.2018
Raw materials, consumables and supplies	85,299	99,500
Work in progress	40,293	39,788
Finished goods	46,367	44,497
Advances	406	990
Inventories	**172,365**	**184,775**

Changes were recorded over the period in the different inventory categories as a result of manufacturing processes and sales, the costs of factors of production and the foreign exchange rates used to translate financial statements stated in foreign currencies.

The increase in raw materials, consumables and supplies, totalling EUR 13,456 thousand (decrease of EUR 19,747 thousand at 31 December 2018) was expensed in the income statement as "Raw materials costs" (Note 23). The positive change in work in progress and finished goods was recorded in the income statement for a total of EUR 5,798 thousand (31 December 2018: positive EUR 12,378 thousand).

8) Trade receivables

Trade receivables totalled EUR 150,475 (EUR 163,553 thousand at 31 December 2018) and break down as follows:

[EUR'000]		31.12.2019	31.12.2018
Trade receivables		154,945	167,507
Loss allowance		(8,262)	(8,527)
Net trade receivables		**146,683**	**158,980**
Advances to suppliers		3,696	4,430
Trade receivables - related parties	(note 34)	96	143
Trade receivables		**150,475**	**163,553**

The carrying amount of trade receivables equals their fair value. They arise on commercial transactions for the sale of goods and services and do not present any significant concertation risks.
The breakdown by due date is shown below:

[EUR'000]	31.12.2019	31.12.2018
Not yet due	116,998	123,045
Overdue:	37,947	44,462
0-30 days	*17,366*	*23,458*
30-60 days	*7,375*	*9,541*
60-90 days	*3,203*	*2,844*
More than 90 days	*10,003*	*8,619*
Total trade receivables	154,945	167,507
Loss allowance	(8,262)	(8,527)
Net trade receivables	**146,683**	**158,980**

9) Current and non-current financial assets

Non-current financial assets of EUR 1,643 thousand (EUR 1,490 thousand at 31 December 2018) mainly refer to financial items which will be expensed upon termination of the financing contract signed by Cementir Holding NV.
Current financial assets totalled EUR 1,192 thousand (EUR 840 thousand 31 December 2018) and break down as follows:

[EUR'000]		31.12.2019	31.12.2018
Fair value of derivatives		36	71
Accrued income/ Prepayments		762	768
Loan assets - related parties	(note 34)	393	-
Other loan assets		1	1
Current financial assets		**1,192**	**840**

10) Current tax assets

Current tax assets, totalling EUR 5,172 thousand (EUR 9,226 thousand at 31 December 2018), mainly refer to IRES and IRAP payments on account to tax authorities, approximately EUR 0.5 million, withholdings (EUR 2.5 million).

11) Other current and non-current assets

Other non-current assets totalled EUR 6,800 thousand (EUR 7,112 thousand at 31 December 2018) and mainly consisted of VAT assets and deposits.
Other current assets totalled EUR 29,218 thousand (EUR 24,888 thousand at 31 December 2018) and consisted of non-commercial items. The item breaks down as follows:

[EUR'000]	31.12.2019	31.12.2018
VAT assets	12,250	11,080
Personnel	544	293
Accrued income	343	256
Prepayments	3,607	3,790
Other receivables	12,474	9,469
Other current assets	**29,218**	**24,888**

12) Cash and cash equivalents

Totalling EUR 330,948 thousand (EUR 232,614 thousand at 31 December 2018), the item consists of liquidity held by the Group, which is usually invested in short-term financial transactions. The item breaks down as follows:

[EUR'000]		31.12.2019	31.12.2018
Bank and postal deposits		330,734	232,298
Bank deposits - related parties	(note 34)	-	-
Cash-in-hand and cash equivalents		214	316
Cash and cash equivalents		**330,948**	**232,614**

13) Equity

Equity attributable to the owners of the parent

Equity attributable to the owners of the parent amounted to EUR 1,044,627 thousand at 31 December 2019 (EUR 997,146 thousand at 31 December 2018). Profit for 2019 attributable to the owners of the parent totalled EUR 83,569 thousand (EUR 127,194 thousand in 2018).

Share capital

The Parent's share capital consists of 159,120,000 ordinary shares with a par value of EUR 1 each. It is fully paid-up and has not changed with respect to the previous year end. There are no pledges or restrictions on the shares.

Other reserves

Legal reserve

At 31 December 2018 the legal reserve of EUR 31,825 thousand related to the Italian Civil Code requirement which is no longer applicable at 31 December 2019 due to the conversion of the Company to a Dutch NV. The amount of EUR 31,825 thousand has been added to retained earnings in 2019.

Translation reserve

At 31 December 2019, the translation reserve had a negative balance of EUR 580,956 thousand (negative EUR 570,236 thousand at 31 December 2018), broken down as follows:

[EUR'000]	31.12.2019	31.12.2018	Change
Turkey (Turkish lira - TRY)	(531,657)	(509,190)	(22,467)
USA (US dollar - USD)	4,686	3,212	1,474
Egypt (Egyptian pound - EGP)	(57,517)	(65,613)	8,096
Iceland (Icelandic krona - ISK)	(2,554)	(2,539)	(15)
China (Chinese renminbi yuan - CNY)	7,909	7,596	313
Norway (Norwegian krone - NOK)	(5,047)	(5,470)	423
Sweden (Swedish krona - SEK)	(1,265)	(1,102)	(163)
Other countries	4,489	2,870	1,619
Total translation reserve	**(580,956)**	**(570,236)**	**(10,720)**

Equity attributable to non-controlling interests

Equity attributable to non-controlling interests amounted to EUR 136,940 thousand at 31 December 2019 (EUR 131,238 thousand at 31 December 2018). Profit for 2019 attributable to non-controlling interests totalled EUR 6,860 thousand (EUR 8,466 thousand in 2018).

Capital management

The Board's policy is to maintain a strong capital base aiming to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the capital structure by means of tracking the trend of Net Financial Debt /Position, Net Gearing Ratio and Equity Ratio. For this purpose, Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Adjusted Equity comprises all components of equity other than amounts accumulated in the hedging and cost of hedging reserves.

In particular the Board of Cementir Holding N.V. in the 2019, November 13th meeting has approved a Business Plan with a target to achieve a Net Cash Position at the end of 2022 (EUR 22.1 million).

The following table highlights the trend in the financial indicators:

[EUR'000]

Ratio	2019	2018
Total Liabilities	571,769	488,869
- Less cash and cash equivalents and current financial assets	(332,140)	(233,454)
Net Financial Debt	**239,629**	**255,415**
Total Equity	1,181,567	1,128,384
- Hedging reserve	(6,812)	(8,373)
Adjusted Equity	1,174,755	1,120,011
Net Gearing Ratio	**20.4%**	**22.8%**
Adjusted Equity	1,174,755	1,120,011
Total Assets	2,266,094	2,132,223
Equity ratio	**51.8%**	**52.5%**

To be considered that in 2019 due to accounting principle IFRS16, Net Financial Debt was increased by EUR 84.3 million. This is due to the recognition of right-of-use assets and lease liabilities on 1 January 2019. The comparative information has not been restated.

Cost of loans is in the range of 2.4% on average debts in 2019 (in the range of 2.7% in 2018).

Furthermore, the Management of the Group monitors the trend of Return on Equity with a ratio given by Profit on continuing operation over Equity. This ratio is 7.65% in 2019 (13.18% in 2018). The 2018 income was influenced by one-off factors including the fair value remeasurement of the 24.5% share already held by the Group in LWCC (IFRS 3 Business Combinations), following the acquisition of control, for EUR 40.1 million and the positive mark-to-market value of commodity hedges for around EUR 20 million.

As of the date hereof, the Group does not have any on-going share buy-back plan.

13.1) Subsidiaries with material non-controlling interests

	Aalborg Portland Malaysia		AB Sydsten	
[EUR'000]	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Revenue	**44,377**	**44,777**	**64,966**	**67,249**
Profit for the year:	**3,197**	**1,823**	**4,689**	**5,140**
- attributable to the owners of the Parent	*2,238*	*1,276*	*2,081*	*2,501*
- attributable to non-controlling interests	*959*	*547*	*2,608*	*2,639*
Other comprehensive income (expense)	1,491	1,088	(1,191)	(1,020)
Comprehensive income (expense) for the year	**4,688**	**2,911**	**3,498**	**4,120**
Assets:	**65,423**	**59,417**	**53,943**	**50,700**
- Non-current assets	*28,357*	*28,278*	*25,020*	*20,313*
- Current assets	*37,066*	*31,139*	*28,923*	*30,387*
Liabilities:	**10,408**	**9,078**	**28,957**	**26,089**
- Non-current liabilities	*1.911*	*1,347*	*14,757*	*11,526*
- Current liabilities	*8,497*	*7,731*	*14,200*	*14,563*
Net assets	**55,015**	**50,339**	**24,986**	**24,611**
- attributable to the owners of the Parent	*38,511*	*35,237*	*11,756*	*11,729*
- attributable to non-controlling interests	*16,505*	*15,102*	*13,230*	*12,882*
Net change in cash flow	**8,624**	**4,376**	**9,038**	**7,296**
Dividends paid to third parties	**-**	**742**	**1,657**	**1,660**

	Lehigh White Cement Company		Sinai White Portland Cement	
[EUR'000]	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Revenue	**137,718**	**104,303**	**35,789**	**27,375**
Profit for the year:	**10,563**	**11,204**	**640**	**1,649**
- attributable to the owners of the Parent	*6,681*	*7,086*	*455*	*1,114*
- attributable to non-controlling interests	*3,882*	*4,118*	*185*	*535*
Other comprehensive income (expense)	1,592	23	10,990	3,130
Comprehensive income (expense) for the year	**12,155**	**11,227**	**11,630**	**4,779**
Assets:	**267,804**	**246,469**	**103,912**	**93,927**
- Non-current assets	*189,173*	*177,194*	*39,584*	*35,520*
- Current assets	*78,631*	*69,275*	*64,328*	*58,407*
Liabilities:	**50,224**	**34,325**	**17,866**	**19,484**
- Non-current liabilities	*27,368*	*18,224*	*9,284*	*8,201*
- Current liabilities	*22,856*	*16,101*	*8,582*	*11,283*
Net assets	**217,580**	**212,144**	**86,046**	**74,443**
- attributable to the owners of the Parent	*137,619*	*133,493*	*61,188*	*52,937*
- attributable to non-controlling interests	*79,961*	*78,651*	*24,858*	*21,506*
Net change in cash flow	**20,622**	**10,458**	**8,961**	**1,533**
Dividends paid to third parties	**3,250**	**974**	**-**	**1,598**

14) Employee benefits

Employee benefits totalled EUR 35,745 thousand (EUR 31,777 thousand at 31 December 2018) and included provisions for employee benefits and post-employment benefits. Where conditions are met for their recognition, liabilities are also recognised for future commitments connected with medium/long-term incentive plans that will be paid to employees at the end of the plan period. The long-term incentive plan envisages the payment of a variable monetary reward, calculated on the basis of the gross annual salary of the beneficiary, which is tied to the achievement of the business and financial objectives in the Industrial Plans prepared and approved. It amounted to EUR 1,901 thousand at 31 December 2019 (EUR 1,004 thousand at 31 December 2018).

Liabilities for employee benefits, mainly in Turkey, Belgium and Norway, are included in the defined benefit plans and are partly funded by insurance plans. In particular, plan assets refer to the pension plans in Belgium and Norway. Liabilities are valued applying actuarial methods and assets have been calculated based on the fair value at the reporting date. Post-employment benefits are an unfunded and fully provisioned liability recognised for benefits attributable to employees upon or after termination of employment. As they are defined benefit plans, actuarial assumptions are used for their measurement: the assumptions are summarised in the table below:

Values in %	31.12.2019	31.12.2018
Annual discount rate	0.3%-2%	1.15%-3%
Expected return on plan assets	2%	3%
Annual post-employment benefits growth rate	2.62%	2.62%

The amounts disclosed in the statement of financial position were determined as follows:

[EUR'000]	31.12.2019	31.12.2018
Liabilities for employee benefits	64,212	59,170
Fair value of plan assets	(30,368)	(28,397)
Employee benefits	**33,844**	**30,773**
Long-term incentive plan obligation	**1,901**	**1,004**
Total employee benefits	**35,745**	**31,777**

The tables below show changes in the net liabilities / (assets) for employee benefits and the related parts:

[EUR'000]	31.12.2019	31.12.2018
Liabilities for employee benefits *opening balance*	**59,170**	**59,655**
Current service cost	790	1,682
Interest cost	1,100	920
Net actuarial gains recognised in the year	6,612	351
Change in consolidation scope	-	-
Exchange differences	(432)	(1,693)
Other changes	-	-
(Benefits paid)	(3,028)	(1,745)
Liabilities for employee benefits *closing balance*	**64,212**	**59,170**

[EUR'000]	31.12.2019	31.12.2018
Fair value of plan assets *opening balance*	**28,397**	**26,526**
Financial income on plan assets	506	344
Net actuarial gains recognised in the year	486	745
Change in consolidation scope	-	-
Exchange differences	32	(254)
Other changes	-	-
(Benefits paid)	947	1,036
Fair value of plan assets *closing balance*	**30,368**	**28,397**

At 31 December 2019 the effect on the Defined Benefit plans in Belgium/France of a decrease or increase in the key assumptions, is shown below:

- Discount rate +25bp: EUR -2.7 million;
- Discount rate -25bp: EUR +3.0 million;
- Health Costs increase +1%: EUR 2.1 million

Regarding these plans, the life expectancy for an employee of 65 y.o. today:

- Belgium: M: 20.93 years / F: 24.58 years
- France: plans are related to payment during active life or at retirement so the information is not relevant.

Employer and employees' contribution 2019 related to pension plans in Belgium are:

- Employees' contribution: EUR 0.3 million
- Employer's contributions: EUR 1 million

Expected Employer contribution 2020 related to pension plans in Belgium are EUR 1 million.
Total weighted average duration of these Defined Benefit Obligation is 10.76 years.

15) Provisions

Non-current and current provisions amounted to EUR 27,521 thousand (EUR 27,804 thousand at 31 December 2018) and EUR 15,733 thousand (EUR 15,525 thousand at 31 December 2018) respectively.

[EUR'000]	Provision for quarry restoration	Litigation provision	Other provisions	Total provisions
Balance at 1 January 2019	**23,165**	**4,576**	**15,588**	**43,329**
Provisions	680	786	494	**1,960**
Utilisations	(498)	(513)	(1,269)	**(2,280)**
Decrease	-	(368)	(105)	**(473)**
Change in consolidation scope	-	-	-	**-**
Exchange differences	(159)	(318)	123	**(354)**
Reclassifications	-	80	-	**80**
Net actuarial gains recognised in the year	-	-	992	**992**
Other changes	-	-	-	**-**
Balance at 31 December 2019	**23,188**	**4,243**	**15,823**	**43,254**
Including:				
Non-current provisions	22,845	933	3,743	**27,521**
Current provisions	343	3,310	12,080	**15,733**

[EUR'000]	Quarry restructuring provision	Litigation provision	Other provisions	Total provisions
Balance at 1 January 2018	**25,226**	**2,051**	**5,018**	**32,295**
Provisions	330	3,012	11,215	**14,557**
Utilisations	(1,202)	(68)	(1,369)	**(2,639)**
Decrease	-	(128)	(115)	**(243)**
Change in consolidation scope	-	-	657	**657**
Exchange differences	(990)	(425)	46	**(1,369)**
Reclassifications	(199)	134	136	**71**
Other changes	-	-	-	**-**
Balance at 31 December 2018	**23,165**	**4,576**	**15,588**	**43,329**
Including:				
Non-current provisions	22,904	971	3,929	**27,804**
Current provisions	261	3,605	11,659	**15,525**

The provision for quarry restructuring is allocated for the cleaning and maintenance of quarries where raw materials are extracted, to be performed before the utilisation concession expires.

Other provisions mainly consist of environmental provisions totalling approximately EUR 1.6 million (EUR 2 million at 31 December 2018), provision for risks for corporate restructuring costs totalling EUR 2.6 million and provisions for other risks and charges against some clauses contained in the transfer agreement of the Italian assets.

16) Trade payables

The carrying amount of trade payables approximates their fair value; the item breaks down as follows:

[EUR'000]		31.12.2019	31.12.2018
Suppliers		215,686	223,967
Related parties	(note 34)	514	501
Advances		2,825	3,741
Trade payables		**219,025**	**228,209**

17) Financial liabilities

Non-current and current financial liabilities are shown below:

[EUR'000]		31.12.2019	31.12.2018
Bank loans and borrowings	(note 33)	440,395	450,980
Lease liabilities	(note 31)	60,558	-
Lease liabilities - related parties	(note 34)	3,312	-
Fair value of derivatives		11,507	10,482
Financial debt - related parties		-	-
Non-current financial liabilities		**515,772**	**461,462**
Bank loans and borrowings		546	-
Current portion of non-current financial liabilities		23,599	14,617
Current loan liabilities - related parties	(note 34)	-	-
Current lease liabilities	(note 33)	19,013	-
Current lease liabilities - related parties	(note 34)	1,437	-
Other loan liabilities		96	2,608
Fair value of derivatives		11,306	10,182
Current financial liabilities		**55,997**	**27,407**
Total financial liabilities		**571,769**	**488,869**

The carrying amount of non-current and current financial liabilities approximates their fair value.

Non-current financial liabilities mainly refer to the loan agreement with a pool of banks and to the loan instalments of the Danish subsidiary Aalborg Portland A/S. Moreover, at 31 December 2019, financial exposure totalled EUR 571.8 million, with the changed in debt increased by EUR 84.3 million due to the introduction of IFRS16.

Derivatives purchased to hedge interest rate, commodity price and currency risks connected with liabilities falling due between March 2020 and February 2027 had a negative fair value of approximately EUR 22.8 million at 31 December 2018 (approximately negative EUR 20.7 million at 31 December 2018). The fair value is partly due to the Group's agreement of a hedging derivative for the acquisition of Lehigh Cement Company finalised in the first half of the year.

About 81.2% of these financial liabilities requires compliance with financial covenants which were complied with at 31 December 2019. In particular, the covenants to be complied with are the debt/EBITDA ratio, at consolidated level and the EBITDA/ Net financial expense ratio. The Group's exposure, broken down by residual expiry of the financial liabilities, is as follows:

[EUR'000]	31.12.2019	31.12.2018
Within three months	28,508	4,735
Between three months and one year	27,489	22,672
Between one and two years	358,388	13,621
Between two and five years	88,093	374,145
After five years	69,291	73,696
Total financial liabilities	**571,769**	**488,869**

[EUR'000]	31.12.2019	31.12.2018
Floating rate	571,769	488,741
Fixed rate	-	128
Financial liabilities	**571,769**	**488,869**

As required by CONSOB Communication 6064293 of 28 July 2006, the Group's net financial debt is shown in the next table:

[EUR'000]	31.12.2019	31.12.2018
A. Cash	214	316
B. Other cash equivalents	330,734	232,298
C. Securities held for trading	-	-
D. Cash and cash equivalents	**330,948**	**232,614**
E. Current loan assets	**1,192**	**840**
F. Current bank loans and borrowings	(546)	-
G. Current portion of non-current debt	(11,004)	(1,982)
H. Other current loan liabilities	(44,447)	(25,425)
I. Current financial debt (F+G+H)	**(55,997)**	**(27,407)**
J. Net current financial debt (I-E-D)	**276,143**	**206,047**
K. Non-current bank loans and borrowings	(515,772)	(461,462)
L. Bonds issued	-	-
M. Other non-current liabilities	-	-
N. Non-current financial debt (K+L+M)	**(515,772)**	**(461,462)**
O. Net financial debt (J+N)	**(239,629)**	**(255,415)**

18) Current tax liabilities

Current tax liabilities amounted to EUR 15,423 thousand (EUR 13,737 thousand at 31 December 2018) and relate to income tax liabilities, net of payments on account.

19) Other non-current and current liabilities

Other non-current liabilities totalled EUR 3,833 thousand (EUR 4,768 thousand at 31 December 2018) and included around 3.3 million of deferred income (EUR 4.1 million at 31 December 2018) relating to future benefits from a business agreement which started to accrue from 1 January 2013, which are payable within five years (31 December 2018: EUR 3.3 million whitin five years, EUR 0.8 million expected after five years).

Other current liabilities totalled EUR 49,477 thousand (EUR 47,868 thousand at 31 December 2018) and break down as follows:

[EUR'000]		31.12.2019	31.12.2018
Personnel		26,425	24,914
Social security institutions		2,740	3,152
Related parties	(note 34)	6	6
Deferred income		989	1,035
Accrued expenses		1,831	1,151
Other sundry liabilities		17,486	17,610
Other current liabilities		**49,477**	**47,868**

Deferred income refers to the future benefits of the above-mentioned business agreement (approximately EUR 0.8 million in line with 31 December 2018).

Other sundry liabilities mainly include amounts due to the revenue office for employee withholdings, VAT and other liabilities for the result of the Antitrust proceedings commenced by the competent Antitrust Authority (AGCM) and as per decision by the Council of State in the hearing of 7 February 2019 of EUR 5,118 thousand.

20) Deferred tax assets and liabilities

Deferred tax liabilities totalling EUR 146,001 thousand (31 December 2018: EUR 145,282 thousand) and deferred tax assets totalling EUR 49,695 thousand (31 December 2018: EUR 46,772 thousand) break down as follows:

[EUR'000]	Income taxes tax liabilities	Income taxes tax assets
Balance at 1 January 2019	**145,282**	**46,772**
Accrual, net of utilisation in profit or loss	1,777	3,033
Increase, net of decreases in equity	-	70
Change in consolidation scope	-	-
Exchange differences	471	(475)
Other changes	(1,529)	295
Balance at 31 December 2019	**146,001**	**49,695**

[EUR'000]	Income taxes tax liabilities	Income taxes tax assets
Balance at 1 January 2018	**127,544**	**33,778**
Accrual, net of utilisation in profit or loss	1,842	548
Increase, net of decreases in equity	1,173	839
Change in consolidation scope	16,834	13,334
Exchange differences	(2,111)	(1,232)
Other changes	-	(495)
Balance at 31 December 2018	**145,282**	**46,772**

[EUR'000]	01.01.2019	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2019
Fiscally-driven depreciation of property, plant and equipment	82,957	471	(236)	83,192
Fiscally-driven amortisation of intangible assets	23,558	577	(1,919)	22,216
Revaluation of plant	14,254	661	(2,504)	12,411
Other	24,513	68	3,601	28,182
Deferred tax liabilities	**145,282**	1,777	(1,058)	**146,001**
Tax losses carried forward	18,711	2,292	(1,364)	19,639
Provisions for risks and charges	2,676	(723)	(500)	1,453
Differences in property, plant and equipment	928	21	(555)	394
Other	24,457	1,443	2,309	28,209
Deferred tax assets	**46,772**	3,033	(110)	**49,695**

[EUR'000]	01.01.2018	Accrual, net of utilisation in profit or loss	Increase, net of decreases in equity	31.12.2018
Fiscally-driven depreciation of property, plant and equipment	82,632	584	(259)	82,957
Fiscally-driven amortisation of intangible assets	24,035	(477)	-	23,558
Revaluation of plant	12,142	1,104	1,008	14,254
Other	8,735	631	15,147	24,513
Deferred tax liabilities	**127,544**	1,842	15,896	**145,282**
Tax losses carried forward	23,131	(1,731)	(2,689)	18,711
Provisions for risks and charges	1,615	1,281	(220)	2,676
Differences in property, plant and equipment	1,749	(55)	(766)	928
Other	7,283	1,053	16,121	24,457
Deferred tax assets	**33,778**	548	12,446	**46,772**

Recovery of the deferred tax assets is expected in the following years within the timeframe defined by the relevant legislation.

The Group is involved in a transfer pricing case between the Danish and the Italian tax authorities to reach an agreement on royalty payments through Mutually Agreed Procedures ("MAP"). Outcome of case can impact the tax payments for the period 2008-2019. Management remains convinced that the royalty payments are justifiable, and based thereon, Management has not recognised any potential tax adjustments related to the case at 31 December 2019, since management assessed it is not probable this will result in an additional tax payment. For Danish entities total exposure amounts to EUR 12.5 million. At Italian tax group level net exposure resulting from MAP process will be nil.

21) Revenue

[EUR'000]		2019	2018
Product sales		1,124,460	1,104,591
Product sales to related parties	(note 34)	44	632
Services		87,324	90,963
Revenue		**1,211,828**	**1,196,186**

Group revenue reached EUR 1,211.8 million, up 1.3% compared to EUR 1,196.2 million in 2018. The increase was due to the change in the scope of consolidation, which led to an increase in revenue of about EUR 33.0 million related to the US company Lehigh White Cement Company ("LWCC"), consolidated in full since 1 April 2018.
On a like-for-like basis, revenue fell 1.4% due to the significant drop in revenue in Turkey, which was largely offset by the performance in other regions.
The caption Services is mainly related to transport services which are recognized at the time the service is provided.
Revenue by product is shown below:

2019

[EUR'000]	Nordic & Baltic		Belgium	North America	Turkey	Egypt	Asia Pacific	Italy	Unallocated items and adjustments**	Cementir Holding Group
	Denmark	Other*		USA						
Cement	259,610	57,191	131,010	138,570	84,675	35,789	97,450		*(61,477)*	**742,818**
Ready-mixed concrete	138,870	166,040	72,905	-	27,393	-	-	-	-	**405,208**
Aggregates	4,177	27,342	57,411	-	-	-	2,522	-	-	**91,452**
Waste	-	-	-	-	14,699	-	-	-	-	**14,699**
Other	-	-	399	12,465	13,971	-	-	65,490	*(31,009)*	**61,316**
Unallocated items and adjustments	*(32,771)*	-	-	-	*(12,797)*	-	*(2,398)*	-	*(55,699)*	***(103,665)***
Revenue	**369,886**	**250,573**	**261,725**	**151,035**	**127,941**	**35,789**	**97,574**	**65,490**	***(148,185)***	**1,211,828**

2018

[EUR'000]	Nordic & Baltic		Belgium	North America	Turkey	Egypt	Asia Pacific	Italy	Unallocated items and adjustments**	Cementir Holding Group
	Denmark	Other*		USA						
Cement	245,608	54,781	118,037	105,656	116,644	27,375	90,441	-	(58,369)	**700,172**
Ready-mixed concrete	136,261	175,870	74,444	-	45,618	-	-	-	(3,127)	**429,066**
Aggregates	4,226	24,400	55,540	-	-	-	2,904	-	-	**87,070**
Waste	-	-	-	-	16,092	-	-	-	-	**16,092**
Other	-	-	-	13,524	16,029	-	-	78,023	(15,219)	**92,357**
Unallocated items and adjustments	*(29,889)*	-	-	-	*(20,377)*	-	*(2,835)*	-	*(75,470)*	***(128,572)***
Revenue	**356,206**	**255,052**	**248,021**	**119,180**	**174,006**	**27,375**	**90,509**	**78,023**	**(152,186)**	**1,196,186**

*"Other" includes the operations in Norway, Sweden, Iceland, Poland and Russia.
** Unallocated items and adjustments refers mainly to intragroup transactions.

22) Increase for internal work and other income

Increase for internal work of EUR 6,436 thousand (EUR 6,648 thousand in 2018) refers to the capitalisation of costs of materials and personnel costs used in the realisation of property, plant and equipment and intangible fixed assets.

Other income of EUR 19,330 thousand (EUR 24,458 thousand in 2018) breaks down as follows:

[EUR'000]		2019	2018
Rent, lease and hires		1,624	1,635
Rent, lease and hires - related parties	(note 34)	61	32
Gains		1,281	4,180
Release of provision for risks		473	243
Insurance refunds		179	15
Revaluation of investment property	(note 4)	6,472	11,517
Other income		9,240	6,834
Other income from related parties	(note 34)	-	2
Other income		**19,330**	**24,458**

23) Raw materials costs

[EUR'000]	2019	2018
Raw materials and semi-finished products	240,103	260,134
Fuel	86,653	114,639
Electrical energy	77,983	77,879
Other materials	48,192	46,378
Change in raw materials, consumables and goods	13,456	(19,747)
Raw materials costs	**466,387**	**479,283**

The **cost of raw materials** amounted to EUR 466.4 million (EUR 479.3 million in 2018), down due to the reduction in the cost of raw materials, mainly fuel, and the reduction in volumes.

24) Personnel costs

[EUR'000]	2019	2018
Wages and salaries	146,872	142,291
Social security charges	28,935	25,301
Other costs	9,090	8,734
Personnel costs	**184,897**	**176,326**

Pensions cost amount to EUR 709 thousand (EUR 1,219 thousand in 2018) and are included in other costs.

The Group's workforce breaks down as follows:

	31.12.2019	31.12.2018	2019 Average	2018 Average
Executives	79	72	77	71
Middle management, white-collar workers and intermediates	1,171	1,313	1,261	1,310
Blue-collar workers	1,792	1,698	1,722	1,672
Total	**3,042**	**3,083**	**3,060**	**3,053**

More specifically, at 31 December 2019, employees in service at the Parent and the other direct subsidiaries numbered 73 (72 at 31 December 2018); those at the Cimentas Group numbered 769 (819 at 31 December 2018), those at the Aalborg Portland Group numbered 1,071 (1,053 at 31 December 2018), those at the Unicon Group numbered 659 (664 at 31 December 2018), and those at the CCB Group numbered 470 (475 at 31 December 2018). The Group has no employees in the Netherlands.

25) Other operating costs

[EUR'000]		2019	2018
Transport		154,857	154,853
Services and maintenance		91,091	95,334
Consultancy		13,527	12,353
Insurance		4,390	4,190
Other services - related parties	(note 34)	835	515
Rent, lease and hires		12,054	25,995
Rent, lease and hires - related parties	(note 34)	115	1,596
Other costs		51,445	50,720
Other operating costs		**328,314**	**345,556**

26) Amortisation, depreciation, impairment losses and additions to provision

[EUR'000]	2019	2018
Amortisation	18,466	16,588
Depreciation	88,018	61,506
Provisions	1,412	4,091
Impairment losses	4,156	3,106
Amortisation, depreciation, impairment losses and provisions	**112,052**	**85,291**

Amortisation, depreciation, impairment losses and provisions include EUR 24.5 million in amortisation of right-of-use assets deriving from the first-time application of the new IFRS 16.
Impairment losses include EUR 1 million in losses on trade receivables and EUR 3.1 million in losses recognised in property, plant and equipment (note 3).

27) Net financial income (expense) and share of net profits of equity-accounted investees

The negative balance for 2019 of EUR 25,095 thousand (2018: positive EUR 31,422 thousand) relates to the share of net profits of equity-accounted investees and net financial income, broken down as follows:

[EUR'000]		2019	2018
Share of profits of equity-accounted investees		310	1,067
Share of losses of equity-accounted investees		-	(17)
Share of net profits of equity-accounted investees		**310**	**1,050**
Interest and financial income		4,266	4,528
Interest and financial income - related parties	(note 34)	12	-
Grants related to interest		-	-
Financial income on derivatives		358	23,817
Revaluation of equity investments		-	42,490
Total financial income		*4,636*	*70,835*
Interest expense		(12,818)	(14,280)
Other financial expense		(6,234)	(9,384)
Interest and financial expense - related parties	(note 34)	-	-
Losses on derivatives		(6,602)	(4,481)
Total financial expense		*(25,654)*	*(28,145)*
Exchange rate gains		7,377	5,718
Exchange rate losses		(11,764)	(18,036)
Net exchange rate losses		*(4,387)*	*(12,318)*
Net financial income (expense)		**(25,405)**	**30,372**
Net financial income (expense) and share of net profits of equity-accounted investees		**(25,095)**	**31,422**

The share of net profits of equity-accounted investees was EUR 0.3 million, down compared to the previous period following inclusion of Lehigh White Cement Company in the consolidation scope in April.

In 2019, net financial expense was EUR 25.4 million compared to the previous year (net financial income EUR 30.4 million in 2018). The result for 2018 included EUR 40.1 million from the fair value remeasurement of 24.5% investment previously held by the Group in LWCC, as required by IFRS 3 - "Business Combination". Moreover, the balance reflects of financial expense (EUR 25.7 million compared to 28.1 million in 2018) of the Group's debt structure and exchange rate losses, partly counterbalanced by financial income.

Interest expense included EUR 1,548 million in interest on lease liabilities arising from initial application of the new IFRS 16 accounting standard.

Financial income and expense on derivatives mainly reflect the mark-to-market accounting of derivatives purchased to hedge currency and interest rate risks. In the light of the aforementioned measurements, around EUR 0.3 million (around EUR 3.3 million at 31 December 2018) are unrealised gains and around EUR 1.6 million (around EUR 1.2 million at 31 December 2018) are unrealised losses.

Regarding exchange gains (EUR 7.4 million) and losses (EUR 11.8 million), approximately EUR 0.9 million were unrealised gains (EUR 2.2 million in 2018) and approximately EUR 6.4 million were unrealised losses (EUR 3 million in 2018).

28) Income taxes

[EUR'000]	2019	2018
Current taxes	37,475	34,571
Deferred taxes	(1,256)	1,294
Income taxes	**36,219**	**35,865**

The following table shows the difference between the theoretical and effective tax expense:

[EUR'000]	2019	2018
Theoretical tax expense	**31,101**	**40,291**
Tax according to Italian tax rate	24%	24%
Taxable permanent differences	4,333	2,543
Deductible permanent differences	(1,057)	(2,101)
Tax consolidation scheme	(31)	(252)
Other changes	1,601	(4,816)
Effective IRAP tax expense	272	200
Income taxes	**36,219**	**35,865**
Applicable tax rate for the year	**28%**	**19%**

29) Earnings per share

Basic earnings per share are calculated by dividing profit attributable to the owners of the Parent by the weighted average number of ordinary shares outstanding in the year.

[EUR]	2019	2018
Profit (EUR '000)	83,569	127,194
Weighted average number of outstanding ordinary shares ('000)	159,120	159,120
Basic earnings per ordinary share	**0.525**	**0.799**
Diluted earnings per ordinary share	**0.525**	**0.799**

[EUR]	2019	2018
Profit (EUR '000)	83,569	140,303
Weighted average number of outstanding ordinary shares ('000)	159,120	159,120
Basic earnings per ordinary share from continuing operations	**0.525**	**0.882**
Diluted earnings per ordinary share from continuing operations	**0.525**	**0.882**

Diluted earnings per share equal the basic earnings per share as the only outstanding shares are the ordinary shares of Cementir Holding N.V..

30) Other comprehensive expense

The following table gives a breakdown of other comprehensive expense, including and excluding the related tax effect:

[EUR'000]	2019			2018		
	Gross amount	Tax effect	Net amount	Gross amount	Tax effect	Net amount
Net actuarial gains (losses) on post-employment benefits	(7,118)	1,855	**(5,263)**	396	194	**590**
Foreign currency translation differences - foreign operations	(6,227)	-	**(6,227)**	(64,219)	-	**(64,219)**
Financial instruments	1,561	39	**1,600**	(6,775)	1,246	**(5,529)**
Total other comprehensive income (expense)	**(11,784)**	**1,894**	**(9,890)**	**(70,598)**	**1,440**	**(69,158)**

31) IFRS 16 Leases

The following table shows the impact of the application of IFRS 16 for the Group at 31 December 2019 and the related disclosures:

[EUR'000]	Land and buildings	Plant and equipment	Other	Total Right-of-use assets
Gross amount at 1 January 2019			**5,789**	**5,789**
Change in accounting policy, leases	17,845	16,879	43,097	77,821
Increase	1,311	259	23,107	24,677
Decrease	(1,217)	(183)	(4,629)	(6,029)
Exchange differences	(6)	(41)	(73)	(120)
Reclassifications	-	-	-	-
Gross amount at 31 December 2019	**17,933**	**16,914**	**67,291**	**102,138**
Gross amount at 1 January 2019	-	-	**3,524**	**3,524**
Amortisation	3,350	3,296	17,833	24,479
Decrease	(68)	(183)	(4,382)	(4,633)
Exchange differences	(1)	(7)	(18)	(26)
Reclassifications	-	(65)	(3,825)	(3,890)
Amortisation at 31 December 2019	**3,281**	**3,041**	**13,132**	**19,454**
Net amount at 31 December 2019	**14,652**	**13,873**	**54,159**	**82,684**

As at 31 December 2019, right-of-use assets reached EUR 82,684 thousand and the "Other" category equal to EUR 54,2 million mainly included lease contracts for vehicles and means of transport (EUR 53.8 million).

The Group's exposure, broken down by expiry of the lease liabilities, is as follows:

[EUR'000]	31.12.2019
Within three months	5,680
Between three months and one year	16,484
Between one and two years	19,480
Between two and five years	36,898
After five years	9,928
Total undiscounted lease liabilities at December 31	**88,470**

Current and non-current lease liabilities are shown below:

[EUR'000]		31.12.2019
Non-current lease liabilities		60,558
Non-current lease liabilities - related parties	(note 34)	3,312
Non-current lease liabilities		**63,870**
Current lease liabilities		19,013
Current lease liabilities - related parties	(note 34)	1,437
Current lease liabilities		**20,450**
Total lease liabilities		**84,320**

Amounts recognised in the consolidated income statement

[EUR'000]		2019
Depreciation	(note 26)	24,479
Interest expense on lease liabilities		1,548
Short-term lease costs		22
Costs of leases of low-value assets		3,601

Amounts recognised in the cash flow statement

[EUR'000]	2019
Total cash outflow for leases	23,213

Modified retroactive application - effects on financial statements

On initial application of IFRS 16, the Group recognised right-of-use assets and lease liabilities of EUR 83,966 and EUR 83,966, respectively. The implementation has no effect on equity.

When measuring the lease liabilities, the Group discounted the payments due for the lease using the incremental borrowing rate at 1 January 2019. The weighted average rate applied was 1.8%.

[EUR'000]	2019
Commitments arising from operating leases at 31 December 2018 as presented in the Group's consolidated financial statements	**89,144**
Discounted using the incremental borrowing rate at 1 January 2019	85,017
Finance lease liabilities recognised at 31 December 2018	(2,105)
- Exemption from recognition due to - *Short-term and low value lease*	(1,064)
- Options to extend and terminate the lease whose exercise is reasonably certain	1,155
- Other	933
Lease liabilities recognised at 1 January 2019	**83,966**

32) Financial risks

Credit risk

The Group's maximum exposure to credit risk at 31 December 2019 equals the carrying amount of loans and receivables recognised in the statement of financial position.

Management of the credit risks is based on internal credit limits, which are based on the customer's and the counterparties' creditworthiness, based on both internal and external credit ratings as well as the Group's experience with the counterparty. If no satisfactory guarantee is obtained when credit rating the customer/counterparty, payment in advance or separate guarantee for the sale, e.g. a bank guarantee, will be required.

Given the sector's collection times and the Group's procedures for assessing customers' creditworthiness, the percentage of disputed receivables is low. If an individual credit position shows irregular payment trends, the Group blocks further supplies and takes steps to recover the outstanding amount.

Due to the market situation, the Group has in recent years increased the resources used on follow-up on customers, which contributes to early warnings of possible risks. Historically the Group has had relatively small losses due to customers' or counterparties' inability to pay.

Recoverability is assessed considering any collateral pledged that legally can be attached and advice from legal advisors who oversee collection procedures. The Group impairs all receivables for which a loss is probable at the reporting date, based on whether the entire amount or a part thereof will not be recovered.

The credit risk limit of financial assets corresponds to the values recognised on the balance sheet.

No individual customer or co-operator poses any material risk to the Group.

Notes 8 and 11 provide information on trade and other receivables.

At 31 December 2019 the break down by Region of Net trade receivables, as follows:

[EUR'000]	31.12.2019	31.12.2018
Nordic & Baltic:		
Denmark	25,378	25,095
Others*	26,021	27,866
Belgium	28,369	38,450
North America	20,704	18,578
Turkey	38,599	39,481
Egypt	1,061	2,802
Asia Pacific	6,168	6,500
Italy	382	207
Total	**146,683**	**158,980**

*"Other" includes the operations in Norway, Sweden, Iceland, Poland and Russia.

In Nordic and Baltic Region, receivables are attributable to Danish customers and export customers characterised as medium-sized and major customers. The Group is familiar with the Danish customers, who have not been granted long credit lines. Experience shows that export customers pose a low credit risk.

Regarding ready-mixed concrete and aggregates business, the Group's customers primarily consist of contractors, builders and others customers posing a higher credit risk.

In North America, Asia Pacific and Egypt, activities are attributable to minor local customers and medium-sized to major customers on a global scale. Credits are granted in accordance with usual, local trading terms. Credit rating is applied to some types of customers, but experience shows that customers in Overseas pose a low credit risk.

In Turkey, there are both dealers and end-users (contractors and other customers) within both the ready-mixed concrete, cement and waste business. All customers are generally required to provide security for deliveries unless the management has assessed that there are no significant risks associated with selling to that customer. The waste business sales are only to large customers. Received collaterals amount to EUR 20.7 million at 31 December 2019 (2018: EUR 25.8 million).

Liquidity risk

The Group has credit facilities which cover any unforeseen requirements.

Note 17 Financial Liabilities provides a breakdown of financial liabilities by due date.

Market risk

Information necessary to assess the nature and scope of financial risks at the reporting date is provided in this section.

Currency risk

The Group is exposed to the risk of fluctuations in exchange rates, which may affect its earnings performance and equity.

With respect to the main effects of consolidating foreign companies, if the exchange rates for the Turkish lira (TRY), Norwegian krone (NOK), Swedish krona (SEK), US dollar (USD), Chinese renminbi yuan (CNY), Malaysian ringgit (MYR) and Egyptian pound (EGP) were an average 10% below the effective exchange rate, the translation of equity would have generated a decrease of EUR 64 million equal to about 5.4% on consolidated equity (reduction of EUR 64 million equal to about 5.6% as at 31 December 2018). The currency causing the largest impact is the Turkish lira (TRY) EUR 21 million. Other currency risks connected with the consolidation of other foreign companies are negligible.

The Group is mainly exposed to currency risk in relation to operating profit from sales and purchases in NOK, CNY, GBP, PLN and SEK. A hypothetical decrease of 10% in all these exchange rates (excluding the DKK) would have lowered EBITDA by EUR 7.9 million (CNY amounts to EUR 1.6 million, GBP amounts to EUR 1.4 million, SEK amounts to EUR 1.1 million, PLN amounts to EUR 1.3 million and NOK amounts to EUR 2.5 million) (2018 EUR 10.5 million of which: MYR amounted to EUR -1.5 million, AUD amounted to EUR 1.8 million, TRY amounted to EUR 5.6 million, NOK amounted to EUR 3.3 million and PLN amounted to EUR 1.3 million).

The Group entered into a swap agreement (hedge accounting) with a termination date in 2024, where both currency risk and interest risk have been hedged. Related to the interest risk the Group has agreed to pay USD Libor + a spread of 3.63% and the Group will receive EURIBOR + a spread of 2.88% each 30 April and 31 October until maturity. The effective part of the hedge is equal to all future cash flow payments and nominal installments. The fair value liability is included in a separate line item in the balance sheet "Derivatives financial instruments". The ineffective part is recognised as financial income.

2019 [EURm]	Notional amount	Maturity < 1 year	Maturity 1-5 years	Maturity > 5 years	Strike	Fair value liability	Change in fair value recognised in hedge reserve	Ineffective part recognised in income statement
Swap USD/EUR	114.3	10.1	104.3	0.0	1.00 EUR/ 1.235 USD	-11.5	2.1	-0.3

2018 [EURm]	Notional amount	Maturity < 1 year	Maturity 1-5 years	Maturity > 5 years	Strike	Fair value liability	Change in fair value recognised in hedge reserve	Ineffective part recognised in income statement
Swap USD/EUR	128.9	11.2	49.8	68.0	1.00 EUR/ 1.235 USD	-10.5	-4.1	0.6

At 31 December 2019, risks connected with main receivables and payables in foreign currency related to those in TRY, DKK, NOK, SEK, USD and GBP; Assuming an average drop of 10% in all the exchange rates, the potential effect of the fluctuation, excluding the DKK, would be negative for approximately EUR 2.3 million (31 December 2018: negative for approximately EUR 3.8 million). Similarly, a hypothetical increase in exchange rates would have an identical positive effect.

Interest rate risk

The Group is exposed to the risk of fluctuations in interest rates. Consolidated net financial debt at 31 December 2019 totalled EUR 239.6 million (EUR 255.4 million at 31 December 2018) and is subject to floating interest rates. Assuming all the other variables remain stable, an annual 1% increase in interest rates, for all the currencies in which the Group has borrowings, would have had a negative effect on profit before taxes of EUR 2.5 million (31 December 2018: EUR 4 million) and on equity of EUR 1.9 million (31 December 2018: EUR 3 million) with respect to the floating rates applicable to the Group's loans and cash and cash equivalents. A similar decrease in interest rates would have an identical positive impact.

33) Fair value hierarchy

IFRS 13 requires that assets and liabilities carried at fair value be classified using a hierarchy which reflects the sources of the inputs used to measure their fair value. The hierarchy consists of the following levels:

- Level 1: measurement of fair value using quoted prices on active markets for identical assets or liabilities.
- Level 2: measurement of fair value using inputs other than the quoted prices included within Level 1 which are directly observable (such as prices) or indirectly observable (i.e., derived from prices) on the market.
- Level 3: measurement of fair value using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of assets and liabilities is classified as follows:

[EUR'000]	Notes	Level 1	Level 2	Level 3	Total
31 December 2019					
Investment property	4	-	61,377	29,225	**90,602**
Current financial assets (derivative instruments)	9	-	36	-	**36**
Total assets		**-**	**61,413**	**29,225**	**90,638**
Non current financial liabilities (derivative instruments)	17	-	(11,507)	-	**(11,507)**
Current financial liabilities (derivative instruments)	17	-	(11,306)	-	**(11,306)**
Total liabilities		**-**	**(22,813)**	**-**	**(22,813)**
31 December 2018					
Investment property	4	-	61,027	29,125	**90,152**
Current financial assets (derivative instruments)	9	-	71	-	**71**
Total assets		**-**	**61,098**	**29,125**	**90,223**
Non current financial liabilities (derivative instruments)	17	-	(10,482)	-	**(10,482)**
Current financial liabilities (derivative instruments)	17	-	(10,182)	-	**(10,182)**
Total liabilities		**-**	**(20,664)**	**-**	**(20,664)**

No transfers among the levels took place during 2019 and no changes in level 3 were made.

Investment property classified in Level 3 of the fair value hierarchy refers to assets held by Italian companies. For this type of asset, the fair value was determined using the following methodologies commonly accepted in the valuation practice:

- Synthetic - comparative method, on the basis of which the fair value of the asset is determined by referring to the unit market value (€ / m2) multiplied by the surface of the asset;
- Direct capitalization method, according to which the fair value of the asset is determined by dividing the annual income by a capitalization rate.

33.1) Financial instruments - Fair value and risk management

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2019

[EUR'000]	Notes		Carrying amount		Fair value
		Fair value - hedging instruments	Financial assets liabilities	Other financial liabilities	Level 2
Financial assets measured at fair value					
Commodity swap	9	36	-	-	36
		36	**-**	**-**	**36**
Financial assets not measured at fair value					
Trade and other receivables	8-11	-	179,693	-	-
Cash and cash equivalents	12	-	330,948	-	-
		-	**510,641**	**-**	**-**
Financial liabilities measured at fair value					
Interest rate swap	17	9,582	-	-	9,583
Cross Currency Swap	17	11,619	-	-	11,619
Forwards	17	103	-	-	103
Commodity swap		1,509	-	-	1,509
		22,813	**-**	**-**	**22,813**
Financial liabilities not measured at fair value					
Bank loans and borrowing	17	-	440,395	-	-
Bank overdrafts	17	-	546	-	-
Current loan liabilities	17	-	23,599	-	-
Other loan liabilities	17	-	-	96	-
		-	**464,540**	**96**	**-**

34) Related party transactions

Transactions performed by group companies with related parties are part of normal business operations and take place at arm's-length conditions. No atypical or unusual transactions took place. The following tables show the value of related party transactions:

[EUR'000]	Ultimate Parent	Associates	Companies under common control	Other related parties	Total related parties	Total financial statement	% of item
31 December 2019							
Statement of financial position							
Non-current financial assets	-	-	850	-	**850**	**1,643**	51.7%
Current financial assets	-	-	393	-	**393**	**1,192**	33.0%
Trade receivables	82	-	14	-	**96**	**150,475**	0.1%
Trade payables	450	-	64	-	**514**	**219,025**	0.2%
Other current liabilities	-	-	6	-	**6**	**49,477**	0.01%
Non-currentfinancial liabilities	-	-	3,312	-	**3,312**	**515,772**	0.6%
Current financial liabilities	-	-	1,437	-	**1,437**	**55,997**	2.6%
Income statement							
Revenue	-	-	44	-	**44**	**1,211,828**	0.0%
Other operating revenue	-	-	61	-	**61**	**19,330**	0.3%
Other operating costs	450	-	518	-	**968**	**328,314**	0.3%
Financial income	-	-	12	-	**12**	**4,636**	0.3%

[EUR'000]	Ultimate Parent	Associates	Companies under common control	Other related parties	Total related parties	Total financial statement	% of item
31 December 2018							
Statement of financial position							
Trade receivables	33	-	110	-	**143**	**163,553**	0.1%
Trade payables	450	-	51	-	**501**	**228,209**	0.2%
Other current liabilities	-	-	6	-	**6**	**47,869**	0.01%
Income statement							
Revenue	-	-	632	-	**632**	**1,196,186**	0.1%
Other operating revenue	-	-	34	-	**34**	**24,458**	0.1%
Other operating costs	450	-	1,708	-	**2,158**	**345,556**	0.6%
Financial income	-	-	-	-	-	-	-

The main related-party transactions are summarised below.

Business transactions with associates concern the sale of products and semi-finished products (cement and clinkers) at arm's-length conditions. Revenue and costs connected with business transactions with the ultimate Parent and companies under common control include various services, such as leases.

The Group did not grant loans to directors, statutory auditors or key management personnel during the reporting period and did not have loan assets due from them at 31 December 2019.

As at 31 December 2019, fees due to directors and key management personnel stood at EUR 6,772 thousand.

Compensation paid in financial year 2019 totalled EUR 5,572 thousand (EUR 5,277 thousand in 2018) as shown below:

[EUR'000]	2019	2018
Fixed Remueration	2,016	2,024
Compensation for participation in committees	200	194
Variable Compensation	3,125	2,852
Non monetary benefits	6	7
Other fees	225	200
Total	**5,572**	**5,277**

The key management personnel compensation is mainly relating to short-term employee benefits.

35) Off balance sheet assets and liabilities

Regarding charges and securities and contract commitments on property, plant and equipment refer to note 3. Regarding pledge as collateral for banks loans refer to note 4.

36) Independent auditors' fees

Fees paid in 2019 by the Parent Cementir Holding N.V. and its subsidiaries to the independent auditors and their network totalled approximately EUR 1,227 thousand (2018: EUR 1,326 thousand), including EUR 1,144 thousand for audit services (2018: EUR 1,017 thousand) and EUR 83 thousand for other services (2018: EUR 309 thousand). The following fees were charged by KPMG Accountants N.V. to the parent and its subsidiaries, as referred to in Section 2:382a(1) and (2) of the Dutch Civil Code.

[EUR'000]	KPMG Accountants NV	Other KPMG network	Non-KPMG network	Total fees
2019				
Audit of the financial statement	150	941	53	**1,144**
Other audit engagements	30	19	-	**49**
Tax-related advisory services	-	23	-	**23**
Other non-audit services	-	11	-	**11**
Total fees	**180**	**994**	**53**	**1,227**

37) Events after the reporting period

No significant facts occurred after the year ended.

ANNEX 1

List of equity investments at 31 December 2019

Company name	Registered Office	Share capital	Currency	Type of % Direct	% Indirect	Investment held by Group companies	Method
Cementir Holding NV	Amsterdam (NL)	159,120,000	EUR			Parent	Line-by-line
Aalborg Cement Company Inc	Branchburg N.J. (USA)	1,000	USD		100	Aalborg Portland US Inc	Line-by-line
Aalborg Portland Holding A/S	Aalborg (DK)	300,000,000	DKK		75 23	Cementir Espana SL Globocem SL	Line-by-line
Aalborg Portland A/S	Aalborg (DK)	100,000,000	DKK		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland Belgium SA	Antwerp (B)	500,000	EUR		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland España SL	Madrid (E)	3,004	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland France SAS	Rochefort (FR)	10,010	EUR		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Islandì EHF	Kopavogur (IS)	303,000,000	ISK		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland Malaysia Sdn Bhd	Perak (MAL)	95,400,000	MYR		70	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland Polska Spzoo	Warszawa (PL)	100,000	PLN		100	Aalborg Portland A/S	Line-by-line
Aalborg Portland US Inc	Branchburg N.J. (USA)	1,000	USD		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland (Anqing) Co Ltd	Anqing (China)	265,200,000	CNY		100	Aalborg Portland Holding A/S	Line-by-line
Aalborg Portland (Australia) Pty Ltd	Brisbane (AUS)	1,000	AUD		100	Aalborg Portland Malaysia Sdn Bhd	Line-by-line
Aalborg Portland OOO	Kingisepp (RUS)	14,700,000	RUB		99.9 0.1	Aalborg Portland A/S Aalborg Portland Holding A/S	Line-by-line
Aalborg Resources Sdn Bhd	Perak (MAL)	2,543,972	MYR		100	Aalborg Portland Malaysia Sdn Bhd	Line-by-line
AB Sydsten	Malmö (S)	15,000,000	SEK		50	Unicon A/S	Line-by-line
AGAB Syd Aktiebolag	Svedala (S)	500,000	SEK		40	AB Sydsten	Equity
Alfacem Srl	Rome (I)	1,010,000	EUR	99.99		Cementir Holding NV	Line-by-line
Basi 15 Srl	Rome (I)	400,000	EUR	100		Cementir Holding NV	Line-by-line
Cementir Espana SL	Madrid (E)	3,007	EUR	100		Cementir Holding NV	Line-by-line
Cimbeton AS	Izmir (TR)	1,770,000	TRY		50.28 0.06	Cimentas AS Kars Cimento AS	Line-by-line
Cimentas AS	Izmir (TR)	87,112,463	TRY		97.8 0.12 0.48	Aalborg Portland España SL Cimbeton AS Kars Cimento AS	Line-by-line
Compagnie des Ciments Belges SA	Gaurain (B)	179,344,485	EUR		100	Aalborg Portland Holding A/S	Line-by-line
Compagnie des Ciments Belges France SAS (CCBF)	Villeneuve d'Ascq (FR)	34,363,400	EUR		100	Compagnie des Ciments Belges SA	Line-by-line
Destek AS	Izmir (TR)	50,000	TRY		99.99 0.01	Cimentas AS Cimentas Foundation	Line-by-line
De Paepe Beton NV	Gent (B)	500,000	EUR		100	Compagnie des Ciments Belges SA	Line-by-line
ECOL Unicon Spzoo	Gdansk (PL)	1,000,000	PLN		49	Unicon A/S	Equity
Gaetano Cacciatore LLC	Branchburg N.J. (USA)	-	USD		100	Aalborg Cement Company Inc	Line-by-line

cont'd

Company name	Registered Office	Share capital	Currency	Type of % Direct	Type of % Indirect	Investment held by Group companies	Method
Globocem SL	Madrid (E)	3,007	EUR		100	Alfacem Srl	Line-by-line
Ilion Cimento Ltd	Izmir (TR)	300,000	TRY		100	Cimbeton AS	Line-by-line
Kars Cimento AS	Izmir (TR)	513,162,416	TRY		41.55 58.45	Cimentas AS Alfacem Srl	Line-by-line
Kudsk & Dahl A/S	Vojens (DK)	10,000,000	DKK		100	Unicon A/S	Line-by-line
Lehigh White Cement Company LLC	West Palm Beach (USA)	-	USD		24.52 38.73	Aalborg Cement Company Inc White Cement Company LLC	Line-by-line
Neales Waste Management Ltd	Preston (GB)	100,000	GBP		100	NWM Holdings Ltd	Line-by-line
NWM Holdings Ltd	Preston (GB)	5,000,001	GBP		100	Recydia AS	Line-by-line
Quercia Ltd	Preston (GB)	5,000,100	GBP		100	NWM Holdings Ltd	Line-by-line
Recybel SA	Liegi-Flemalle (B)	99,200	EUR		25.5	Compagnie des Ciments Belges SA	Equity
Recydia AS	Izmir (TR)	759,544,061	TRY		67.39 23.72 8.89	Kars Cimento AS Cimentas AS Aalborg Portland Holding A/S	Line-by-line
Sinai White Portland Cement Co. SAE	Cairo (ET)	350,000,000	EGP		71.11	Aalborg Portland Holding A/S	Line-by-line
Skane Grus AB	Ljungbyhed (S)	1,000,000	SEK		60	AB Sydsten	Line-by-line
Société des Carrières du Tournaisis SA	Gaurain (B)	12,297,053	EUR		65	Compagnie des Ciments Belges SA	Proportionate
Spartan Hive SpA	Rome (I)	300,000	EUR	100		Cementir Holding NV	Line-by-line
Sureko AS	Izmir (TR)	43,443,679	TRY		100	Recydia AS	Line-by-line
Svim 15 Srl	Rome (I)	400,000	EUR	100		Cementir Holding NV	Line-by-line
Unicon A/S	Copenaghen (DK)	150,000,000	DKK		100	Aalborg Portland Holding A/S	Line-by-line
Unicon AS	Oslo (N)	13,289,100	NOK		100	Unicon A/S	Line-by-line
Vianini Pipe Inc	Branchburg N.J. (USA)	4,483,396	USD		99.99	Aalborg Portland US Inc	Line-by-line
White Cement Company LLC	Branchburg N.J. (USA)	-	USD		100	Aalborg Cement Company Inc	Line-by-line

Rome, 5 March 2020

Francesco Caltagirone Jr.
Chairman of the Board of Directors


House of Music, Aalborg , Denmark

4 SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2019

SEPARATE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(Before profit appropriation)

[EUR '000]	Notes	31 December 2019	31 December 2018[1]
ASSETS			
Intangible assets	1	5,050	4,134
Property, plant and equipment	2	3,847	422
Investment property	3	23,100	23,000
Investments in subsidiaries	4	294,541	294,341
Non-current financial assets	5	106,724	152,673
Deferred tax assets	17	13,452	18,293
TOTAL NON-CURRENT ASSETS		**446,713**	**492,863**
Trade receivables	6	9,618	18,584
- Trade receivables - third parties		*372*	*177*
- Trade receivables - related parties	*31*	*9,246*	*18,407*
Current financial assets	7	140,311	156,377
- Current financial assets - third parties		*743*	*745*
- Current financial assets - related parties	*31*	*139,568*	*155,632*
Current tax assets	8	2,640	4,459
Other current assets	9	5,378	2,649
- Other current assets - third parties		*3,187*	*1,769*
- Other current assets - related parties	*31*	*2,190*	*880*
Cash and cash equivalents	10	62,362	51,907
TOTAL CURRENT ASSETS		**220,308**	**233,975**
ASSETS HELD FOR SALE	**32**	**300**	**-**
TOTAL ASSETS		**667,322**	**726,838**
EQUITY AND LIABILITIES			
Share capital	11	159,120	159,120
Share premium reserve	12	35,710	35,710
Legal Reserves	13	(2,241)	31,824
Other reserves	13	109,138	102,085
Profit (loss) for the year		(9,174)	(5,353)
TOTAL EQUITY		**292,553**	**323,386**
Employee benefits	14	2,199	1,303
Non-current provisions	18	370	370
Non-current financial liabilities	15	333,817	328,110
Deferred tax liabilities	17	-	5,574
TOTAL NON-CURRENT LIABILITIES		**336,386**	**335,357**
Current provisions		10,409	10,149
Trade payables	16	3,779	2,442
- Trade payables - third parties		*3,316*	*1,979*
- Trade payables - related parties	*31*	*463*	*463*
Current financial liabilities	15	12,882	41,352
- Current financial liabilities - third parties		*11,445*	*11,352*
- Current financial liabilities - related parties	*31*	*1,437*	*30,000*
Current tax liabilities	17	-	920
Other current liabilities	18	11,312	13,231
- Other current liabilities - third parties		*11,031*	*13,065*
- Other current liabilities - related parties	*31*	*281*	*167*
TOTAL CURRENT LIABILITIES		**38,383**	**68,095**
LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		**-**	**-**
TOTAL LIABILITIES		**374,768**	**403,451**
TOTAL EQUITY AND LIABILITIES		**667,322**	**726,838**

[1]The Company adopted IFRS 16 on 1 January 2019 using the modified retrospective approach, under which comparative information has not been restated.

INCOME STATEMENT

[EUR '000]	Notes	2019	2018[2]
REVENUE	**19**	**25,747**	**26,610**
- Revenue - third parties		*316*	*754*
- Revenue - related parties	*31*	*25,430*	*25,855*
Increase for internal work	20	1,136	1,079
Other operating revenue	21	581	1,577
- Other operating revenue - third parties		*581*	*1,577*
TOTAL OPERATING REVENUE		**27,463**	**29,266**
Personnel costs	22	(12,309)	(13,374)
- Personnel costs - third parties		*(12,309)*	*(13,374)*
Other operating costs	23	(13,271)	(17,121)
- Other operating costs - third parties		*(12,730)*	*(15,122)*
- Other operating costs - related parties	*31*	*(541)*	*(1,998)*
TOTAL OPERATING COSTS		**(25,580)**	**(30,494)**
EBITDA		**1,883**	**(1,229)**
Amortisation, depreciation, impairment losses and provisions	24	(3,717)	(12,316)
EBIT		**(1,834)**	**(13,545)**
Financial income	25	5,514	26,634
- Financial income - third parties		*872*	*22,656*
- Financial income - related parties	*31*	*4,642*	*3,978*
Financial expense	25	(15,274)	(17,974)
- Financial expense - third parties		*(15,191)*	*(17,974)*
- Financial expense - related parties	*31*	*(83)*	*-*
NET FINANCIAL INCOME (EXPENSE)		**(9,760)**	**8,659**
PROFIT (LOSS) BEFORE TAXES		**(11,594)**	**(4,885)**
Income taxes	26	2,420	(468)
LOSS FROM CONTINUING OPERATIONS		**(9,174)**	**(5,353)**
PROFIT (LOSS) FOR THE YEAR		**(9,174)**	**(5,353)**

[2] The Company adopted IFRS 16 on 1 January 2019 using the modified retrospective approach, under which comparative information has not been restated.

STATEMENT OF COMPREHENSIVE INCOME

[EUR ‘000]	Notes	2019	2018[3]
PROFIT (LOSS) FOR THE YEAR		(9,174)	(5,353)
Other components of comprehensive income:			
Items that will never be reclassified to profit or loss for the year:			
Net actuarial gains (losses) on post-employment benefits	27	(12)	6
Taxes recognised in equity	27	3	(1)
Total items that will never be reclassified to profit or loss		**(9)**	**5**
Items that may be reclassified to profit or loss for the year:			
Profit (Losses) on derivatives	27	890	(2,475)
Taxes recognised in equity	27	(263)	732
Total items that may be reclassified to profit or loss		**627**	**(1,743)**
Total other comprehensive expense, net of tax		**617**	**(1,739)**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR		(8,556)	(7,092)

[3] The Company adopted IFRS 16 on 1 January 2019 using the modified retrospective approach, under which comparative information has not been restated.

El Arish Plant, Egypt

STATEMENT OF CHANGES IN EQUITY

Notes	11	12				
[EUR'000]	Share capital	Share premium reserve	Revaluation reserve Country	Legal reserve	Reserve for grants related to assets	Reserve as per Article 15 of Law No. 67/88
Equity at 1 January 2018	159,120	35,710	97,733	31,824	13,207	138
Effects arising from application of IFRS 9	-	-	-	-	-	-
Equity at 1 January 2018 with introduction of the new standard IFRS 9	159,120	35,710	97,733	31,824	13,207	138
Allocation of 2017 loss	-	-	(97,733)	-	-	-
Distribution of 2017 dividends	-	-	-	-	-	-
Total transactions with investors	-	-	(97,733)	-	-	-
Profit (loss) for the year	-	-	-	-	-	-
Net actuarial gains	-	-	-	-	-	-
Losses on derivatives	-	-	-	-	-	-
Total comprehensive income (expense)	-	-	-	-	-	-
Change in other reserves	-	-	-	-	-	-
Total other transactions	-	-	-	-	-	-
Equity at 31 December 2018	159,120	35,710	-	31,824	13,207	138

Notes	11	12		Legal reserve*		
[EUR'000]	Share capital	Share premium reserve	Revaluation reserve Country	Reserve for grants related to assets	Hedging Reserve	Legal Reserve (Italian Law)
Equity at 1 January 2019	159,120	35,710	-	13,207	(2.868)	31.824
Allocation of 2018 profit (loss)	-	-	-	-	-	-
Change in reserves due to conversion of the company in Dutch N.V.*	-	-	-	(13,207)	-	(31,824)
Distribution of 2018 dividends	-	-	-	-	-	-
Total transactions with investors	-	-	-	(13,207)	-	(31,824)
Profit (loss) for the year	-	-	-	-	-	-
Net actuarial gains	-	-	-	-	-	-
Losses on derivatives	-	-	-	-	627	-
Total comprehensive income (expense)	-	-	-	-	627	-
Equity at 31 December 2019	159,120	35,710	-	-	(2,241)	-

[4] The Company adopted IFRS 16 on 1 January 2019 using the modified retrospective approach, under which comparative information has not been restated.
* As per the transformation date from Cementir Holding SpA to Cementir Holding N.V. on 5 October 2019.

13 Other reserves								
Reserve as per Law No. 349/95	Goodwill arising on merger	Other IFRS reserves	Actuarial reserves	Hedging reserve	IFRS 9 reserve	Retained earnings	Loss for the year	Total Equity[4]
41	98,076	9,348	(134)	(1,124)	-	20,208	(123,242)	340,905
-	-	-	-	-	4,804	-	-	4,804
41	98,076	9,348	(134)	(1,124)	4,804	20,208	(123,242)	345,709
-	(21,332)	(4,177)	-	-	-	-	123,242	-
-	-	-	-	-	-	(15,912)	-	(15,912)
-	(21,332)	(4,177)	-	-	-	(15,912)	123,242	(15,912)
-	-	-	-	-	-	-	(5,353)	(5,353)
-	-	-	4	-	-	-	-	4
-	-	-	-	(1,744)	-	-	-	(1,744)
-	-	-	4	(1,744)		-	(5,353)	(7,092)
-	-	-	-	-	682	-	-	682
-	-	-	-	-	682	-	-	682
41	76,744	5,171	(130)	(2,868)	5,486	4,296	(5,353)	323,386

13 Other reserve								
Other IFRS reserves	Reserve as per Art.15 of Law No. 67/88	Reserve as per Law No. 349/95	Goodwill arising on merger	Actuarial reserves	IFRS 9 reserve	Retained earnings	Loss for the year	Total Equity
5.171	138	41	76.744	(130)	5.486	4,296	(5,353)	323,386
-	-	-	(5.353)	-	-	-	5,353	-
(5,171)	(138)	(41)	(71,391)	-	(5,486)	127,258	-	-
-	-	-	-	-	-	(22,277)	-	(22,277)
(5,171)	(138)	(41)	(71,391)	-	(5,486)	104,981	-	(22,277)
-	-	-	-	-	-	-	(9,174)	(9,174)
-	-	-	-	(9)	-	-	-	(9)
-	-	-	-	-	-	-	-	627
-	-	-	-	(9)	-	-	(9,174)	(8,556)
-	-	-	-	(139)	-	109,277	(9,174)	292,553

STATEMENT OF CASH FLOWS

[EUR'000]	Notes	31 December 2019	31 December 2018
Profit (loss) for the year		**(9,174)**	**(5,353)**
Amortisation and depreciation	24	3,457	1,842
Investment property FV adjustment		(100)	-
Net financial income (expense)	25	9,760	(8,659)
- third parties		*14,402*	*(4,682)*
- related parties		*(4,642)*	*(3,978)*
Income taxes	26	(2,420)	468
Change in employee benefits		880	(461)
Change in provisions (current and non-current)		260	10,474
Operating cash flows before changes in working capital		**2,663**	**(1,689)**
(Increase) Decrease in trade receivables - third parties		(196)	103
(Increase) Decrease in trade receivables - related parties		9,161	(6,372)
Increase (Decrease) in trade payables - third parties		(30)	(496)
Increase (Decrease) in trade payables - related parties		-	448
Change in other non-current and current assets and liabilities - third parties		(2,032)	5,009
Change in other non-current and current assets and liabilities - related parties		(1,196)	(1,960)
Change in current and deferred taxes		906	(588)
Operating cash flows		**9,277**	**(5,545)**
Interest collected		4,026	4,576
Interest paid		(9,524)	(9,694)
Other net income (expense) collected (paid)		(2,467)	15,280
Income taxes paid		-	(239)
CASH FLOWS FROM IN OPERATING ACTIVITIES (A)		**1,312**	**4,378**
Investments in intangible assets		(1,404)	(372)
Investments in property, plant and equipment		(403)	(7)
Acquisitions of equity investments		(500)	(500)
Proceeds from the sale of property, plant and equipment		6	-
Proceeds from the sale of equity investments		-	314,490
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)		**(2,301)**	**313,611**
Change in non-current financial assets and liabilities - third parties		(632)	(170,346)
Change in non-current financial assets and liabilities - related parties		46,761	26,423
Change in current financial assets and liabilities - third parties		14	(23,597)
Change in current financial assets and liabilities - related parties		(12,423)	(86,672)
Dividends distributed		(22,277)	(15,912)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)		**11,443**	**(270,104)**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		**10,453**	**47,885**
Opening cash and cash equivalents	10	**51,907**	**4,022**
Closing cash and cash equivalents	10	**62,360**	**51,907**

RECONCILIATION OF THE PARENT'S SEPARATE EQUITY AT 31 DECEMBER 2019 AND 2018 AND PROFIT (LOSS) FOR THE YEAR THEN ENDED WITH CONSOLIDATED EQUITY AND PROFIT (LOSS)

[EUR '000]	Profit (loss) for 2019	Equity at 31 December 2019
Cementir Holding NV separate	**(9,174)**	**292,553**
Effect of consolidating subsidiaries	92,433	1,201,645
Effect of equity-accounted investees	310	46,632
Difference in translation reserve	-	(580,956)
Other differences including the result from the year	-	84,753
Total attributable to the owners of the parent	**83,569**	**1,044,627**
Total attributable to the non-controlling interests	**6,860**	**136,940**
Cementir Holding group	**90,429**	**1,181,567**

[EUR '000]	Profit (loss) for 2018	Equity at 31 December 2018
Cementir Holding NV separate	**(5,353)**	**323,386**
Effect of consolidating subsidiaries	131,497	1,109,212
Effect of equity-accounted investees	1,050	46,632
Difference in translation reserve	-	(570,236)
Other differences including the result for the year	-	88,152
Total attributable to the owners of the parent	**127,194**	**997,146**
Total attributable to the non-controlling interests	**8,466**	**131,238**
Cementir Holding group	**135,660**	**1,128,384**

The main differences are caused by the valuation of the investments in subsidiaries at cost in the separate financial statements. Translation reserves are therefore not applicable in the separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

General information

On 28 June 2019, the Extraordinary Shareholders' Meeting approved the transformation of the company Cementir Holding SpA from a joint-stock company under Italian law into a Naamloze Vennootschap under Dutch law, consequent to the transfer of the registered office to Amsterdam (36, Zuidplein, 1077 XV; Chamber of Commerce registration number 76026728). The transfer and transformation process was completed on 5 October 2019. On that date the Board of Directors resolved to establish an operational and secondary headquarters in Rome, at Corso Francia 200. The company's tax residence remained in Italy. As part of this transformation, Management aligned the equity composition per the Italian law requirements with the Dutch Civil Requirements.

The company remained listed on the STAR segment of the Milan Stock Exchange.

At 31 December 2019 shareholders holding shares exceeding 3% of share capital, as indicated in the book of shareholders, from communications received pursuant to 5:28 of Financial Supervision Act and other information available, are:

1) Francesco Gaetano Caltagirone - 104,862,053 shares (65.901%). The shareholding is held as follows:

- Direct ownership of 1,327,560 shares (0.834%)
- Indirect ownership through the companies:
  - Calt 2004 Srl - 47,860,813 shares (30.078%)
  - Caltagirone SpA - 22,820,015 shares (14.341%)
  - Caltagirone SpA - 17,585,562 shares (11.052%)
  - Gamma Srl - 5,575,220 shares (3.504%)
  - Pantheon 2000 SpA - 4,466,928 shares (2.807%)
  - Ical 2 SpA - 2,614,300 shares (1.643%)
  - Capitolium SpA - 2,604,794 shares (1.637%)
  - Vianini Lavori SpA - 6,861 shares (0.004%)

2) Francesco Caltagirone - 8,520,299 shares (5.355%). The above investment is held indirectly through the company Chupas 2007 Srl 8,520,299 shares (5.355%).

On 5 March 2020, the Company's Board of Directors approved these separate financial statements at 31 December 2019 and authorised their publication. The separate financial statements were authorised for issue by the Board of Directors on 9 March 2020.

Statement of compliance with the IFRS

These separate financial statements at 31 December 2019, drawn up on a going concern basis for the Parent and have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2: 362(9) of the Dutch Civil Code.

Certain parts of this Annual Report contain financial measures that are not measures of financial performance or liquidity under IFRS. These are commonly referred to as non-IFRS financial measures and include items such as Earnings Before Interest, Taxes, Depreciation and Amorisation (EBITDA) and Earnings Before Income Taxes (EBIT). The Company calculates EBITDA before provisions.

Basis of presentation

The separate financial statements at 31 December 2019 are presented in euros, the Company's functional currency. All amounts are expressed in thousands of euros, unless indicated otherwise. They consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes.

The separate financial statements have been prepared on a going concern basis as the directors are reasonably certain that the Company will continue to operate in the foreseeable future, based on their assessment of the risks and uncertainties to which it is exposed.

The Company has opted to present these statements as follows:

- the statement of financial position presents current and non-current assets and liabilities separately;
- the income statement classifies costs by nature;
- the statement of comprehensive income presents the effect of gains and losses recognised directly in equity, starting from the profit or loss for the year;
- the statement of cash flows is presented using the indirect method.

The accounting policies are described in Basis of presentation section of the consolidated financial statements and are deemed incorporated and repeated herein by reference. Investments in subsidiaries are accounted for at cost.


Gaurain Cement Plant, Belgium

Notes

1) Intangible assets

Intangible assets totalled EUR 5,050 thousand (EUR 4,134 thousand at 31 December 2018). Other intangible assets mainly refers to costs incurred to purchase and implement IT software. The additions compared to the previous year reflects the greater investments made by the Parent to improve the applications, infrastructure and processes to support operating companies. Amortisation is calculated over five years.

[EUR'000]	Other intangible assets	Assets under development and advances	Total
Gross amount at 1 January 2019	**12,938**	**-**	**12,938**
Additions	-	2,732	2,732
Reclassifications	2,732	(2,732)	-
Gross amount at 31 December 2019	**15,670**	**-**	**15,670**
Amortisation at 1 January 2019	**8,805**	**-**	**8,805**
Additions	1,815	-	1,815
Amortisation at 31 December 2019	**10,620**	**-**	**10,620**
Net amount at 31 December 2019	**5,050**	**-**	**5,050**
Gross amount at 1 January 2018	**11,424**	**1,107**	**12,531**
Additions	-	2,644	2,644
Disposals	(2,237)	-	(2,237)
Reclassifications	3,751	(3,751)	-
Gross amount at 31 December 2018	**12,938**	**-**	**12,938**
Amortisation at 1 January 2018	**7,135**	**-**	**7,135**
Additions	1,668	-	1,668
Amortisation at 31 December 2018	**8,805**	**-**	**8,805**
Net amount at 31 December 2018	**4,134**	**-**	**4,134**

During the year, personnel expenses of approximately EUR 1,136 thousand have been capitalised (EUR 1,079 thousand in 2018).

2) Property, plant and equipment

At 31 December 2019 the item totalled EUR 3,847 thousand (EUR 422 thousand at 31 December 2018). The Other assets consists of furniture, electronic equipment and servers used by the company.

[EUR'000]	Other assets	Right-of-use assets	Total
Gross amount at 1 January 2019	**1,641**	**-**	**1,641**
Change in accounting policy, leases	-	6,425	6,425
Additions	46	396	442
Disposals	-	(1,817)	(1,817)
Gross amount at 31 December 2019	**1,687**	**5,004**	**6,691**
Depreciation at 1 January 2019	**1,219**	**-**	**1,219**
Change in accounting policy, leases	-	-	-
Additions	130	1,511	1,641
Disposals	-	(17)	(17)
Depreciation at 31 December 2019	**1,349**	**1,494**	**2,844**
Net amount at 31 December 2019	**337**	**3,510**	**3,847**
Gross amount at 1 January 2018	**1,524**	**-**	**1,524**
Additions	15	-	15
Reclassifications	102	-	102
Gross amount at 31 December 2018	**1,641**	**-**	**1,641**
Depreciation at 1 January 2018	**944**	**-**	**944**
Additions	173	-	173
Reclassifications	102	-	102
Depreciation at 31 December 2018	**1,219**	**-**	**1,219**
Net amount at 31 December 2018	**422**	**-**	**422**

Property, plant and equipment includes EUR 3,510 thousand in right-of-use assets deriving from the initial application of the new IFRS 16. Note 28 IFRS 16 Leases gives a breakdown of Right-of-use assets categorised according to their nature and its useful life.
The estimated useful life of the main items of plant and equipment is reported below:

	Useful life of property, plant and equipment
Various equipment	5 years
Office machines and equipment	5 years

3) Investment property

The item investment property, totalling EUR 23,100 thousand (EUR 23,000 at 31 December 2018), is recognised at fair value, as determined using appraisals prepared by a property assessor, of the property in Torrespaccata (Rome), which has risen compared to the previous year as a result of improvement works in the year. Around EUR 7.4 million of investment property has been pledged as collateral to secure non-current bank loans and borrowings with a residual, undiscounted amount of EUR 5,227 thousand at 31 December 2019.

4) Investments in subsidiaries

Totalling EUR 294,541 thousand (EUR 294,341 thousand at 31 December 2018), the item breaks down as follows:

[EUR'000]	Currency	Registered office	Investment %	Carrying amount at 31.12.2019	Investment %	Carrying amount at 31.12.2018
Cementir España SL	EUR	Madrid (Spain)	100.00%	206,735	100.00%	206,735
Alfacem Srl	EUR	Rome (Italy)	99.99%	85,220	99.99%	85,220
Basi 15 Srl	EUR	Rome (Italy)	99.99%	2,186	99.99%	1,686
Svim 15 Srl	EUR	Rome (Italy)	99.99%	400	99.99%	400
Spartan Hive S.p.A.	EUR	Rome (Italy)	-	-	99.99%	300
Equity investments				**294,541**		**294,341**

The change of EUR 200 thousand compared to 2018 is due EUR 500 thousand to the increased investment in Basi 15 Srl following a capital contribution of the same amount and EUR 300 thousand to the decrease deriving from the reclassification of the investment in Spartan Hive SpA to assets held for sale (see note 32).
All investments in subsidiaries are in unlisted companies. At the date of preparing these Financial Statements there is no evidence related to the impairment of the carrying value of the investments.
The list of direct and indirect participations of the parent is shown, according to Article 2:379(1) DCC, in the annex to the Consolidated Financial Statements.

5) Non-current financial assets

Totalling EUR 106,724 thousand (EUR 152,673 thousand at 31 December 2018). The change in non-current financial assets is due to partial repayment of a loan granted by Cementir Holding N.V. to its subsidiary Aalborg Portland Holding A/S during 2016 to finance the acquisition of CCB's share capital, due to mature in October 2021. The loan was recognised using the amortised cost method.
The caption also included EUR 30 thousand of receivables for guarantee deposits due to mature in less than five years.

6) Trade receivables

Trade receivables totalled EUR 9,618 thousand (EUR 18,584 thousand at 31 December 2018) and break down as follows:

[EUR'000]		31.12.2019	31.12.2018
Trade receivables from third parties		372	177
Loss allowance		-	-
Trade receivables - subsidiaries	(note 31)	9,164	18,374
Trade receivables - other group companies	(note 31)	82	33
Trade receivables		**9,618**	**18,584**

The carrying amount of trade receivables approximates their fair value.

The breakdown by due date of trade receivable from third parties is shown below:

[EUR'000]	31.12.2019	31.12.2018
Not yet due	-	177
Overdue	372	-
Loss allowance	-	-
Total trade receivables from third parties	**372**	**177**

Trade receivables due from subsidiaries refer to managerial consultancy services pertaining to the *Cementir Group Intercompany Service Agreement* provided by Cementir Holding N.V. to group companies and the royalties under the Trademark Licence Agreement for the use of the trademark by the subsidiaries.
Note 31) Related party transactions provides more information about trade receivables from subsidiaries, associates and other group companies.

7) Current financial assets

The item, totalling EUR 140,311 thousand (EUR 156,377 thousand at 31 December 2018), consisted of interest-bearing (0.15%) revocable loans to the subsidiaries Basi 15 Srl and Svim 15 Srl for EUR 3,561 thousand and EUR 1,085 thousand, respectively, and non-interest bearing revocable loans to the subsidiaries Alfacem Srl and Cementir España for EUR 134,120 thousand and EUR 310 thousand, respectively.
The change, equal to EUR 16.1 million derives mainly from the repayment of EUR 29.7 million of the loan and the granting of a new loan of EUR 12.3 million both to the subsidiary Alfacem Srl. The conditions of the loan to Alfacem Srl, not bearing interest and revocable, were replaced by interest-bearing and expiring loan starting from 1 January 2019 interest of Euribor 6 months + spread of 1.5%.
The item also included EUR 743 thousand of deferrals mainly for fees on the Base Facility and the RCF.

8) Current tax assets

Current tax assets totalled EUR 2,640 thousand (EUR 4,459 thousand at 31 December 2018) and consisted of IRES payments on account to the tax authorities in the current and previous years (EUR 169 thousand) and withholdings on royalties mainly from the use of the trademark (EUR 2,471 thousand). During December 2019, the IRES receivable of EUR 1,009 thousand due to the non-deductibility of IRAP in previous years was collected.

9) Other current assets

The item totalled EUR 5,378 thousand (EUR 2,649 thousand at 31 December 2018) and breaks down as follows:

[EUR'000]		31.12.2019	31.12.2018
Subsidiaries (IRES tax consolidation scheme)	(note 31)	2,190	880
Prepayments		63	147
VAT assets		2,914	1,412
Other receivables		211	210
Other current assets		**5,378**	**2,649**

10) Cash and cash equivalents

This item, totalling EUR 62,362 thousand (EUR 51,907 thousand at 31 December 2018) consists of cash and cash equivalents held by the Company and breaks down as follows:

[EUR'000]		31.12.2019	31.12.2018
Bank deposits		62,358	51,904
Bank deposits - related parties	(note 31)	-	-
Cash-in-hand and cash equivalents		3	3
Cash and cash equivalents		**62,362**	**51,907**

The change is mainly attributable to the partial repayments of the loans granted to the subsidiaries Aalborg Portland Holding A/S and Alfacem Srl and for the remaining part to Company's net financial expense.

11) Share capital

The Company's share capital consists of 159,120,000 ordinary shares with a par value of EUR 1 each. It is fully paid-up and has not changed with respect to the previous year end.

12) Share premium reserve

This item, at 31 December 2019, totalling EUR 35,710 thousand, was unchanged from the previous year end.

13) Reserves

Other reserves totalled EUR 106,897 thousand (EUR 133,910 thousand at 31 December 2018) and break down as follows:

[EUR'000]	Legal reserve	Other reserves	Retained earnings	Total
Amount at 1 January 2019	**31,824**	**97,790**	**4,296**	**133,910**
Increases	627	-	-	627
Decreases	-	(23,343)	(4,296)	(27,639)
Reclassifications	(34,692)	(74,586)	109,277	-
Amount at 31 December 2019	**(2,241)**	**(139)**	**109,277**	**106,897**

Reclassifications are due to conversion of the Company in Dutch N.V. and relate to the alignment from the Italian Law requirements to the Dutch Civil Code requirements as per the transformation date of 5 October 2019.

Equity items

It's noted that the Company is tax residence in Italy, the following table shows the origin, possible use and availability of equity items in respect to italian tax rules:

[EUR'000]		Summary of utilisation in previous three years	
Nature / Description	**Amount**	**to cover losses**	**for other reasons**
Share capital	**159,120**		
Share premium reserve	35,710	-	-
Revaluation reserve, as per Law 342/2000 2000 and 2003	-	97,732	-
Legal reserve (Italian law)	31,824	-	-
Reserve for grants related to assets (A)	13,207	-	-
Reserve as per Article 15 of Law no. 67 of 11/3/88	138	-	-
Reserve as per Law 349/95	41	-	-
Goodwill arising on merger reserve	53,410	26,685	17,981
Other IFRS reserves - Revaluation reserve as per Law 266/05	-	10,059	-
Other IFRS reserves	8,277	-	-
Retained earnings	-	-	36,120
Total reserves	**142,607**	**134,477**	**54,101**
Profit (loss) for the year	**(9,174)**		
Total equity	**292,553**		

A) The reserves that form part of the company's taxable profit if distributed total EUR 13,207 thousand.

The table below shows the reconciliation between Italian tax rules and Dutch Civil Code:

[EUR'000]	Share Premium Reserve	Reserve for grants related to assets	Hedging Reserve*	Legal reserve (Italian Law)	Other IFRS reserves*	Reserve as per Article 15 of Law No 67/88	Reserve as per Law No. 349/95	Goodwill arising on merger	Actuarial reserves*	IFRS 9 Reserve	Retained Earnings	Total
Italian Tax rules	35,710	13,207	(2,241)	31,824	5,171	138	41	53,410	(139)	5,486	-	142,607
Reclassification due conversion in N.V.	-	(13,207)	-	(31,824)	(5,171)	(138)	(41)	(53,410)	-	(5,486)	109,277	
Dutch Civil Code	**35,710**	**-**	**(2,241)**	**-**	**-**	**-**	**-**		**(139)**	**-**	**109,277**	**142,607**

*Other IFRS reserves

Dividends

During the year, the company distributed a total of EUR 22,277 thousand in dividends to shareholders for 2018, corresponding to EUR 0.14 per ordinary share.

14) Employee benefits

Post-employment benefits totalled EUR 298 thousand (EUR 299 thousand at 31 December 2018). The figure represents the company's estimate of its obligation, determined using actuarial techniques, to employees upon termination of employment. On 1 January 2007, the Italian Finance Act and related implementing decrees introduced significant reforms to the regulations governing post-employment benefits, including the right of employees to decide where to allocate their accruing benefits. Benefits may be transferred to a pension fund or kept within the company, in which case they are transferred to a special treasury fund set up by INPS.
As a result of the reforms, accruing Italian post-employment benefits now qualify as a defined contribution plan rather than a defined benefit plan.
The actuarial assumptions used for their measurement are summarised below:

Values in %	31.12.2019	31.12.2018
Annual discount rate	0.30%	1.15%
Annual post-employment benefits growth rate	2.62%	2.62%

Changes in the liability are shown below:

[EUR'000]	31.12.2019	31.12.2018
Net liability *opening balance*	**299**	**298**
Current service cost	-	-
Interest cost	(1)	9
Payments of post-employment benefits	(12)	(2)
Net actuarial gains recognised in the year	12	(6)
(Contributions received)	-	-
(Benefits paid)	-	-
Net liability closing balance	**298**	**299**

Employee benefits included EUR 1,901 thousand relative to long-term incentives granted to executives.

15) Financial liabilities

Non-current and current financial liabilities are shown below:

[EUR'000]		31.12.2019	31.12.2018
Bank loans and borrowings		330,282	328,110
Other non-current loan liabilities		223	-
Other non-current financial liabilities - related parties	(note 31)	3,312	-
Non-current financial liabilities		**333,817**	**328,110**
Bank loans and borrowings		-	-
Bank loans and borrowings - related parties	(note 31)	-	30,000
Current portion of non-current financial liabilities		1,719	944
Current portion of non-current financial liabilities - related parties	(note 31)	1,437	-
Fair value of derivatives		9,632	9,863
Other loan liabilities		94	545
Current financial liabilities		**12,882**	**41,352**
Total financial liabilities		**346,699**	**369,462**

Non-current payables to bank loans and borrowings, for EUR 330,282 thousand, refer for EUR 4,251 thousand to the floating-rate loan (Euribor 6 months + spread of 0.75%) granted by Banca Intesa SpA against a mortgage on the property located in Torrespaccata and expiring in 2024 and for EUR 326,031 thousand to the pool financing.

This Financing Contract breaks down as follows:

- Credit Line B (medium-long term) of EUR 330 million to be repaid in a single instalment in October 2021. At 31 December 2019, this credit line had been used in full.
- Revolving Credit Line of EUR 150 million, fully repayable at the end of the fifth year after 25 October 2016. At 31 December 2019, this credit line has not been used by Cementir Holding NV.

The Financing Contract is secured by collateral appropriate to the type of transaction and requires compliance with the financial covenants, which at 31 December 2019 have been met by the Company. In particular, financial covenants to be complied with are the Group's net debt/EBITDA ratio (not exceed 2.5) and the EBITDA/ net financial expenses ratio (not less than 5.0).

Current financial liabilities include the repayment of a temporary loan received in 2018 from the subsidiary Aalborg Portland Holding of EUR 30,000 thousand with a commitment, which was met, to repay the subsidiary by and not after the first decade of the month of January 2019.

The current portion of non-current financial liabilities includes re-instalments due in 2019 of the floating-rate loan (6M Euribor + spread of 0.75%) granted by Banca Intesa SpA secured by a company-owned property in Torrespaccata (EUR 976 thousand).

Other non-current loan liabilities, amounting to EUR 3,535 thousand (EUR 223 thousand to third parties and EUR 3,312 thousand to related parties), relate to the payable resulting from the initial application of IFRS 16; while other current loan liabilities, totalling EUR 94 thousand, mainly consist of accrued interest due on non-current loans.

The negative fair value of derivatives totalled approximately EUR 9,632 thousand; the figure is related to the fair value measurement at 31 December 2019 of derivatives purchased to hedge interest rate and currency risks connected with liabilities falling due between January 2020 and December 2027.

At 31 December 2019, a company-owned property in Torrespaccata, Rome, was mortgaged to third parties for EUR 7.4 million to secure the loan granted by Banca Intesa SpA.

Sureties given to third parties at 31 December 2019 amounted to EUR 9,059 thousand (GBP 8.3 million). They include sureties issued to the subsidiaries Quercia Limited and Neales Waste Management, in favour of Intesa San Paolo SpA and UniCredit.

Sureties in GBP were translated into euros at the exchange rates effective at 31 December 2019, equal to EUR/GBP 0.85080.

The company's exposure, broken down by due date of the financial liabilities, is as follows:

[EUR'000]		31.12.2019	31.12.2018
Within three months		964	30,128
- third parties		*606*	*128*
-related parties	*(note 31)*	*357*	*30,000*
Between three months and one year		11,919	11,224
-third parties		*10,839*	*11,224*
-related parties	*(note 31)*	*1,080*	-
Between one and two years		328,637	976
-third parties		*327,178*	*976*
-related parties	*(note 31)*	*1,459*	-
Between two and five years		5,180	326,050
-third parties		*3,326*	*326,050*
-related parties	*(note 31)*	*1,854*	-
After five years		-	1,084
Total financial liabilities		**346,699**	**369,462**

The carrying amount of current and non-current financial liabilities equals their fair value.

Net financial debt

As required by CONSOB Communication 6064293 of 28 July 2006, the company's net financial debt is shown in the next table:

[EUR'000]	31.12.2019	31.12.2018
A. Cash	3	3
B. Other cash equivalents	62,358	51,904
C. Cash and cash equivalents (A+B)	**62,362**	**51,907**
D. Current loan assets	**140,311**	**156,377**
E. Current bank loans and borrowings	-	-
F. Current portion of non-current debt	(3,156)	(944)
G. Other current loan liabilities	(9,727)	(40,408)
H. Current financial debt (E+F+G)	**(12,882)**	**(41,352)**
I. Net current financial debt (C-D-H)	**189,790**	**166,932**
1. Non-current bank loans and borrowings	(330,282)	(328,110)
K. Other non-current liabilities	(3,535)	-
L. Non-current financial debt (J+K)	**(333,817)**	**(328,110)**
M. Net financial debt (I+L)	**(144,027)**	**(161,178)**

The Company's net financial debt at 31 December 2019 amounted to EUR 144.0 million (EUR 161.2 million at 31 December 2018) down by EUR 17.2 million compared to the previous year. This change is attributable to the partial repayment of the loan granted to the subsidiary Aalborg Portland Holding A/S during the year. In addition, dividends totalling EUR 22.3 million were distributed to shareholders.

In compliance with CONSOB Communication 6064293 of 28 July 2006, the loan to the subsidiary Aalborg Portland Holding A/S - categorised as a non-current financial asset - has not been included in the calculation of the Company's net financial debt.
If the loan had been included, the net financial debt of Cementir Holding N.V. would have been EUR 37.9 million (as presented below).

[EUR'000]	31.12.2019	31.12.2018
Current financial assets	140,311	156,377
Cash and cash equivalents	62,362	51,907
Current financial liabilities	(12,882)	(41,352)
Non-current financial liabilities	(333,817)	(328,110)
Net financial debt (as per CONSOB Communication)	**(144,027)**	**(161,178)**
Non-current financial assets	106,132	151,384
Total net financial debt	**(37,895)**	**(9,794)**

16) Trade payables

The carrying amount of trade payables approximates their fair value. Their balance of EUR 3,779 thousand (EUR 2,442 thousand at 31 December 2018) may be analysed as follows:

[EUR'000]		31.12.2019	31.12.2018
Trade payables - third parties		3,316	1,979
Trade payables - related parties	(note 31)	463	463
Trade payables		**3,779**	**2,442**

Note 31) Related party transactions gives a breakdown of trade payables to subsidiaries, associates and Parents.

17) Deferred tax assets and liabilities and Current taxes

At 31 December 2019, deferred tax assets, amounted to EUR 13,452 thousand, includes deferred tax assets net of deferred tax liabilities as shown below:

[EUR'000]	31.12.2018	Accruals, net of utilisation in profit or loss	Increase, net of decreases in equity	Other changes	31.12.2019
Tax losses	9,119	337	-	-	9,456
Other	9,174	699	(260)	-	9,613
Deferred tax assets	**18,293**	**1,036**	**(260)**	**-**	**19,069**
Difference between fair value and their tax base	5,574	-	43	-	5,617
Deferred tax liabilities	**5,574**	**-**	**43**	**-**	**5,617**
Total	**12,719**				**13,452**

At 31 December 2019, deferred tax assets, totalling EUR 19,069 thousand, consisted mainly of IRES assets due to the tax losses of companies that opted to join the Italian national tax consolidation scheme. The company

expects to recover them over the coming years within the timeframe defined by the relevant legislation. The change compared to the previous year of EUR 776 thousand was due mainly to provisions for non-deductible interest expenses, taxed risk provisions and the tax loss of the period.

Deferred tax liabilities, totalling EUR 5,617 thousand at 31 December 2019, consisted of EUR 4,640 thousand in IRES liabilities and EUR 977 thousand in IRAP liabilities.

18) Other current liabilities and current and non-current provisions

[EUR'000]		31.12.2019	31.12.2018
Personnel		1,471	1,523
Social security institutions		678	721
Other liabilities		8,882	10,820
Subsidiaries (IRES and VAT tax consolidation scheme)	(note 31)	276	167
Other payables - related parties	(note 31)	6	-
Other current liabilities		**11,312**	**13,231**

The other liabilities mainly refer to fees paid to directors and statutory auditors for a total of EUR 3,383 thousand and the result of the Antitrust proceedings commenced by the competent Antitrust Authority (AGCM) and as per decision by the Council of State at the hearing of 7 February 2019, for EUR 5,118 thousand.

The amount due to subsidiaries primarily comprises amounts owed by Cementir Holding to companies that have joined the national IRES tax consolidation scheme following the assignment of tax losses of previous years.

At 31 December 2019, non-current and current provisions amounted to EUR 370 thousand (unchanged on 31 December 2018) and EUR 10,409 thousand (EUR 10,149 thousand at 31 December 2018), respectively, mainly due to some clauses of the transfer agreement of the Italian assets.

19) Revenue

[EUR'000]	2019	2018
Services	25,747	26,610
Revenue	**25,747**	**26,610**

Revenue included EUR 16,925 thousand in revenue from consultancy services provided to subsidiaries and EUR 8,403 thousand from royalties on the use of the trademark by those same subsidiaries.

Note 31) Related-party transactions provides more information about revenue from subsidiaries, associates and other Group companies.

20) Increase for internal work

Increase for internal work, equal to EUR 1,136 thousand, reflects the work performed by employees of Cementir Holding to install IT software that will have economic benefits over multiple years. This amount was capitalised in intangible assets and will be amortised according to the useful life of the IT software.

21) Other operating revenue

[EUR'000]	2019	2018
Building lease payments	409	176
Other revenue and income	172	1,401
Other operating revenue	**581**	**1,577**

Building lease payments refer to leases on the property in Torrespaccata, Rome.

22) Personnel costs

[EUR'000]	2019	2018
Wages and salaries	7,667	9,689
Social security charges	2,568	2,809
Other costs	2,074	876
Personnel costs	**12,309**	**13,374**

"Other costs" includes EUR 897 thousand (EUR 200 thousand at 31 December 2018) relative to long-term incentives granted to executives.
The company's workforce breaks down as follows:

	31.12.2019	31.12.2018	2019 average	2018 average
Executives	29	30	30	29
Middle management, white-collar workers and intermediates	41	42	42	46
Total	**70**	**72**	**71**	**75**

The Company has no employees in the Netherlands.

23) Other operating costs

[EUR'000]	2019	2018
Consultancy	3,161	1,720
Directors' fees	5,281	5,051
Independent auditors' fees	210	150
Other services	2,632	2,171
Other operating costs	1,988	8,028
Other operating costs	**13,271**	**17,120**

Other services included, inter alia, statutory auditors' fees (EUR 146 thousand) (Italian Collegio Sindacale) and costs for managing the Torrespaccata property (EUR 120 thousand).
The total includes transactions with related parties (see note 31).

24) Amortisation, depreciation, impairment losses and provisions

[EUR'000]	2019	2018
Amortisation of intangible fixed assets	1,817	1,669
Amortisation of tangible fixed assets	1,640	173
Provisions	260	10,474
Amortisation, depreciation, impairment losses and provisions	**3,717**	**12,316**

Amortisation and depreciation includes EUR 1.5 thousand in amortisation of right-of-use assets deriving from the first-time application of the new IFRS 16. The provisions relate to civil proceedings in which Cementir Holding is not a party but has assumed the obligation to pay compensation in relation to the sale of the Italian operations to Italcementi.

25) Net financial expense

Net financial expense totalled EUR 9,760 thousand. This breaks down as follows:

[EUR'000]		2019	2018
Interest income from third parties		614	620
Interest income from related parties	(note 31)	4,642	3,978
Other financial income		258	22,036
Total financial income		**5,514**	**26,634**
Interest expense		(9,457)	(10,165)
Interest expense - related parties	(note 31)	(83)	-
Other financial expense		(5,733)	(7,809)
Total financial expense		**(15,274)**	**(17,974)**
Net financial income (expense)		**(9,760)**	**8,660**

Other financial income totalled EUR 258 thousand and consisted of gains on derivative financial instruments purchased to hedge currency.

Other financial expense totalled EUR 5,733 thousand and mainly consisted of expenses connected to Credit Line B and gains on the measurement of derivatives held to hedge currency and interest rate risks.

26) Income taxes

The caption shows a net tax income of EUR 2,420 thousand (2018: expense of EUR 468 thousand) and breaks down as follows:

[EUR'000]	2019	2018
Current taxes	1,427	(787)
- IRES	*1,427*	*(787)*
- IRAP	-	-
Deferred tax assets	1,036	319
- IRES	*986*	*324*
- IRAP	*50*	*(5)*
Deferred tax liabilities	(43)	-
- IRES	*(39)*	-
- IRAP	*(4)*	-
Taxes	**2,420**	**(468)**

The following table shows a reconciliation between the theoretical tax expense and the effective expense recognised in the income statement:

[EUR'000]	2019	2018
Theoretical tax expense (based on Italian nominal tax rate)	**(2,783)**	**(1,173)**
Taxable permanent differences	(133)	(1,536)
Deductible permanent differences	58	926
Prior year taxes	5,278	1,315
Change in IRES tax rate	-	-
Effective IRAP tax expense	-	-
Taxes	**2,420**	**(468)**

The Company, as allowed by the Consolidated Income Tax Act, participates in the group tax regime called "National tax consolidation scheme" as Parent.

27) Other comprehensive expense

The following table gives a breakdown of other comprehensive expense, including and excluding the related tax effect:

	2019			2018		
[EUR'000]	Pre-tax amount	Tax effect	Post-tax amount	Pre-tax amount	Tax effect	Post-tax amount
Financial instruments	890	(263)	**627**	(2,475)	731	**(1,744)**
Net actuarial gains (losses) on post-employment benefits	(12)	3	**(9)**	6	(2)	**4**
Total other comprehensive income (expense)	**878**	**(260)**	**617**	**(2,469)**	**729**	**(1,740)**

28) IFRS 16 Leases

The following table shows the impact of the application of IFRS 16 for the Company at 31 December 2019 and the related disclosures:

[EUR'000]	Land and buildings	Plant and equipment	Other assets	Total Right-of-use assets
Gross amount at 1 January 2019	**-**	**-**	**-**	**-**
Change in Accounting Policy, Leases	6,130	295	-	6,425
Additions	32	315	48	396
Disposals	(1,794)	(23)	-	(1,817)
Gross amount at 31 December 2019	**4,368**	**587**	**48**	**5,004**
Amortisation at 1 January 2019	**-**	**-**	**-**	**-**
Amortisation	1,281	217	12	1,510
Disposals	-	(16)	-	(16)
Amortisation at 31 December 2019	**1,281**	**201**	**12**	**1,494**
Net amount at 31 December 2019	**3,087**	**387**	**36**	**3,510**

As at 31 December 2019, right-of-use assets reached EUR 5,004 thousand and mainly included the contract for the offices at Corso Francia 200 (EUR 4,368 thousand million).
The amortization period of the right-of-use assets is reported below:

	Useful life of the right-of-use assets
Land and buildings	6 years
Plant and equipment	4 years
Other assets	4 years

The Company's exposure, broken down by expiry of the lease liabilities, is as follows:

[EUR'000]	31.12.2019
Within three months	435
Between three months and one year	1,251
Between one and two years	1,603
Between two and five years	1,994
After five years	-
Total undiscounted lease liabilities at December 31	**5,283**

Current and non-current lease liabilities are shown below:

[EUR'000]		31.12.2019
Non-current lease liabilities		223
Non-current lease liabilities - related parties	(note 31)	3,312
Non-current lease liabilities		**3,535**
Current lease liabilities		196
Current lease liabilities - related parties	(note 31)	1,437
Current lease liabilities		**1,633**
Total lease liabilities		**5,169**

Amounts recognised in profit/(loss) in the income statement

[EUR'000]	2019
Amortisation	(1,510)
Interest expense on lease liabilities	(90)

Amounts recognised in the cash flow statement

[EUR'000]	2019
Total cash outflow for leases	1,736

Modified retroactive application - effects on financial statements

On initial application of IFRS 16, the Company recognised additional right-of-use assets and lease liabilities of EUR 6,425 thousand. When measuring the lease liabilities, the Company discounted the payments due for the lease using the incremental borrowing rate at 1 January 2019. The weighted average rate applied was 1.5%.

[EUR'000]	2019
Commitments arising from operating leases at 31 December 2018 as presented in the financial statements	**6,519**
Discounted using the incremental borrowing rate at 1 January 2019	6,425
Finance lease liabilities recognised at 31 December 2018	-
- Exemption from recognition due to:	-
- Short-term lease	-
- Lease of assets with a low value	-
- Options to extend and terminate the lease whose exercise is reasonably certain	-
- Variable lease payments due on the basis of an index or rate	-
- Residual value guarantees	-
Lease liabilities recognised at 1 January 2019	**6,425**

29) Financial risk management and disclosures

The company is exposed to financial risks connected with its operations, namely:

Credit risk

Cementir Holding NV's exposure to credit risk is not considered particularly significant as it mainly does business with subsidiaries and related parties whose risk of insolvency is substantially inexistent.
Note 6 provides details about trade receivables due from third parties that are overdue, impaired or not yet due.
With respect to bank deposits and derivatives, the Company has always worked with leading counterparties, thus limiting its credit risk in this sense.

Liquidity risk

Liquidity risk concerns the availability of financial resources and access to credit market and financial instruments.
The company monitors its cash flows, funding requirements and liquidity levels in order to ensure the effective and efficient use of its financial resources.
The company has credit lines which cover any unforeseen requirements.
Note 15 provides a breakdown of financial liabilities by due date.

Market risk

The market risk mainly concerns currency and interest rate risks.

Currency risk

Cementir Holding NV is directly exposed to currency risk to a limited degree in relation to loans and deposits held in foreign currency. The Company constantly monitors these risks so as to assess any impact in advance and take any necessary mitigating actions.

Interest rate risk

As Cementir Holding NV has floating rate bank loans, it is exposed to the risk of fluctuations in interest rates. This risk is considered moderate as the company's loans are currently only in euros and the medium to long-term interest rate curve is not steep. Having thoroughly assessed the level of rates expected and debt reduction timing based on cash forecasts, Interest Rate Swaps are agreed to partly hedge the risk.
At 31 December 2019, the company's net financial debt amounted to EUR 144.0 million (including EUR 202.7 million in current loan assets and cash and cash equivalents, EUR 12.9 million in current loan liabilities and EUR 333.8 million in non-current loan liabilities). All its exposures are subject to floating interest rates.
With respect to the floating rate on net financial debt, an annual 1% increase in interest rates, assuming all the other variables remain stable, would have had a negative effect on profit before taxes of EUR 2.3 million (4.2 million in 2018) and on equity of EUR 1.7 million (3.1 million at 31 December 2018). A similar decrease in interest rates would have an identical positive impact.

30) Fair value hierarchy

IFRS 13 requires that assets and liabilities carried at fair value be classified using a hierarchy which reflects the sources of the inputs used to measure their fair value. The hierarchy consists of the following levels:

- Level 1: measurement of fair value using quoted prices on active markets for identical assets or liabilities which can be accessed by the entity at the valuation date;
- Level 2: measurement of fair value using inputs other than the quoted prices included within Level 1 which are directly observable (such as prices) or indirectly observable (i.e., derived from prices) on the market.
- Level 3: measurement of fair value using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of assets and liabilities is classified as follows:

(EUR'000)	Note	Level 1	Level 2	Level 3	Total
31 December 2019					
Investment property	3	-	-	23,100	23,100
Total assets		**-**	**-**	**23,100**	**23,100**
Current financial liabilities (derivative instruments)	15	-	9,632	-	9,632
Total liabilities		**-**	**9,632**	**-**	**9,632**
31 December 2018					
Investment property	3	-	-	23,000	23,000
Total assets		**-**	**-**	**23,000**	**23,000**
Current financial liabilities (derivative instruments)	15	-	9,863	-	9,863
Total liabilities		**-**	**9,863**	**-**	**9,863**

No transfers among the levels took place during 2019.

31) Related party transactions

Transactions performed by the Company with related parties are part of its normal business operations and usually take place at market conditions; there were no atypical or unusual transactions, not within normal company management, except for loans granted to the subsidiaries Basi 15 Srl, Svim 15 Srl, Alfacem Srl, Cementir España SL and Spartan Hive SpA, as described in Note 7. In particular, it should be noted the existence of not-bearing interest and revocable loans to the subsidiary Alfacem Srl. The conditions of such loans were replaced by interest-bearing and expiring loans starting from 1 January 2019. Also refer to note 15 Financial liabilities.

On 5 November 2010, the Board of Directors of Cementir Holding N.V. approved a new procedure for related party transactions complying with CONSOB guidelines, issued pursuant to CONSOB Resolution No. 17221 of 12 March 2010 and subsequent amendments and additions thereto. The procedure has been applicable starting from 1 January 2011. On 13 November 2019, the Board of Directors resolved to make a number of changes to the Related Party Transaction Procedure, following the conversion of Cementir Holding into a company under Dutch law.

As required by CONSOB Communication No. 6064293 of 28 July 2006, related party transactions and their effects are reported in the table below:

Trade and financial transactions

[EUR'000]	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Trade payables	Current and non-current financial liabilities	Other current liabilities	Balance
2019								
Cimentas AS	3,425	-	-	-	-	-	-	**3,425**
Alfacem Srl	-	-	134,120	-	-	-	(11)	**134,110**
Aalborg Portland Holding A/S	5,457	105,070	-	-	-	-	-	**110,527**
Basi 15 Srl	-	-	3,561	-	-	-	(216)	**3,346**
Svim 15 Srl	-	-	1,085	-	-	-	(48)	**1,038**
Cementir España SL	-	-	310	-	-	-	-	**310**
Aalborg Portland A/S	-	-	-	-	-	-	-	**-**
Sinai White Portland Cement Co.S.A.E.	20	-	-	-	-	-	-	**20**
Quercia Ltd	-	-	-	5	-	-	-	**5**
Spartan Hive SpA	214	212	98	2,186	-	-	(1)	**2,708**
Caltagirone SpA	82	-	-	-	(450)	-	-	**(368)**
Vianini Lavori SpA	-	-	-	-	(13)	-	-	**(13)**
Piemme SpA	-	850	393	-	-	-	(6)	**1,237**
Compagnie des Ciments Belges SA	11	-	-	-	-	-	-	**11**
Aalborg Portland Malaysia Sdn. Bhd.	38	-	-	-	-	-	-	**38**
Aalborg Portland Anqing CO. LTD.	-	-	-	-	-	-	-	**-**
ICAL SpA	-	-	-	-	-	(4,750)	-	**(4,750)**
Total	**9,246**	**106,132**	**139,568**	**2,190**	**(463)**	**(4,750)**	**(281)**	**251,642**
Total financial statements item	**9,618**	**106,724**	**140,311**	**5,378**	**(3,779)**	**(346,699)**	**(11,312)**	
% of financial statements item	**96.13%**	**99.45%**	**99.47%**	**40.73%**	**12.25%**	**1.37%**	**2.49%**	

[EUR'000]	Trade receivables	Non-current financial assets	Current financial assets	Other current assets	Trade payables	Current and non-current financial liabilities	Other current liabilities	Balance
2018								
Cimentas AS	11,467	-	-	-	-	-	-	**11,467**
Alfacem Srl	-	-	150,485	269	-	-	(56)	**150,698**
Aalborg Portland Holding A/S	6,658	151,384	-	-	-	(30,000)	-	**128,042**
Basi 15 Srl	-	-	3,401	-	-	-	(87)	**3,314**
Svim 15 Srl	-	-	1,085	-	-	-	(24)	**1,062**
Cementir España SL	-	-	260	-	-	-	-	**260**
Aalborg Portland A/S	-	-	-	-	-	-	-	**-**
Sinai White Portland Cement Co.S.A.E.	19	-	-	-	-	-	-	**19**
Quercia Ltd	-	-	-	8	-	-	-	**8**
Spartan Hive SpA	180	-	400	603	-	-	-	**1,182**
Caltagirone SpA	33	-	-	-	(450)	-	-	**(417)**
Vianini Lavori SpA	-	-	-	-	(13)	-	-	**(13)**
Piemme SpA	-	-	-	-	-	-	-	**-**
Compagnie des Ciments Belges SA	8	-	-	-	-	-	-	**8**
Aalborg Portland Malaysia Sdn. Bhd.	38	-	-	-	-	-	-	**38**
Aalborg Portland Anqing CO. LTD.	4	-	-	-	-	-	-	**4**
Total	**18,407**	**151,384**	**155,632**	**880**	**(463)**	**(30,000)**	**(167)**	**295,673**
Total financial statements item	**18,584**	**152,673**	**156,377**	**2,649**	**(2,442)**	**(328,110)**	**(13,231)**	
% of financial statements item	**99.05%**	**99.16%**	**99.52%**	**32.21%**	**18.95%**	**9.14%**	**1.26%**	

Revenue and costs

[EUR'000]	Operating revenue and other income	Financial income	Operating costs	Financial expense	Balance
2019					
Caltagirone SpA	-	-	(450)	-	**(450)**
Cimentas AS	3,944	-	-	-	**3,944**
Alfacem Srl	-	2,117	-	-	**2,117**
Basi 15 Srl	-	5	-	-	**5**
Svim 15 Srl	-	2	-	-	**2**
Aalborg Portland Holding A/S	21,059	2,504	-	-	**23,563**
Aalborg Portland A/S	-	-	-	-	**-**
Sinai White Portland Cement Co.S.A.E.	20	-	-	-	**20**
Vianini Lavori SpA	-	-	(42)	-	**(42)**
Piemme SpA	27	12	(50)	-	**(11)**
Spartan Hive SpA	332	3	-	-	**335**
Compagnie des Ciments Belges SA	11	-	-	-	**11**
Aalborg Portland Malaysia Sdn. BHD.	38	-	-	-	**38**
ICAL SpA	-	-	-	(83)	**(83)**
Total	**25,430**	**4,642**	**(542)**	**(83)**	**29,447**
Total financial statements item	**27,463**	**5,514**	**(13,271)**	**(15,274)**	
% of financial statements item	**92.60%**	**84.19%**	**4.08%**	**0.55%**	

[EUR'000]	Operating revenue and other income	Financial income	Operating costs	Balance
2018				
Caltagirone SpA	-	-	(450)	**(450)**
Cimentas AS	5,413	-	-	**5,413**
Alfacem Srl	-	-	-	**-**
Basi 15 Srl	-	5	-	**5**
Svim 15 Srl	-	2		**2**
Aalborg Portland Holding A/S	20,229	3,971	-	**24,200**
Aalborg Portland A/S	-	-	-	**-**
Sinai White Portland Cement Co.S.A.E.	19	-	-	**19**
Vianini Lavori SpA	-	-	(42)	**(42)**
Piemme SpA	-	-	(18)	**(18)**
Spartan Hive SpA	147	-	-	**147**
Compagnie des Ciments Belges SA	8	-	-	**8**
Aalborg Portland Malaysia Sdn. BHD	38	-	-	**38**
ICAL SpA	-	-	(1,489)	**(1,489)**
Total	**25,855**	**3,978**	**(1,998)**	**27,835**
Total financial statements item	**29,266**	**26,633**	**(17,120)**	
% of financial statements item	**88.35%**	**14.94%**	**11.67%**	

Revenue from the subsidiaries Cimentas AS and Aalborg Portland Holding A/S refers to fees for the Trademark Licence Agreement and fees for the Cementir Group Intercompany Service Agreement, whereas solely for Spartan Hive S.p.A., revenue only refers to fees for the Cementir Group Intercompany Service Agreement. Revenue from the other group companies Sinai White Cement, CCB and Aalborg Portland Malaysia relate to changes of the social security and insurance expenses of the Cementir Holding personnel in loco. Operating costs do not include rent payments to ICAL for the Corso di Francia building used as the company's head office (EUR 1,489 thousand in 2018) as a result of the application from 1 January 2019 of the new IFRS 16.
Trade receivables refer to invoices for management and branding fees sent to Cimentas, Aalborg Portland and Spartan Hive (for the latter only for management services, as described above).
Financial assets refer to interest-bearing loans to Aalborg Portland Holding S/A (EUR 105,070 thousand), Basi 15 Srl (EUR 3,561 thousand), Svim 15 Srl (EUR 1,085 thousand), Alfacem (EUR 134,120 thousand) and the non-interest bearing loan to Cementir Espana (EUR 310 thousand). In addition, there are financial receivables from Piemme (EUR 393 thousand) and Spartan Hive (EUR 98 thousand), deriving from the sublease of part of the premises at Corso di Francia 200 from 1 September 2019, recognised in accordance with the new IFRS 16.
Current and non-current financial liabilities include the financial debt to ICAL arising from the accounting for the lease of the Corso di Francia 200 premises in accordance with the IFRS 16.
Other current liabilities and other current assets mainly related to the effects of Cementir Holding NV and the companies Alfacem, Spartan Hive, Basi and Svim joining the national tax consolidation scheme.

32) Assets held for sale

In January 2020 Cementir Holding NV sold its investment in Spartan Hive SpA, reclassified under assets held for sale (EUR 300 thousand), to Aalborg Portland Holding A/S.

33) Independent auditors' fees

Fees paid in 2019 to the independent auditors totalled approximately EUR 229 thousand, including EUR 190 thousand for audit services and EUR 39 thousand for other services (EUR 131 thousand in 2018 of which EUR 124 thousand for audit services and EUR 8 thousand for other services).

34) Director's remuneration

Compensation paid in financial year 2019 totalled EUR 5,572 thousand (EUR 5,277 thousand in 2018) as shown below:

[EUR'000]	2019	2018
Fixed Remueration	2,016	2,024
Compensation for participation in committees	200	194
Variable Compensation	3,125	2,852
Non monetary benefits	6	7
Other fees	225	200
Total	**5,572**	**5,277**

The key management personnel compensation is mainly relating to short-term employee benefits.

35) Off balance sheet liabilities

Regarding pledge as collateral for banks loans refer to note 15.

36) Events after the reporting period

No other significant events occurred after the end of the year.

OTHER INFORMATION

Proposals for the allocation of the year-end loss for 2019 of Cementir Holding N.V.

The Board of Directors proposes that the shareholders:

- approve the separate financial statements as at and for the year ended 31 December 2019 - including the statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes - showing a loss of EUR 9,174 thousand;
- to deduct the loss for the year of EUR 9,174 thousand entirely from retained earnings;
- distribute, as a dividend, a total of EUR 22,277 thousand as EUR 0.14 for each ordinary share, before any applicable withholdings required by law, from retained earnings.

Rome, 5 March 2020

Francesco Caltagirone Jr.
Chairman of the Board of Directors


Trakya Cement Plant, Turkey

5 OTHER INFORMATION

KPMG

Independent auditor's report

To: the Shareholders' meeting of Cementir Holding N.V.

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Cementir Holding N.V. as at 31 December 2019 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2019 of Cementir Holding N.V. (the Company) based in Amsterdam, the Netherlands.

The financial statements comprise:

1 the consolidated and separate statement of financial position as at 31 December 2019;

2 the following consolidated and separate statements for 2019: the income statement, the statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Cementir Holding N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Audit approach

Summary

Materiality
— Materiality of EUR 11.0 million for the consolidated financial statements
— 0.9% of consolidated revenue
— Materiality of EUR 5.0 million for the separate financial statements
— 0.7% of total assets

Group audit
— 95% of consolidated total assets
— 100% of consolidated revenue

Key audit matters
— Impairment testing on goodwill
— Initial audit

Opinion
Unqualified opinion

Materiality

Based on our professional judgement we determined the materiality for the consolidated financial statements as a whole at EUR 11.0 million (2018: EUR 10.5 million) and for the separate financial statements as a whole at EUR 5.0 million (2018: EUR 6.8 million).

Materiality for the consolidated financial statements is determined with reference to consolidated revenue (0.9%). We consider revenue as the most appropriate benchmark because the main focus of stakeholders is, amongst other metrics, on revenue. Moreover revenue appears to be less volatile than other benchmarks, such as profit before taxes.

Materiality for the separate financial statements is determined with reference to total assets (0.7%). We consider total assets as the most appropriate benchmark given the primary nature of the parent Company's activities, the holding of investments.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated and separate financial statements for qualitative reasons.

We agreed with the Board of Directors that unadjusted misstatements in excess of EUR 500 thousand and EUR 250 thousand which are identified during the audit of the consolidated and separate financial statements respectively, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

1750563-20W00169057AVN

KPMG

Scope of the group audit

Cementir Holding N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Cementir Holding N.V.

Our group audit mainly focused on significant components that are (i) of individual financial significance to the group, and (ii) that, due to their specific nature or circumstances, are likely to include significant risks of material misstatement of the financial statements of Cementir Holding N.V.

We have:

- Made use of the work of other auditors for the audit of Cementir Holding N.V., Aalborg Portland Holding A/S, Cimentas A.S. and Compagnie des Ciments Belges CCB S.A.
- Provided detailed instructions to the component auditors, covering amongst others the significant risks of material misstatement, and the information required to be reported back to the group audit team.
- For the components in scope of the group audit, held conference calls and physical meetings with the auditor of the significant components. During these meetings and calls, the planning, risk assessment, procedures performed, findings and observations reported to the group auditor were discussed in more detail and any further work deemed necessary by the group audit team was then performed.
- Visited component auditors in Italy, Denmark and Turkey, where we performed local audit file reviews. For Belgium we reviewed the file remotely.
- Set component materiality levels, which ranged from EUR 1.1 million to EUR 8.1 million, based on the mix of size and financial statement risk profile of the components within the group to reduce the aggregation risk to an acceptable level.
- Performed selected audit procedures ourselves at Cementir Holding N.V. with respect to compliance with specific Dutch disclosure requirements and those related to communication to those charged with governance.
- For the remaining components, performed analytical procedures at the aggregated group level in order to corroborate our assessment that there are no risks of material misstatements within these remaining group entities.

By performing the procedures mentioned above at significant components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

The audit coverage as stated in the section summary can be further specified as follows:

Consolidated total assets

83%	12%
Audit of the complete reporting package	Specified audit procedures

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Consolidated revenue

100%

Audit of the complete reporting package

Audit scope in relation to fraud

In accordance with the Dutch standards on auditing we are responsible for obtaining a high (but not absolute) level of assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.

As part of our risk assessment process we have evaluated events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud ('fraud risk factors') to determine whether fraud risks are relevant to our audit. During this risk assessment we made use of our own forensic specialist.

We communicated identified fraud risks throughout our team and remained alert to any indications of fraud throughout the audit. This included communication from the group to component audit teams of relevant fraud risks identified at group level.

In accordance with the auditing standard we evaluated the fraud risks that are relevant to our audit:

- Fraud risk in relation to revenue recognition, being the risk with respect to an overstatement of revenues during the cut-off period close to the financial year-end (the presumed risk).
- Fraud risk in relation to management override of controls to meet targets and/or expectations (the presumed risk).

Our audit procedures included an evaluation of the design, implementation as well as the operating effectiveness of internal controls relevant to mitigate these risks and substantive audit procedures, including detailed testing of high risk journal entries and evaluation of management bias, such as estimates relating to goodwill impairment testing.

In determining the audit procedures we made use of the Company's evaluation in relation to fraud risk management (prevention, detections and response), including the set-up of ethical standards to create a culture of honesty. Furthermore, in relation to the correct recognition of revenues for the period close to the financial year-end, we carried out inspection and testing of documentation such as contracts with customers, shipping documents and credit notes.

As part of our evaluation of any instances of fraud, we inspected the incident register/whistle blowing reports and follow up by management.

We communicated our risk assessment and audit response to the Audit Committee of the Board of Directors. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.

Our procedures to address fraud risks did not result in the identification of a key audit matter.

We do note that our audit is based on the procedures described in line with applicable auditing standards and are not primarily designed to detect fraud.

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Audit scope in relation to non-compliance with laws and regulations

We have evaluated facts and circumstances in order to assess laws and regulation relevant to the Company. In this evaluation we made use of our own forensic specialist.

We identified laws and regulations that could reasonably be expected to have a material effect on the financial statements based on our general understanding and sector experience, through discussion with relevant management and evaluating the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to component audit teams of relevant laws and regulations identified at group level. The potential effect of these laws and regulations on the financial statements varies considerably:

— Firstly, the Company is subject to laws and regulations that directly affect the financial statements including taxation and financial reporting (including related company legislation). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

— Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation.

Based on the nature of operations and their geographical spread, the areas that we identified as those most likely having such an indirect effect include laws and regulations regarding the environment, health and safety, labour law and trade union requirements and anti-competition.

Auditing standards limit the required audit procedures to identify non-compliance with laws and regulations that have an indirect effect to inquiring of relevant management and inspection of regulatory and legal correspondence, if any.

Through these procedures, we did not identify any additional actual or suspected non-compliance other than those previously identified by the Company in each of the above areas. We considered the effect of actual or suspected non-compliance as part of our procedures on the related financial statement items.

Our procedures to address compliance with laws and regulations did not result in the identification of a key audit matter.

We do note that our audit is not primarily designed to detect non-compliance with laws and regulations and that management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud, including compliance with laws and regulations.

The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing on goodwill

Description

The carrying value of goodwill as at 31 December 2019 is EUR 349.0 million. The Company tested the goodwill, allocated to the identified cash generating units, for impairment as at year end. The impairment tests were considered to be significant to our audit due to the complexity of the assessment process, judgements and assumptions which are affected by expected future market and economic developments.

Under EU-IFRS the Company is required to test the amount of goodwill for impairment at least annually. The impairment tests were significant to our audit due to the complexity of the assessment process and judgements and assumptions involved which are affected by expected future market and economic developments.

We specifically focused on the valuation of goodwill in the cash generating unit 'Turkey', considering the macro economic uncertainties in Turkey. Certain sensitivity scenario's resulted in limited headroom, as disclosed in note 2.

Our response

We challenged the goodwill impairment tests. In this respect, we critically assessed and tested management's key assumptions and methodologies. This included, but was not limited to, comparing the weighted average cost of capital and information to external and historical data (such as external market growth expectations) and by analysing sensitivities in the Company's valuation model.

We particular focussed on the reasonableness of forecasts and cash flow projections made by the Board of Directors. We challenged possible biases of management in these projections, including the overall outcome and consistency and the historical accuracy of previous management's estimates via retrospective review procedures.

We paid specific attention to the cash generating unit 'Turkey', where certain sensitivity scenario's indicated limited headroom.

Our audit procedures included the involvement of a valuation specialist to assist us in evaluating the assumptions, in particular the (terminal) growth and pre-tax discount rates, and the valuation methodology and model used by the Company.

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Initial audit

Description

KPMG Accountants N.V. was appointed as the Company's auditor effective for the year 2019, due to the change of the legal seat of the Company from Rome to Amsterdam, succeeding KPMG S.p.A. (Italy).

There are additional considerations involved in performing initial audit engagements. Additional considerations are required to determine an appropriate audit strategy. Amongst others this includes the review of the predecessor auditor's audit documentation, determining whether the 2018 closing balances have been correctly brought forward to 2019 and assessing whether the opening balances reflect the application of appropriate accounting policies.

Our response

We developed a comprehensive audit plan, including specific planning activities to ensure an effective transition from the predecessor auditor. These activities included, amongst others, obtaining an understanding of the Company, its businesses, strategy, business risks and its internal control environment and financial reporting framework.

Furthermore, we have assessed the opening balances and the selection and consistent application of accounting policies by discussing the audit with the predecessor auditor and reviewing the predecessor auditor's file.

Our observation

The results of our procedures addressing the additional considerations for initial audit engagements and the opening balance procedures were satisfactory. Amongst others, we considered that the accounting policies reflected in the 2018 financial statements have been consistently applied in the 2019 financial statements.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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Report on other legal and regulatory requirements

Engagement

We were engaged by the Shareholders' meeting as auditor of Cementir Holding N.V. on 28 June 2019 as of the audit for the year 2019 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, The Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report.

Amstelveen, 9 March 2020

KPMG Accountants N.V.

L.M.A. van Opzeeland RA

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Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concluding on the appropriateness of Board of Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

SEMPLIFIED STRUCTURE OF THE GROUP

CEMENTIR HOLDING NV

AALBORG PORTLAND HOLDING A/S

100%

Nordic & Baltic

- **Aalborg Portland A/S** 100% (cement)
- **Unicon A/S** Denmark 100% (RMC)
- **Unicon AS** Norway 100% (RMC)
- **AB Sydsten** 50% (aggregates, RMC)
- **Kudsk & Dahl A/S** 100% (aggregates)

Belgium and France

- **Compagnie des Cimentas Belges SA** 100% (cement, RMC, aggregates)
- **Compagnie des Cimentas Belges France SAS** 100% (cement, RMC, aggregates)

North America

- **Lehigh White Cement Company LLC,** 63,25% (cement)
- **Vianini Pipe Inc.** 100% (Precast)

Turkey

- **Cimentas AS** 98% (cement)
- **Cimbeton AS** 50% (RMC)
- **Recydia AS** 100% (waste)
- **Sureko AS** 100% (waste)
- **Neales Waste management Ltd** 100% (waste)
- **Quercia Ltd** 100% (waste)

Egypt

- **Sinai White Portland Cement Co. SAE** 71% (cement)

Asia Pacific

- **Aalborg Portland Malaysia Sdn Bhd** 70% (cement)
- **Aalborg Portland (Anqing) Co. Ltd** China 100% (cement)
- **Aalborg Portland (Australia) Pty Ltd** 100% (cement)

Italy

- **Spartan Hive Spa** 100% (trading, supply chain)

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CCI number: 76026728 - Netherlands Chamber of Commerce

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Design, Layout and Printing
PRC PROMOZIONE RICERCHE CONSULENZE