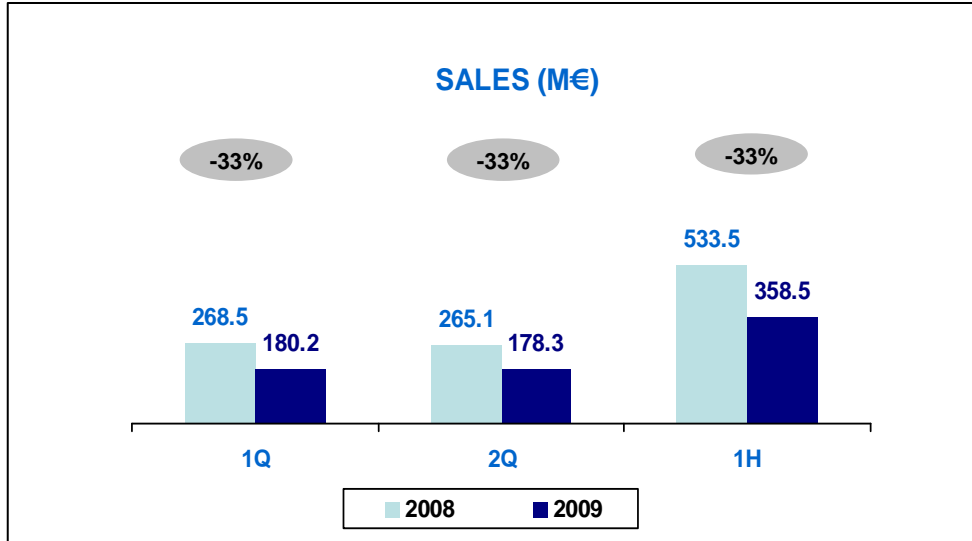


**URALITA GROUP**  
**HALF-YEAR FINANCIAL REPORT CNMV**  
**FIRST HALF 2009**  
**BUSINESS PERFORMANCE REPORT**

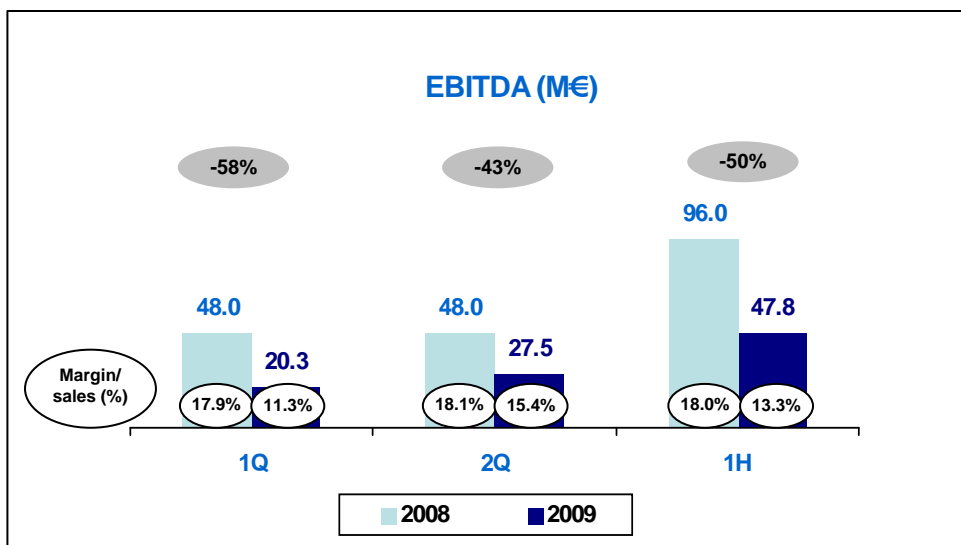
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- *Amidst the current financial and economic crisis affecting the construction activity, Uralita achieved total sales of 358.5M€ in the first half of 2009 (H1 09), 33% below that of the same period in 2008*
  - *Despite the reduction in sales, operating profitability improved in the second quarter (Q2 09), mainly due to the savings arising from an ambitious improvement program launched in the second half of 2008. Thus, Uralita achieved an EBITDA of 27.5M€ in Q2 09 (-43% vs Q2 08) comparing to 20.3M€ in Q1 09. Total EBITDA for H1 09 was 47.8M€ (-50% vs H1 08)*
  - *Uralita achieved a net attributable income of 2.5M€ in Q2 09 (89% lower than in Q2 08), amounting to a total of 2.6M€ in H1 09 (94% lower than in H1 08)*
  - *Due to the uncertainty in many countries, it is difficult to predict the market outlook for the coming months. Nevertheless, we expect that the savings arising from the improvement program will progressively enhance profitability*
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## 1. URALITA'S CONSOLIDATED RESULTS



Total turnover in H1 09 was 358.5M€, with a reduction of 33% compared to H1 08, mainly due to the negative impact of the financial and economic crisis in the construction industry and the depreciation against the Euro of some currencies in markets where Uralita operates (mainly Russia, Eastern Europe and UK).

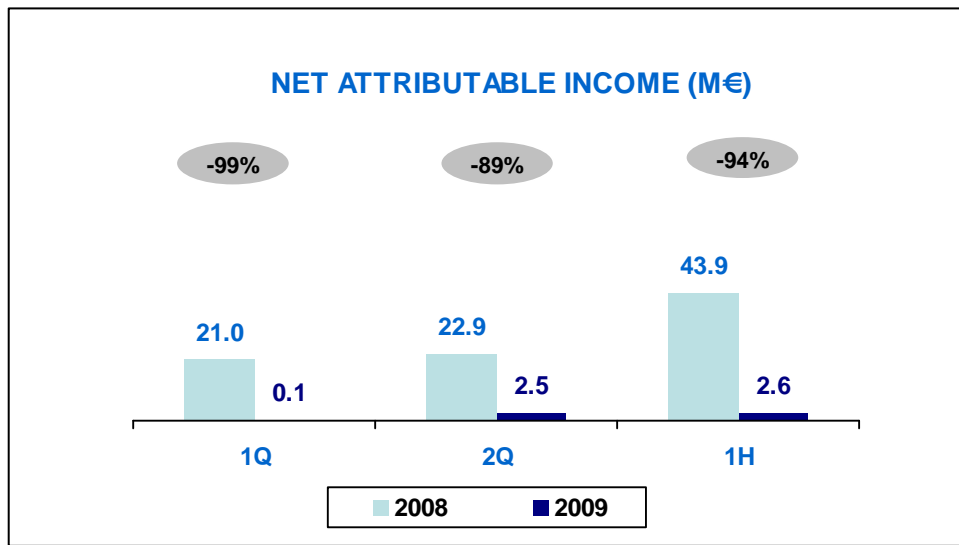
The sharpest sales drop took place in Spain (-41%) compared to the international business (-25%). On a business basis, Insulation showed the mildest reduction (-25%) thanks to the resilience of Western and Central European markets. Pipes (-37%), with the second mildest reduction, mitigated the reduction of sales with its presence in the infrastructure segment. Roof Tiles and Powder Gypsum suffered the strongest decreases due to their greater dependence on new residential construction.



In this context, Uralita implemented an ambitious profitability improvement program, including initiatives of price management, fixed costs reduction and optimization of personnel expenses, involving production, commercial and support areas.

As a result of these actions and despite the strong reduction of sales, Uralita achieved an EBITDA of 47.8M€ (-50% vs H1 08), with a margin over sales of 13.3%. The results of the improvement plan were more visible in Q2: with similar sales than in Q1, EBITDA reached 27.5M€ in Q2 09 (15.4% margin) vs 20.3M€ in Q1 09 (11.3% margin).

Finally, and despite the adverse market conditions, Uralita improved its profit in Q2 09, achieving a net attributable income of 2.5M€, amounting to a total of 2.6M€ in H1 09



The second improvement program objective, maximizing cash flow, was also achieved through tight control of capex and working capital management. As a result of these actions, and despite the dividend payments, investments committed payments and restructuring charges (79M€ in total), indebtedness increased by only 28M€ in H1 09.

Uralita's debt at the end of the first half was 272M€ and despite the decrease in EBITDA, the debt/EBITDA ratio remained at 2.4x times.

## 2. RESULTS BY BUSINESS

| Business                             | Sales        |              |              | EBITDA      |             |             |
|--------------------------------------|--------------|--------------|--------------|-------------|-------------|-------------|
|                                      | Q1 09        | Q2 09        | H1 09        | Q1 09       | Q2 09       | H1 09       |
| Insulation                           | 97.3         | 93.9         | 191.2        | 11.5        | 12.2        | 23.7        |
| % previous year                      | -24.4%       | -25.2%       | -24.8%       | -55.6%      | -46.0%      | -51.1%      |
| EBITDA margin                        |              |              |              | 11.8%       | 13.0%       | 12.4%       |
| Gypsum                               | 39.4         | 36.7         | 76.1         | 8.9         | 9.9         | 18.7        |
| % previous year                      | -39.5%       | -43.4%       | -41.5%       | -50.7%      | -45.8%      | -48.2%      |
| EBITDA margin                        |              |              |              | 22.5%       | 26.9%       | 24.6%       |
| Pipes                                | 30.3         | 33.5         | 63.9         | 1.0         | 4.8         | 5.8         |
| % previous year                      | -40.5%       | -34.4%       | -37.4%       | -72.9%      | -12.1%      | -36.1%      |
| EBITDA margin                        |              |              |              | 3.2%        | 14.4%       | 9.1%        |
| Roof Tiles                           | 13.0         | 14.0         | 26.9         | 0.2         | 1.4         | 1.6         |
| % previous year                      | -45.0%       | -40.5%       | -42.7%       | -91.1%      | -52.7%      | -71.1%      |
| EBITDA margin                        |              |              |              | 1.9%        | 10.0%       | 6.1%        |
| Other and Adjustments <sup>(1)</sup> | 0.3          | 0.2          | 0.5          | -1.3        | -0.8        | -2.1        |
| <b>TOTAL</b>                         | <b>180.2</b> | <b>178.3</b> | <b>358.5</b> | <b>20.3</b> | <b>27.5</b> | <b>47.8</b> |

<sup>(1)</sup> Includes Corporate Sales and EBITDA and consolidation adjustments

**Insulation: URSA® (53% of H1 09 total sales). Lower sales due to worsening market conditions and negative currency impact**

Insulation sales in the H1 09 decreased by 25% compared to that of H1 08.

On a regional basis, the construction market showed a severe drop in Eastern Europe as a result of a strong winter and tight restrictions to households and investors to finance their projects. On top of that, the depreciation of some currencies against the Euro reduced the revenues conversion to euros.

In Western and Central Europe, markets remained stable, or with low reductions, thanks to a lesser dependence on the financing in the renovation segment and the positive impact of several government initiatives enhancing the renovation and energy efficiency.

On a product basis, XPS experienced a better performance than glass wool due to a higher exposure to western and central markets and the drop of polystyrene prices, XPS main raw material.

Despite the reduction in sales, URSA® achieved an EBITDA of 23.7M€ in H1 09 (12.4% margin in H1, improving in Q2 09 vs. Q1 09) thanks to the implementation of a profitability improvement program based on fixed costs optimization and glass wool production capacity adjustment to the new market environment, with the closure of the factory in Hungary (which was below the capacity threshold to compete efficiently in the mid-term) and the reduction of production shifts.

Additionally, URSA® maintained its focus on innovation launching two new product lines (PureOne® y URSA Terra®) that will enhance future sales and enable URSA® to complete the glass wool portfolio with the best suitable products for the different uses.

While we do not envisioned a significant improvement in H2 09 in our main markets, three levers should improve the results vs H1 09: expected sales increase based on business seasonality, improvement program larger impact in H2 09 and less demanding comparative basis (vs H2 08). Nevertheless, we also expect a declining contribution margin for XPS, due to polystyrene price increase that is probably not going to be feasible to pass through entirely to the final customers in the current context.

***Gypsum: Pladur® and Algíss® (21% of H1 09 total sales): Maintaining high EBITDA margins despite the reduction in activity***

Total sales in H1 09 were 41% lower than in H1 08, with a steeper drop in Algíss®.

Despite the sales reduction, the Gypsum business remained a highly profitable business with a 24.6% EBITDA margin mainly due to tight price control, some raw materials price reductions and important savings in fixed costs and personnel expenses. EBITDA margin in the second quarter, with a larger impact of the implemented efficiency measures, was 4.4 percentage points higher than in Q1 09.

***Pipes: Adequa® (18% of H1 09 total sales). Higher EBITDA margin despite lower sales***

Adequa® reduced sales by 37% comparing to H1 08. Sales drop was stronger in the building segment with higher exposure to residential construction. On a regional basis, the implementation of a business profitability tight control led to a large sales reduction in France as a result of exiting low margin businesses and customers.

Despite the reduction in sales, Adequa® reached an EBITDA margin of 9.1% (comparing to 8.9% in H1 08) due to several factors:

- Customer selection and low profitability businesses exiting
- Optimization of production variable expenses
- Lower raw material and energy costs
- Fixed costs and personnel expenses reduction, especially in industrial functions

The stronger impact of these factors in Q2 09 led to an EBITDA margin of 14.4% in this period.

**Roof Tiles: Cobert® (8% of H1 09 total sales). Lower sales and profitability in an adverse context**

In a context of lower activity in the construction business, and more specifically in new residential construction, felt to a greater extent in Spain but also in Portugal, total sales of Roof Tiles decreased by 43% comparing to H1 08.

Roof Tiles achieved a total EBITDA of 1.6M€ in H1 09 (71% less than in H1 08), with an improvement in Q2 09 due to:

- Progressive positioning in the high quality segment, with the launch of new products in the Almansa factory and the start-up in June of the new line in Outeiro (Portugal) with the latest and finest technology in Iberia
- Reduction of the industrial capacity to adjust it to the new economic environment, with the closure of 4 factories. These measures have partially impacted results in Q2 09 and will be fully reflected in the H2 09

### **3. FIRST HALF OF 2009 IMPORTANT FACTS**

Major events during the first half were as follow:

1. Slowdown in construction markets in some countries (especially in new residential construction) as shown in the sales figures
2. Implementation of a improvement program focused on costs reduction and operations optimizing, with stronger impact in Q2 09. Its impact is reflected in the profitability of the different businesses. It includes the closure of 4 roof tile factories and 1 insulation factory
3. Devaluation against the Euro of several Eastern European currencies in countries where URSA® operates (Russia, Poland, Romania) and of the Sterling Pound with an important impact already implicit included in the sales figures
4. Launch of new product lines in URSA®, PureOne® and URSA Terra®, with limited impact in H1 09 due to its recent implementation
5. Update of a new factory in Outeiro (Portugal) with the latest and finest technology in Iberia, with limited impact in H1 09 due to its recent implementation

### **4. MAIN RISKS AND UNCERTAINTIES FOR THE 2<sup>nd</sup> HALF OF 2009**

1. Greater slowdown of the construction activity in Spain and some other markets, driven by excess supply and weak demand in a less favourable economic context and a tighter credit market
2. Increases of raw materials cost, with the potential difficulty of passing them through to the final customer