URALITA GROUP

INTERIM MANAGEMENT REPORT FIRST HALF OF 2014

INTRODUCTION

Uralita reports fourth consecutive quarter of EBITDA growth compared to the previous year

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- ***In 1H 2014, Uralita achieved total sales of EUR 269.5 million, down 1.7% on the same period last year. Sales were affected by the devaluation of certain currencies, especially the Russian rouble, and the disinvestment of the Turkish business in December 2013 (2.2% growth on a like-for-like basis).***

- ***By regions, Uralita's sales were down slightly in both Spain and the Western and Central Europe regions, while in Eastern Europe and Russia dropped 1.5%, primarily due to the aforementioned effects. Export sales increased 2.9%.***

- ***Despite lower sales, the group's EBITDA increased by 48% compared to 1H 2013, totalling EUR 19.3 million. This positive evolution was the result of operating and industrial improvements, as well as the fixed and personnel costs reduction.***

- ***Uralita obtained a net profit of EUR -33.6 million in 1H 2014, compared to EUR -13.0 million during the same period in 2013. Difference was primarily due to the impact of April 2013 refinancing agreements on financial expenses.***

1. MAIN PROFIT AND LOSS ACCOUNT FIGURES

Figures in million euros	1H 13	1H 14	Difference
SALES	**274.2**	**269.5**	**- 1.7%**
EBITDA	**13.0**	**19.3**	**+48.1%**
ATTRIBUTABLE NET PROFIT	**-19.9**	**-33.6**	**---**
FINANCIAL DEBT	**318.9**	**358.2**	**39.3**

2. SALES BY REGION AND BUSINESS

In a still weak macroeconomic environment, Uralita's markets evolution exhibited varied dynamics, resulting different sales evolution by region: in Western and Central Europe – group's largest region, with 49% of sales in 1H 2014 – sales were in line with 2013, down 0.3%, reporting a good progress in the western countries and an increased competitive tension in Germany.

For its part, the region of Eastern Europe and Russia (23% of sales) reduced sales by 1.5% primary due to the negative impact of exchange rates. On a like-for-like basis, separating this effect, business in this region grew 9.6%.

In Spain (23% of sales), sales remained at the same level as 2013 (down 0.4%) due to the boost from Interior Solutions and Roof Tiles businesses, which compensated principally lower sales in the Piping business due to the slowdown of hydraulic civil works.

Finally, special note should be made of the efforts to increase export activity to other markets, primarily for the businesses with an industrial presence on the Iberian Peninsula.

Sales by region* (million euros)

	1H 13	*1H 14*	Difference
WESTERN AND CENTRAL EUROPE	**132.7**	**132.4**	**-0.3%**
EASTERN EUROPE AND RUSSIA	**64.0**	**63.1**	**-1.5%**
SPAIN	**63.0**	**62.8**	**-0.4%**
REST OF THE WORLD	**10.9**	**11.2**	**+2.9%**

** 1H 2013 figures do not include sales from the Turkish business (EUR 3.6 million), disinvested in December 2013*

In term of business areas, the Interior Solutions segment almost repeated sales (-0.3%) with a slight reduction in the Insulation business due to the foreign currency, while Gypsum increased its revenue primarily boosted by sales in France.

Roof Tiles business increased its sales by 11% with an improvement in the Iberian market, both Spain and Portugal, and in the export activity.

Lastly, sales in the Pipes segment were down 6.6% compared to 1H 2013, affected by the delay in some hydraulic civil works early in the year.

Sales by business segment (million euros)

	1H 13	*1H 14*	Difference
INTERIOR SOLUTIONS	**229.7**	**228.9**	**-0.3%**
ROOF TILES	**13.5**	**15.0**	**11.0 %**
PIPES	**27.2**	**25.4**	**-6.6%**

** Interior Solutions 1H 2013 figure does not include sales from the Turkish business (EUR 3.6 million), disinvested in December 2013*

3. CONSOLIDATED EBITDA, NET PROFIT AND DEBT

Gross operating profit, EBITDA, for the half-year was EUR 19.3 million, a 48.1% increase compared to the same period of 2013.

This increase was due to the improved operating margin as a result of higher prices and the reduction in production costs, as well as lower fixed costs for the business units following restructuring and disinvestment of activities carried out in 2013 and the first half of 2014.

Both the Interior Solutions and Roof Tiles units reported a significant improvement in EBITDA compared to 2013, while EBITDA for the Pipes business was similar to the previous year, despite lower sales.

For the half-year as a whole, Uralita had a negative attributable net result of EUR 33.6 million, EUR 13.8 million less than the same period of 2013. Despite improved operating income, net profit decreased by higher financial expenses and the absence of significant financial income as a result of the April 2013 refinancing agreements.

Finally, Uralita ended 1H 2014 with financial debt totalling EUR 358.2 million, representing a EUR 39.3 million increase, compared to the debt at the end of 1H 2013. This increase is primarily due to the conditions of the group's refinancing mentioned above.

4. ***SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2014 AND THEIR EFFECTS***

There were no significant events during the first half of the year other than those described above.