EVOLUTION OF URALITA's BUSINESS IN THE FIRST QUARTER OF 2013

A 7-year financing deal has been closed.
Falling sales were further affected by the contraction of the economy in Spain and adverse weather conditions in the rest of Europe.

- ***In the first quarter of 2013, the Group focused on completing the refinancing process, which it achieved in April after several months' negotiations with both existing and new lenders. It now has a sufficient long-term capital structure (seven years) to implement its business plans with the necessary financial resources.***

- ***Over the course of the quarter, Uralita achieved sales of EUR 132.8 million, a reduction of 14% compared to 1Q 2012. The main reason for the fall in sales was the additional contraction of activity in Spain, a market which accounted for only 23% of the Group's total sales in 1Q 2013 with revenues shrinking by 27% in line with the collapse in the construction industry. Sales also shrank by a total of 9% in other international markets, mainly as a result of adverse weather conditions in the first quarter of 2013.***

- ***EBITDA totalled EUR 4.2 million (66% down on 1Q 2012). Profits are usually low in the first quarter of the year due to the seasonality of the business, and this effect was amplified in 2013 by the contraction of the business.***

- ***The quarter saw a net loss of EUR 18.2 million (compared to a net loss of EUR 8.3 million in 1Q 2012), mainly as a consequence of low operating income and higher finance costs. The first quarter result is rarely significant to the year as a whole, however, given the seasonality of the business.***

- ***In 1Q 2013, Uralita continued its policy of strict cash control, enhancing the management of working capital and optimising investment policy, which enabled the Group to cut its financial indebtedness by EUR 7.4 million compared to 1Q 2012.***

Total consolidated figures (expressed in millions of euros)	1Q 2013	1Q 2012	Difference
Sales	**132.8**	**154.6**	**-14%**
EBITDA	**4.2**	**12.2**	**-67%**
Margin, EBITDA/Sales	*3.1%*	*7.9%*	*-4.7 pp*
Attributable Net Loss	**-18.2**	**-8.3**	**n.a.**

Discussion of Sales and EBITDA

- Sales of EUR 132.8 million, a reduction of 14% compared to 1Q 2012. The decline in sales was due basically to the weakness of Spain's construction market, where a severe adjustment has continued both in residential building and in public works. Meanwhile, weather conditions were adverse in 1Q 2013 (especially in comparison to 1Q 2102) with heavy snow and rain, which hindered normal building activity in most European markets.

- By geographical area: Revenues shrank by 8% in Western and Central Europe (excluding Spain), which accounted for 54% of the Group's sales in 1Q 2013. The fall was 12% in Eastern Europe and Russia (accounting for 23% of Group sales) with a particular impact on Poland. Meanwhile, sales in Spain (23% of the Group's sales) shrank by 27%, falling in all lines of business.

- Exports (i.e. sales made outside the Iberian Peninsula in businesses with manufacturing presence in Spain and Portugal –Plaster, Tiles and Pipes) held up well, increasing by 38% of 1Q 2012. Plaster exports were particularly strong.

- By lines of business, sales dropped to EUR 113.5 million, 12% less than 1Q 2012, in Interior Solutions (Plaster and Insulation Materials) with similar falls in both lines of business. The Pipes business achieved sales of EUR 13.9 million (-20% vs. 1Q 2012). This figure was affected by sharp falls in Public Infrastructure expenditure and the reduction in the business perimeter after the sale of the Valves division and the closure of the Polyester in 2012. Finally, the Tiles division suffered the largest fall in sales (-39% vs. 1Q 2012 on total sales of EUR 5.2 million) given its greater exposure to the Spanish and Portuguese markets.

- Cumulative EBITDA was EUR 4.2 million, a fall of 65.9% compared to 1Q 2012 and a deterioration in the EBITDA margin of 4.7 p.p. The sharp fall in sales reduced EBITDA in all businesses except the Pipes division, where the restructuring measures implemented in 2012 reduced the business cost base. Significantly, the businesses are affected by significant seasonality, with less activity, and therefore lower earnings, in the early months of the year.

Refinancing processes

As explained in the 2012 annual accounts, the Group has been working in recent months to refinance practically all of its financial debt, which matured in March 2014.

A seven-year *bullet* loan of EUR 320 million was arranged with KKR in April. This loan allowed repayment of financial debt totalling EUR 280 million, which matured in March 2014, and provided additional financial resources for the Group to implement its business plans in a scenario of long-term financial stability.

The KKR loan was made to Ursa, the Uralita insulation materials division, which currently accounts for 72% of the Group's sales, and it is backed by the division's assets and a corporate guarantee from Uralita. The interest on the loan is linked to Euribor and is in line with market conditions given the terms of the operation. It comprises both regular interest payments and a cumulative component (PIK) payable on final maturity of the loan. The loan includes the normal disclosure undertakings and financial covenants, established in accordance with Ursa's business plan.

Under the framework refinancing agreements, the Spanish financial institutions which received repayment of the debt maturing in March 2014 have agreed to maintained certain overdraft and financial support facilities with various Group companies for a period of at least 24 months.