Financial Results 1st Quarter 2014

Date : 15-05-2014

The recovery in Titan Group's financial results, which had started to become evident during 2013, continued in the first quarter of 2014, reflected in higher consolidated revenue and improved operating results. Performance improved in Southeastern Europe mostly due to a mild winter, and in Greece, mostly due to increased demand from public works. On the negative side, performance in the USA was affected by the heavy and prolonged winter period, while gas shortages in Egypt severely limited the production of Group plants, leading to a significant drop in sales.

Group turnover for the first quarter of 2014 reached €252m posting a 7% increase compared to the first quarter of 2013. EBITDA increased by 31% reaching €30.5m. Group net loss for the quarter, after taxes and minority interests, settled at €11m versus a €27m loss in the first quarter of the previous year.
The weakening of local currencies against the Euro in markets in which the Group is active negatively impacted results. At stable exchange rates, turnover and operating profitability would have increased by 10% and by 37%, respectively.
It should be noted that first quarter results, which are highly affected by fluctuations in weather conditions, are not necessarily indicative of full year performance.

€ m	Q1 2014	Q1 2013	% change
Turnover	251.8	235.2	7.00%
EBITDA	30.5	23.3	30.90%
Profit before tax	-9.7	-23.5	
Net profit / (loss) *	-11	-27.1	

*after tax and minority interests

OPERATING RESULTS

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In Greece, cement consumption recorded an increase against the depressed levels of 2013. This improvement, which was also aided by a mild winter, is solely due to public infrastructure works, mainly the restart of public road works. Trends in private construction activity are still negative.

The continued operation of the Group's plants in Greece is dependent on the competitiveness of exports, amid intense international competition, especially from countries which are not subject to the costs of EU legislation on carbon dioxide emissions. Titan continued to undertake investments targeted at reducing both energy costs and the Group's environmental footprint. Nonetheless, the high cost of electricity in Greece represents a significant threat to the competitiveness of Greek plants. Of all the countries in which the Group operates cement plants, Greece faces the highest cost of electricity. Despite the challenges, cement exports continued at high volumes in 2014.

In the first quarter of 2014, turnover in Group region Greece and Western Europe, grew by 31% and stood at €67m. Operating profitability reached €4m versus a €3m loss in 2013.

In the USA, the long and harsh winter which struck the mid-Atlantic region, coupled with the frontloading of scheduled maintenance costs in the first quarter of the year, prevented any tangible improvement in Titan America's results. In Florida, which was not affected by inclement weather, the construction sector continued to recover at a rapid pace. In the first quarter of 2014, turnover in Group region USA, grew by 6% and stood at €95m while operating profit stood at €1m versus €0.5m in 2013.

In the markets of Southeastern Europe, construction activity was aided by the mild weather and posted an increase. Turnover grew by 28% and stood at €41m, while operating profit reached €10m versus €3 m in 2013.

In Egypt, continuing stoppages in operation, owing to the disruptions in the supply of natural gas, led to a pronounced decline in cement production compared to the same period in 2013. The increase in cement prices recorded in the context of a resilient market and constrained supply, was almost completely counterbalanced by foreign exchange fluctuations. In Turkey, demand continued to trend upwards aided by favorable weather conditions.

It should be noted that following the adoption of IFRS11, as of 1st January, 2014, the Group accounts for the joint venture operations in Turkey, within Group region Eastern Mediterranean, through the equity method and not through proportionate consolidation as was the case until now. To facilitate comparability, 2013 results have been restated accordingly. Turnover in Group region Eastern Mediterranean in the first quarter of 2014, posted a

21% decline and stood at €49m while operating profit declined by 29% and stood at €16m.

Group net debt at the end of the first quarter of 2014 stood at €541m, increased versus the end of 2013 due to seasonality, but still lower by €54m compared to the same period in the previous year. Over time, the, Group has reduced net debt to below half the level recorded in the beginning of 2009.

In January 2014, Titan Global Finance Plc. (TGF), a subsidiary of Titan Cement Company S.A., and a syndicate of Greek and international banks executed in London, UK, a new €455m multicurrency forward start syndicated revolving credit facility, guaranteed by the Titan Cement Company S.A. The new facility matures in January 2018 and will be used for refinancing TGF's existing syndicated facility maturing in January 2015 and, thereafter, for general corporate purposes.

Group capital expenditure in the first quarter of 2014 stood at €14m versus €6m in the same period in 2013.

OUTLOOK FOR 2014

Recent trends in Group markets appear to justify a certain degree of reserved optimism for 2014, despite continuing uncertainties.

In the USA, cement consumption is picking up and is expected to grow strongly over the medium term, mainly due to the recovery in the residential housing market. As per the recent Portland Cement Association (PCA) estimates, cement demand is forecast to grow by 7.9% in 2014, by 10% in 2015 and by 10.2% in 2016.

In Greece, for the first time in seven years, cement demand is expected to trend higher compared to the previous year. This positive development is primarily due to the execution of public infrastructure works. The outlook for residential building activity is not yet positive, despite the slight improvement witnessed in financial sentiment.

Construction activity in the countries of Southeastern Europe is exhibiting signs of improvement compared to 2013, although overall demand for building materials is not expected to grow much in 2014.

The Group faces its greatest challenges in Egypt. In addition to the broader uncertainties, the situation has been further compounded by the acute shortage of fuel. The unavailability of natural gas is curtailing the plants' production much below capacity levels. Current and planned investments that will allow the utilization of solid and other secondary fuels, are not anticipated have a decisive impact during the course of the current year.

In Turkey, demand continues to grow since, for the time being, public and private construction activity seem to retain their momentum.

FINANCIAL RESULTS OF PARENT COMPANY TITAN CEMENT S.A.

Turnover at Titan Cement S.A. grew by 15% reaching €58m while EBITDA amounted to €3m versus a €2m loss recorded in the corresponding quarter the previous year.

In the course of the first quarter, the company received €20m in the form of dividends from overseas subsidiaries. As a result, a net profit of €9m was recorded, compared to a €17m loss in the first quarter of 2013.

TITAN is an independent cement and building materials producer with over 110 years of industry experience. Based in Greece, the Group owns cement plants in nine countries and is organized in four geographic regions: Greece & Western Europe, the USA, Southeastern Europe and the Eastern Mediterranean. Throughout its history TITAN has aimed to combine operational excellence with respect for people, society and the environment.

In 2013 the Group sold 17.2 m tons of cement and cementitious materials 3.4m. m^3 of ready mixed concrete, 12.3 m tones of aggregates and various other building materials like concrete blocks, dry mortars etc.

Detailed financial and other information is available on the Titan Group website: www.titan-cement.com

The above announcement was communicated to the ASE and the HCMC, and was also posted on the website of the Athens Stock Exchange