Nine Month 2012 Results

Date : 12-11-2012

Titan Group turnover for the first nine months of 2012 stood at €847m, posting a 1% increase compared to the same period in 2011. Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) declined by 27%, reaching €162.5m. Net income after minority interests and the provision for taxes stood at €2m, compared to €54m in the same period in 2011.

Group turnover grew for the second consecutive quarter. Growth was supported by indications of recovery in construction activity in the USA, sustained momentum in the markets of the Eastern Mediterranean and the increase in exports out of Greece. Those effects counterbalanced the continued decline of the Greek market and the slowdown in the markets of Southeastern Europe.

The decline in operating results compared to the same period in 2011 was due to deteriorating conditions in European markets and difficulties in passing on production cost increases to customers in most markets. It should also be noted that previous year's results benefited from significant positive extraordinary results.

The weakening of the Euro versus the national currencies of the countries in which the Group is active had a limited €3m positive effect on nine month operating results. At constant exchange rates, Group turnover would have declined by 3% while EBITDA would have declined by 28%. The positive foreign exchange differences resulting from the weakening of the Euro, also contributed to the decline in financial expenses compared to 2011.

€ m.	Q3 2012	Q3 2011	% change	Nine months 2012	Nine months 2011	% change
Turnover	299.2	282	6.10%	847	838.9	1.00%
EBITDA	50.4	78.8	-36.10%	162.5	221.3	-26.60%

€ m.	Q3 2012	Q3 2011	% change	Nine months 2012	Nine months 2011	% change
Profit (Loss) before tax	-3.4	38.3	-108.90%	26.1	76	-65.60%
Net profit (Loss) *	-6.4	29.9	-121.40%	2	53.9	-96.3

*after tax and minority interests

OPERATING RESULTS

In Greece, demand for our products continued to decline at rates estimated at over 30% with no signs of stabilization, despite five years of dramatic decline. The considerable increase in exports has to a large degree contained the decline in turnover for Group region Greece and Western Europe which in the first nine months of 2012 stood at €181m posting a 14% decline versus the same period in 2011. EBITDA reached €33m, 22% lower compared to the previous year. The decline in EBITDA would have been greater had the Group not embarked in time on its restructuring plan.

In the USA, despite the anemic growth rates of the economy, there is increasing evidence pointing to a recovery of private construction activity. Consumption of cement and other building materials has recorded a marked increase compared to the extremely low levels witnessed in recent years. Market conditions nevertheless remain challenging while it has not been possible to pass on the increased production costs. Group turnover in the USA for the first nine months of 2012 stood at €273m increased by 19% versus the same period in 2011 and EBITDA reached €3m compared to €3m operating losses recorded in the same period the previous year.

In Southeastern Europe, the evolution of the markets is being affected by the recession in Europe, as well as the broader uncertainty over the resolution of eurozone matters, thereby reversing, for the time being, the positive prospects for the development of construction activity. Group turnover in Southeastern Europe for the first nine months of 2012 declined by 5% compared to the first nine months of 2011 reaching €175m, while EBITDA declined by 26% versus the same period the previous year and stood at €54.5m.

In Egypt, cement consumption increased, thereby facilitating the absorption of additional capacity in the market following the entry into operation of new cement plants in the course of last year. Due to this increase in available capacity, Group sales in nine months posted a slight decline compared to 2011, while operating margins were impacted by the increase in energy costs. In Turkey, domestic demand remains at high levels with exports also posting an increase. In total, Group turnover in the Eastern Mediterranean region for the first nine months of 2012 increased by 1.3% compared to the same period in 2011 and stood at €219m, while EBITDA declined by 34% reaching €71.5m. It should be noted that operating results between the two periods are not directly comparable since in 2011 these included an additional amount of €25m relating to the refund of the clay tax fee in Egypt.

In the first nine months of 2012 the Group generated €60m in free cash flow which together with the €50m accrued from the sale of a minority stake in its subsidiaries in the F.Y.R.O.M., Serbia and Kosovo to the International Finance Corporation (IFC), allowed it to reduce net debt by €40m since the beginning of the year. As at 30th September, 2012 therefore, Group net debt stood at €667m, roughly a €0.5 bil reduction from the peak levels reached in the beginning of 2009.

In the context of continuous efforts at cost containment, administrative, operating and selling expenses declined by 9% in the first nine months of 2012, compared to the same period the previous year. Part of this decline is to be attributed to the implementation of the Group’s two-year restructuring plan launched in 2011, aiming at realizing €26m worth of savings on an annual basis. The Group has already achieved €18.5m in savings in the first nine months of 2012.

PROSPECTS FOR THE REMAINDER OF 2012

The Group expects that the trends recorded in its markets in the first nine months of the year will not change materially until the end of 2012.

In Greece, a long and deep recession, in conjunction with high uncertainty and lack of liquidity, continue to weigh on construction activity.

In the USA, cement demand continues to trend upwards, raising expectations of a sustained recovery in construction activity, despite concerns over the short-term developments in the economy. The Portland Cement Association expects cement consumption to increase by 6.9% in 2012 and that demand will continue to grow in the coming years.

In the countries of Southeastern Europe, contagion effects from the banking and the eurozone crises are slowing down or even halting economic growth, negatively affecting construction activity.

In Egypt, despite the difficulties inherent in the transition phase the country is undergoing, expectations about cement demand remain cautiously optimistic. In Turkey, demand continues at high levels.

PARENT COMPANY TITAN S.A.

Turnover at TITAN CEMENT S.A. stood at €170m in the first nine months of 2012, essentially flat over the same period in 2011, while EBITDA reached €35.5m, posting a 22.5% decline. The Company's net result was a loss of €4.7m.

TITAN is an independent cement and building materials producer with 110 years of industry experience. Based in Greece, the Group own cement plants in 9 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 2011, the Group sold 15.3 m. tonnes of cement and cementitious materials, 3.7 m. m^3 of ready mixed concrete, 10.9 m. tonnes 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.