

## TITAN Financial Results FY2014

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Titan Group returned to profit in 2014 after two loss-making years. Consolidated turnover in 2014 reached €1,158m posting a 2.7% increase compared to 2013. Earnings before Interest Tax Depreciation and Amortization (EBITDA) declined by 2.6% to €182m. Net Profit after minority interests and the provision for taxes (NPAT) stood at €31m, versus a €36m loss in the previous year.

The continuing recovery in the USA, the improvement in the Greek market and the better performance of the markets of Turkey and Southeastern Europe, all contributed to operating results. Countering these trends, results in Egypt declined significantly owing to the prolonged gas shortages which severely curtailed production. In this context, the Group is implementing investments in Egypt which will enable the utilization of solid and alternative fuels, thus restoring the plants' operating capability.

Net results were considerably boosted by the strengthening of the US\$ and the Egyptian Pound versus the Euro. Fourth quarter turnover increased by 6%. EBITDA declined by 12% while net profit after tax and minority interests stood at €0.4m versus a €21.5m loss in the fourth quarter of 2013.

| € m.              | Q4 2014 | Q4. 2013 | % change | 2014     | 2013     |
|-------------------|---------|----------|----------|----------|----------|
| Turnover          | 292.7   | 276.1    | 6.00%    | 1,158.40 | 1,127.90 |
| EBITDA            | 34.9    | 39.9     | -12.30%  | 181.6    | 186.4    |
| Profit before tax | -0.6    | -7.3     |          | 46.8     | -9.4     |
| NPAT*             | 0.4     | -21.5    |          | 30.9     | -36.1    |

\*net profit after minority interests and the provision for taxes

Note: The above figures regarding 2013 are presented here restated as per the application of IFRS 11, according to which, the Group henceforth accounts for its activities in Turkey, conducted through its 50%-50% JV, via the equity method.

## REVIEW OF OPERATIONS

Demand for building materials in the Greek domestic market grew in 2014, compared to the extremely low levels of 2013, owing primarily to the re-launch of major road works in the country. Residential construction, which traditionally is the motor of demand, remains completely subdued. The general climate of uncertainty, high levels of unemployment, limited disposable income and high tax rates, all effectively hindered any recovery in activity. Moreover, unfavorable demographics coupled with a high stock of unsold homes have brought residential building activity to a standstill.

Maintaining satisfactory utilization rates at the plants in Greece continues to depend on export potential, amidst intense international competition, particularly from countries with low energy costs and no constraints on carbon dioxide emissions. Investments to increase the utilization of alternative fuels and reduce energy costs continued, allowing Titan to remain competitive and continue its export activity unabated.

Total turnover for Group region Greece and Western Europe in 2014 increased by 14% and stood at €285m. EBITDA more than doubled from €14m in 2013 to €37m in 2014.

In the USA, demand for building materials is recovering. Group sales increased across the whole spectrum of building materials it produces, propelled mainly by the high growth rates recorded in Florida where a substantial share of operations is located. According to the Portland Cement Association, cement consumption in Florida, grew by 18% mainly due to new residential construction. Cement consumption across the USA as a whole grew by 9% in 2014.

Group subsidiary ST Equipment and Technology LLC (STET), which produces and operates fly-ash processing equipment, continued its focus on growth. Additionally, STET is stepping up investments in R&D so as to expand its applications to the processing of other minerals.

The USA currently account for above one-third of Group turnover and an increasing share of EBITDA. Higher sales volumes and improved prices led to the increase in turnover at Titan America, which stood at €469m, posting a 14% increase in 2014. EBITDA reached €46.5m from €32m in 2013.

In Southeastern Europe, construction activity remained subdued due to the anemic economic development of the wider region. The slight improvement in operating results was mostly due to lower energy costs and the increase in the use of alternative fuels at Group plants. Turnover in 2014 in Group region Southeastern Europe, declined by 3.5% to €208m, while EBITDA grew to €67m from €63m in the previous year.

In Egypt, the construction sector continued to grow and cement demand was higher by 2.4% compared to 2013. Nevertheless, the repeated interruptions in the state-provided gas supply, coupled with the considerable administrative delays in the issuance of the required permits for the investments necessary to allow for the utilization of solid fuels, lead to a considerable loss of production. Under these conditions, the Group's capacity utilization rates dropped below 50%. Part of the shortfall was made up through imports, which however curtailed profit margins. In 2014, turnover in Egypt declined by 22% to €197m. EBITDA dropped by 60% to €31m.

The Group is implementing a comprehensive investment program which will allow for the utilization of solid and alternative fuels, with a view to gradually achieving fuel autonomy. The first solid fuels grinding mill was brought on stream at the Beni Suef cement plant at the end of 2014.

Construction activity in Turkey continued to grow. The Group's share in the Turkish operations' net profit, which as of 2014 is consolidated via the equity method, was €4.6m, versus a €0.1m loss in the previous year.

In 2014, the Group generated €90m in free cash flow versus €136m in 2013. Net debt at the end of the year stood at €541m versus €509m at the end of 2013, reflecting the step-up in capital expenditure and increased working capital requirements in growing markets. Group net debt is less than half of what it was in the beginning of 2009.

Taking advantage of prevailing conditions in financial markets in July 2014, the Group through its subsidiary Titan Global Finance PLC, issued a €300m, five-year bond with an annual coupon of 4.25%. Funds raised were utilized for the repayment of existing debt.

## INVESTMENTS

Group capital expenditure in 2014, excluding acquisitions and intangible assets, stood at €80m, considerably higher than the limited amounts recorded in previous years and by €33m greater than in 2013. The increase is

primarily due to investments in Egypt and the USA.

#### POST BALANCE SHEET EVENTS

In February 2015, Group subsidiary Alvacim Ltd purchased the 20% stake held by the European Bank for Reconstruction and Development (EBRD) in ANTEA CEMENT SHA (ANTEA), a Titan Group subsidiary in Albania. As a result of this purchase, Titan Group holds 80% of ANTEA's share capital, whereas the remaining 20% is held by the International Finance Corporation (IFC).

#### OUTLOOK FOR 2015

The outlook for the Group in 2015 is positive, despite significant uncertainties and challenges. This reserved optimism can be attributed to the expectation of improved operating results from the Group's two most important markets: the USA and Egypt.

Despite the protracted period of bad weather since the beginning of the year, the recovery of the US market continues unabated within the context of a broader US economic recovery. According to the forecasts of the Portland Cement Association (PCA), cement consumption in the USA is expected to grow by about 8% annually between 2015 and 2017, aided by increased demand in the residential segment and the positive trends underway in the commercial sector. The PCA estimates that growth rates will be even higher, than the aforementioned national average, in the Southern states, where the largest share of Titan operations is located. In order to meet higher demand and improve competitiveness, the Group is increasing capital spending.

In Egypt, demand for building materials is expected to remain at high levels, supported by both private and public construction. The Group expects to recover production and sales volumes in 2015, following the investments undertaken in order to ensure the gradual self-sufficiency of the plants, in terms of their fuel needs.

In Greece, private construction continues to decline despite the already extremely low levels of activity reached. According to the data of the Hellenic Statistical Authority, the total volume of building permits for the first eleven months of 2014, declined by 14.5% versus 2013 and - after 9 consecutive years of decline – stands at c. 14% of 2005 levels. Cement consumption in 2015 is expected to remain at broadly the same levels as in 2014 supported by road work activity, to the extent that this continues uninterrupted.

Construction activity in Southeastern Europe appears stable; cement demand however is considerably below the Group's plants capacity. No significant improvement is expected in the short-term since the region continues to be affected by the weakness of Eurozone neighbor countries.

PARENT COMPANY TITAN S.A.

Turnover at Titan Cement S.A. in 2014 grew by 12.5% to €264m while EBITDA stood at €31m versus €11m in 2013. The Company's net profit after the provision for taxes (NPAT) reached €92m (versus a €43m loss in 2013), mostly thanks to €112m of dividends received from international subsidiaries. Thus, profit for the year 2014 exceeded the losses of €51m accumulated over the previous years. Coupled with the favorable outlook for 2015, this allows the Board of Directors to propose to the Annual General Assembly of Shareholders the payment of a dividend for the first time since 2011. More specifically, the Board of Directors will propose to the Annual General Assembly of Shareholders, which has been scheduled for 19th June, 2015, the distribution of €12,694,879.20 corresponding to a dividend per share of €0.15. Additionally, the Board of Directors will propose to the Annual General Assembly of Shareholders the distribution of special reserves to the amount of €12,694,879.20 corresponding to €0.15 per share.