

# Positioned for sustainable growth



This report is TITAN's third Integrated Annual Report and is the next stage in its journey towards reporting the Group's business performance in a complete and balanced way as a response to the expectations of shareholders and key stakeholders.

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This Summary Report is divided into the four main sections shown here.

The opening section is a strategic review of our business, with a message from our CEO and an outline of TITAN's approach to business development, explaining how it builds value and enhances the Group's long-term sustainability.

The full version of the Report including the Assurance Letter for our sustainability performance in 2014, in a PDF format, can be found online at: <http://integratedreport2014.titan.gr>  
Please send us your feedback to: [annualreport2014@titan.gr](mailto:annualreport2014@titan.gr)

Our Annual Financial Statements for the year ended 31 December 2014, in a PDF format, can also be found online at: <http://integratedreport2014.financial.titan.gr>



# Positioned for sustainable growth

Following several years of global economic uncertainty and social unrest in many countries, 2014 was another challenging year for the Group. Despite this, our strategy and enduring commitment to our values and principles have resulted in a stronger business with a clear plan for strategic investments in the coming years.

Our business activities have evolved during the last five years and, in 2014, our performance further enhanced our financial position. We have a clear strategic plan for the coming years, which will spearhead our return to growth.

We are confident that our vision for sustainable growth can guide us in building the capabilities and resources we need for future success.

## Integrated reporting

Through the International Integrated Reporting Council (IIRC) guidelines, we aim to respond better to the needs of our stakeholders and, in particular, improve shareholder communications around our performance, and how we build value and ensure our long-term sustainability.

We use our Report to seek feedback from stakeholders and it is part of our stakeholder engagement process, enabling us to focus on the most material issues.

We remain focused on integrated international standards for reporting our performance and, accordingly,

with this Report, we continue to meet the “advanced” level criteria for the UN Global Compact (UNGC) Communication on Progress, and to uphold our commitment to continuous improvement on the World Business Council for Sustainable Development Cement Sustainability Initiative Charter (WBCSD/CSI). Moreover, we have moved towards GRI G4 and accomplishing the Core level, to better highlight the most material issues for the Group and our key stakeholders.

Since 2007, we have invited independent assessors to verify our performance against our voluntary

commitments in international standards and industry best practice. As a result of this ongoing process, this Report includes:

- a more detailed analysis of management procedures (GRI index);
- an updated and refreshed analysis of materiality at Group and country level; and
- a number of additional KPIs disclosed and new ones covered by the verification process (see tables on pages 47-49).

## CEO message

Dear Shareholders  
and Stakeholders

Welcome to our third integrated report, which not only contains information about our financial results but also our social and environmental performance. We believe this approach, in line with what is today increasingly viewed as best practice, better reflects the fact that sustainability is not ancillary to our business, but forms an integral part of it.

## Turnover €

1,158.4m

## EBITDA €

181.6m

## Profit after taxes €

30.9m

Lost time injury frequency rate  
(LTIFR, Direct employees)

1.65 per million manhours

## Employees (31 December 2014)

5,501

Specific CO<sub>2</sub> emissions/t<sub>Product</sub>674.4kg/t<sub>Product</sub>**2014: Returning to profitability**

The 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.

Our operating performance was severely impacted by the prolonged gas shortages which curtailed production in Egypt to about 50% of capacity. Results posted improvements in all other regions where the Group is active: the market recovery gained momentum in the USA; Greece improved for the first time in seven years, as a result of the restart of public works, a solid contribution from exports and cost improvements; the performance of South Eastern Europe, despite anemic market growth, grew on the back of cost efficiencies; the Group's share in the Turkish Joint Venture (which, as of 2014, is consolidated via the equity method), contributed €4.6m in net

profit, versus a marginal loss in 2013, in the context of a buoyant market.

During 2014 TITAN invested €80m in its existing operations, considerably higher than in the previous few years. The bulk of our capital expenditure went to the US - in order to help capture market growth- and to Egypt- in order to enable the utilization of solid and alternative fuels and thus restore our plants' operating capability.

**Sustainability: at the heart of our business**

We continued to make good progress against our sustainability goals in 2014, structured around three major axes: health and safety, the environment, and stakeholder engagement. We consolidated last year's very encouraging safety performance among employees and contractors; stepped up our investments in environmental protection; rolled out new training programs and people management processes across the business; and engaged actively with local communities, tackling issues such as health, safety, poverty, unemployment and local sourcing of products and services. The reader will find specific examples and case studies throughout this Report.

Regrettably, the Group saw two road traffic fatalities in 2014, one involving a contractor and the other a third-party driver. These events underline the importance of our continuing efforts to promote safety not only within our operating locations, but outside their perimeter as well.

On the environmental front, we are well ahead of our targets on water consumption and on dust emissions. We made good progress in the use of alternative fuels in 2014, although we

still fall far short of our targets and best practice levels. On the other hand, specific CO<sub>2</sub> emissions were largely unchanged from 2013 levels, leaving us with work to do to achieve our five-year environmental performance improvement plan.

We continue to build and enrich our business through a commitment to collective action. Today, more than ever, we seek to strengthen collaboration with our peers and stakeholders within the framework of the Cement Sustainability Initiative, under the auspices of World Business Council for Sustainable Development, and the UN Global Compact. For this reason, we continue to co-chair special task forces for biodiversity and sustainable supply chains, and we have joined the Campaign to fight against corruption.

During 2014 we also worked on updating our 2020 sustainability goals. An assessment of material issues was conducted across the Group to help ensure that our new sustainability objectives and targets are both inclusive and responsive to community needs. Among other ambitions, our updated goals include further reducing our specific carbon footprint, increasing use of alternative fuels, optimizing water consumption, assessing our supply chain for human rights risks and enhancing training in several relevant areas. As always, we will be aiming to have a positive impact beyond the perimeter of our operations.

At the same time, we are working on broader governance issues: developing a new framework to guide our sustainability strategy in the coming years, reviewing and updating Group policies and introducing a new data-reporting platform

### 2015: positive outlook

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 largest markets: the USA and Egypt.

The US is anticipated to be a key driver of growth for the Group. The Portland Cement Association (PCA) forecasts cement consumption in the US to grow by about 8% annually from 2015 through 2017, and we are investing to help capture that growth.

In Egypt, despite considerable uncertainties, demand is likely to continue to grow, supported by both private and public construction activity. On the production side, 2015 will be a transition year, as the implementation of our capital expenditure program gradually ensures the self-sufficiency of our plants in terms of their fuel needs.

In Greece, private construction continues to decline despite the extremely low levels of activity. According to official sources, the total volume of building permits for 2014, declined by 9% versus 2013 and - after 9 consecutive years of decline - stands at c. 12% of 2005 levels. Cement consumption in 2015 is expected to remain at broadly the same levels as in 2014, supported by public road works, to the extent that these continue uninterrupted.

Construction activity in Southeastern Europe appears stable; oversupply in the region, however, will result in continued low utilization of the Group's plants. No significant improvement is expected in the short-term, as the region continues to be affected by the weakness of Eurozone neighbor countries.

The return to profitability in 2014, in conjunction with the favorable outlook for 2015, allows the Board of Directors to propose to the General Assembly of Shareholders the payment of a dividend of €0.15 per share for the first time since 2011, as well as the distribution of special reserves corresponding to an additional €0.15 per share.

### Looking ahead: sustainability, profitability, growth

Looking ahead, we are working around three major strategic priorities.

First, we continue our gradual return from a focus over recent years on debt reduction to a renewed growth agenda. We are stepping up capital spending, which is likely to exceed depreciation for the first time in several years. We are looking at growth opportunities in a targeted and disciplined way.

Secondly, we are focusing our efforts on returning to superior returns on capital employed, with a number of initiatives centered on customer and operating excellence.

Finally, we are very mindful of the need to continuously invest in the long-term sustainability of our business - in the broader sense of that word - especially given the turmoil in several of the countries where we operate. We remain committed to putting safety at the top of our business agenda, to going beyond simple compliance in dealing with our environmental footprint, to actively engaging with our stakeholders wherever we operate and to helping our people reach their full potential.



**Dimitri Papalexopoulos**  
Chief Executive Officer

## How TITAN builds value

# Foundations for growth built on a responsible approach

### Who we are and what we do

TITAN Group has been in business as an independent cement and building materials producer for more than 11 decades. In that time, we have expanded beyond our Greek roots to become a multi-regional business operating in four distinct geographies. Headquartered in Athens, Greece, the Group employs 5,501 people worldwide and sells products to 36 different countries.

Our principal products are cement, ready-mix concrete and aggregates. We also produce concrete building blocks and dry mortars, we process fly ash (ProAsh®), and we provide alternative fuel and waste management services through GAEA, our Bulgarian joint venture with American environmental and alternative energy company, Evolution Environmental Group LLC.

### A long-term strategy balancing financial growth with broader interests

We believe that our financial and sustainability considerations are intertwined. Our strategy is inclusive, which means that we always consider wider stakeholder needs over the longer term in the context of our strategic priorities.

We are committed to meeting the long-term expectations of our shareholders, but we recognize that this means more than just meeting our financial objectives. Our pioneering approach to Corporate Social Responsibility (CSR) is at the heart of our operations, while our solid and proven management strategy ensures we can drive growth and, where necessary, address crises successfully.

Our strategy has guided us through several years of economic and social crisis in key markets, reinforcing our business position and providing solid foundations for us to build on.

From these foundations, the Group is well positioned to achieve its governing objective to grow as a multi-regional, vertically integrated cement producer, combining entrepreneurial spirit and operational excellence with respect for people, society and the environment.

### How we implement our strategy

To meet our strategic endeavors we put people first and promote continuous self-improvement and innovation throughout the Group. Respect for the natural environment and strong links to the communities we work in also play a large part in our day-to-day operations, helping us to create value for a wide range of stakeholders and to meet the highest international standards in all areas.

### Global collaboration



TITAN was among the first 500 signatories of the UN Global Compact and is also involved in local UN Global Compact networks.



TITAN has been a core member of the Cement Sustainability Initiative (CSI) since it was launched by the World Business Council for Sustainable Development (WBCSD) in 2003.



CSR Europe is a leading business network through which we liaise with stakeholders on issues such as transparency, corporate responsibility and sustainable development.

➔ More on our collaboration for sustainable growth in our full report online at <http://integratedreport2014.titan.gr>

### One governing objective

To grow as a multi-regional, vertically integrated cement producer, combining entrepreneurial spirit and operational excellence with respect for people, society and the environment.

### One common vision

To be one of the most economically, environmentally and socially responsible providers of construction materials.

### Four strategic objectives

- Continuous competitive improvement
- Focus on human and social capital
- Geographical diversification
- Vertical integration

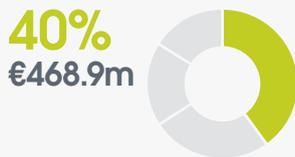
### Six corporate values

- Integrity
- Commitment to results
- Continuous improvement
- Value to the customer
- Know-how
- Corporate Social Responsibility

## USA



Turnover €m



EBITDA €m



Total assets



Employees<sup>1</sup>

**1,867**

Principal products/activities



Cement plants

**2**

Quarries

**7**

Ready-mix plants

**88**

Distribution terminals

**15**

Concrete block plants

**9**

Fly ash processing plants

**9**

➔ More on page 30

## Greece and Western Europe



Turnover €m



EBITDA €m



Total assets



Employees<sup>1</sup>

**1,165**

Principal products/activities



Cement plants

**3**

Quarries

**27**

Ready-mix plants

**26**

Distribution terminals

**8**

Grinding plants

**1**

Dry mortar plants

**1**

➔ More on page 32

## Southeastern Europe



Turnover €m



EBITDA €m



Total assets



Employees<sup>1</sup>

**1,444**

Principal products/activities



Cement plants

**5**

Quarries

**13**

Ready-mix plants

**7**

Distribution terminals

**1**

Processed engineered fuel facility

**1**

➔ More on page 34

## Eastern Mediterranean



Turnover €m



EBITDA €m



Total assets



Employees<sup>1</sup>

**1,025**

Principal products/activities



Cement plants

**3**

Quarries

**17**

Ready-mix plants

**5**

Distribution terminals

**1**

Grinding plants

**2**

➔ More on page 36

<sup>1</sup> Employee figures are as at 31 December 2014

## How TITAN builds value continued

# Delivering value far beyond the cement plant

The way we do business is defined by our approach to long-term value creation. From the quarrying of raw materials to the distribution of finished products, we provide a complete solution for our customers and a fair deal for our suppliers, while protecting local community and environmental interests.

### 1. How our business works

As a publicly listed company we have a responsibility to deliver value for our shareholders, but we can only do this by taking a sustainable approach to doing business. That's why our local relationships with customers, governments, suppliers and trade partners are so important.

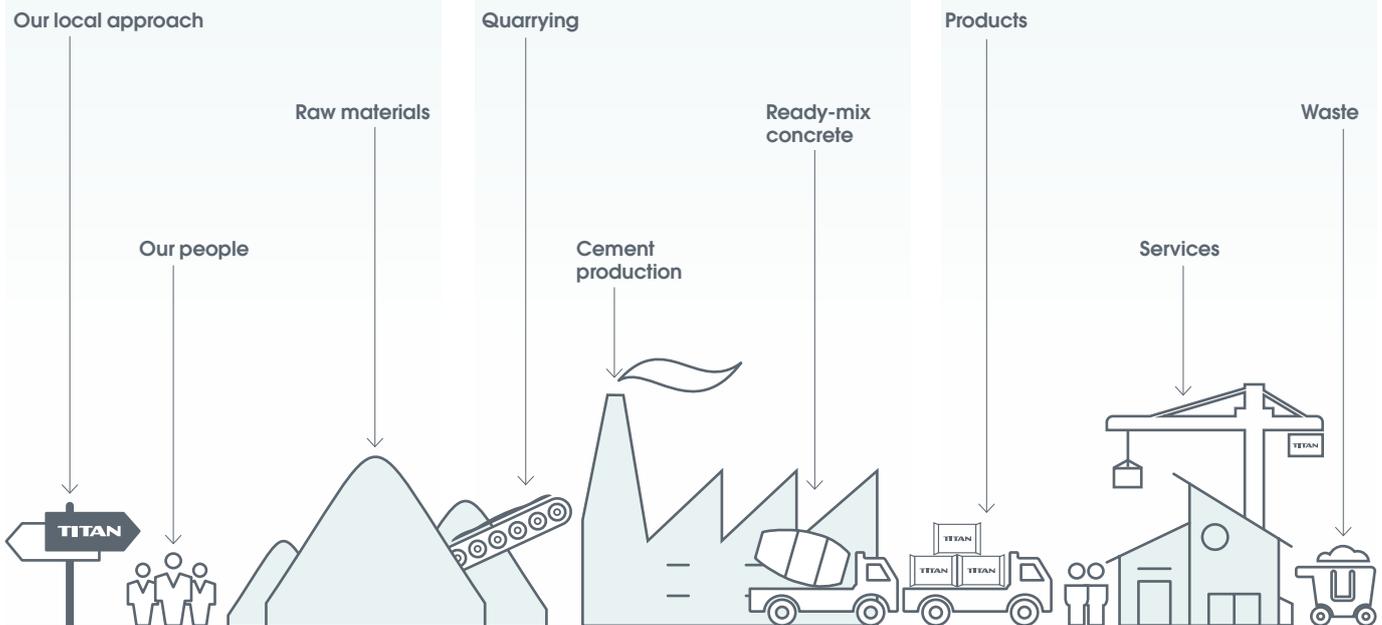
### 2. Our core business activities

We extract the materials we need to make our products and turn them into cement and concrete. At all stages of production we put a strong focus on quality control and operational improvement, including efforts to use alternative fuels and raw materials.

The use of alternative raw materials and fuels, such as dried sewage sludge and end-of-life car tires, offers considerable benefits to the environment through the conservation of natural resources.

### 3. Our products and services

Innovations in our products and in our engagement with local customers help to give us a competitive edge in the markets we work in. We actively promote new products that will improve quality and durability, such as ProAsh®, as well as methods and materials that will make construction easier or help to reduce its environmental impact.



## 4. Value created

We create value for a wide range of stakeholders throughout our business operations. This helps us to maintain our reputation, mitigate business risks and ensure our license to operate. Because we work closely with partners and customers at a local level, our economic and social contributions to local communities (such as taxes and support for local construction projects) have some of the greatest impacts.

High quality of products and services to customers

Stable and secure long-term employment

Concrete structures for society

Financial benefits to stakeholders



(1) To employees for salaries, pensions and social benefits, including additional benefits beyond those provided by law.  
(2) Part of the environmental expenditure is included in the total capital expenditure.

## How TITAN builds value continued

# Engaging with stakeholders

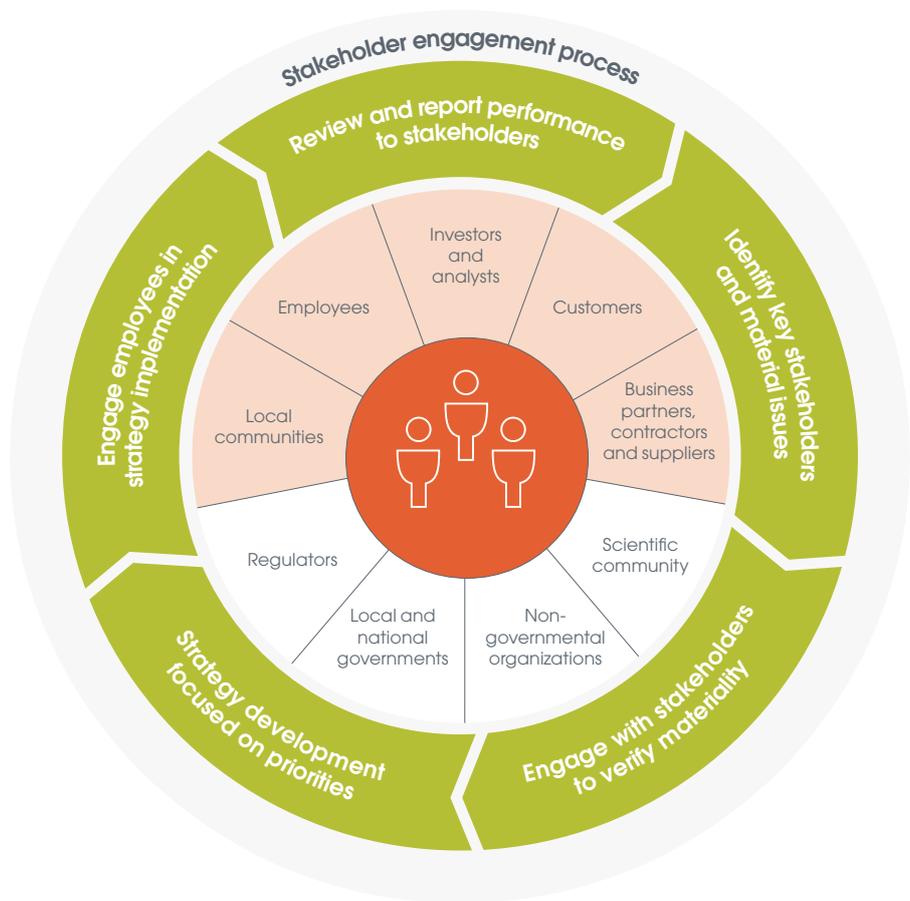
Engaging with internal and external stakeholders is a catalyst for achieving our long-term objectives and safeguarding our sustainability.

### Stakeholder engagement process

The Group's sustainable growth depends on balancing short-term and long-term interests. In line with our strategic priorities, we adapt our policies and practices to local market needs. This means understanding and responding proactively to the needs of the individuals, organizations and businesses with whom we interact.

Assessing our material issues is an ongoing process that includes consultation with internal and external stakeholders. In 2014, we used the outcomes of our materiality assessment at both Group and local levels to help us review and reset our five-year sustainability targets.

From our review of material issues for the Group and relevant feedback received from key stakeholders we have determined the most relevant issues for TITAN and the most critical for the stakeholders as shown in the illustration opposite.



### Case study



#### Stakeholder engagement in Serbia

In 2014, our Kosjeric cement plant in Serbia organized focus groups involving employees and local stakeholders to discuss: health and safety; the environment; culture and education; responsible supply chains, as well as employment and equal opportunities. This allowed participants to express their concerns and to take an active role in solving problems and developing solutions, adding value to local communities in collaboration with our business.

The first round of meetings was completed by the end of December 2014 and overall impressions have been very positive. All team members took an active part in discussions about their concerns and problems in their specific focus areas and are ready to take ownership for the next steps. During 2015, each focus group will define initiatives and create an implementation plan.

## How we engage with our stakeholders

Stakeholder group	How we engage	Frequency of engagement	Outcomes and concerns raised as a result	Actions taken as a result (indicative)
<b>Employees</b>	<ul style="list-style-type: none"> <li>- Performance management</li> <li>- Training</li> <li>- Employee surveys</li> </ul>	<ul style="list-style-type: none"> <li>- Annually</li> <li>- Ongoing</li> <li>- Regularly (every 3-5 years)</li> </ul>	<ul style="list-style-type: none"> <li>- Employees look for meaningful work</li> <li>- Fair compensation</li> <li>- Clarity of HR policies and performance appraisal criteria</li> <li>- Opportunities to develop and be creative</li> <li>- Gain recognition</li> </ul>	<ul style="list-style-type: none"> <li>- Review and update performance management systems</li> <li>- Set new sustainability targets bottom-up with direct involvement of local management teams</li> <li>- Develop action plan to improve systems and expand/extend HR best practices throughout the Group</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>- Marketing activity</li> <li>- Project consulting</li> <li>- Ongoing product support</li> <li>- Employee surveys</li> <li>- Bilateral meetings and organized workshops and conferences (regularly)</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing product support through Sales and Technical Dpt</li> <li>- Ongoing evaluation of requests for new product development through R&amp;D</li> <li>- Annually</li> </ul>	<ul style="list-style-type: none"> <li>- Excellent service</li> <li>- Quality and payment conditions</li> <li>- Reliability</li> <li>- New product development with specific standards</li> </ul>	<ul style="list-style-type: none"> <li>- New product development adapted to local needs</li> <li>- Marketing of new products to raise awareness in local markets</li> <li>- Invest further on transparency and building trust with customers (see page 40)</li> </ul>
<b>Business partners and Suppliers</b>	<ul style="list-style-type: none"> <li>- Procurement policy and practice</li> <li>- Training</li> <li>- Safety standards and guidelines for contractors</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing</li> <li>- Ongoing long-term</li> </ul>	<ul style="list-style-type: none"> <li>- Fair and long-term collaboration</li> <li>- Transparency and know-how exchange</li> <li>- Employment opportunities</li> <li>- Contribution in local development projects</li> </ul>	<ul style="list-style-type: none"> <li>- see p. 18-19, 24-25</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>- Educational meetings</li> <li>- Volunteering and social and solidarity initiatives</li> <li>- Stakeholder forums</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing long term</li> <li>- Bilateral meetings, thematic, regular forums</li> </ul>	<ul style="list-style-type: none"> <li>- Employment opportunities</li> <li>- Contribution to local development projects</li> <li>- Support local authorities and increase skills and competencies of young for employability</li> </ul>	<ul style="list-style-type: none"> <li>- see p. 22-23, 30-37</li> </ul>
<b>Non-governmental organizations NGOs</b>	<ul style="list-style-type: none"> <li>- Participation in industry and employment bodies</li> <li>- Commitment and participation in wider interest organizations (UNGC)</li> <li>- Stakeholder forums</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing long-term</li> <li>- Annual and regular thematic stakeholder forums and public events</li> <li>- Transparency and Business ethics (Ref: UNGC Campaign for Anticorruption)</li> <li>- Collaborative efforts and partnerships</li> </ul>	<ul style="list-style-type: none"> <li>- Transparency and business ethics (Ref: UNGC campaign on anti-corruption)</li> <li>- Collaborative efforts and partnerships</li> </ul>	<ul style="list-style-type: none"> <li>- Support and coordinate events and activities in the context of the UN Human Rights and Anticorruption initiatives</li> <li>- Translating the training e-based tool related to UN efforts to fight against corruption</li> <li>- Host the European Global Compact Network Summit in Skopje</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>- Participation in industry and employment bodies</li> <li>- Stakeholder forums</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing long-term</li> <li>- Annual and regular thematic stakeholder forums and public events</li> <li>- Annual Integrated Report and other public disclosures</li> </ul>	<ul style="list-style-type: none"> <li>- New investments</li> <li>- Employment and working conditions</li> <li>- Care for the environment</li> <li>- Transparency and accountability, according to international standards</li> </ul>	<ul style="list-style-type: none"> <li>- Third Integrated Report in compliance with GRI G4 core level</li> <li>- Expand independent verification process, according to industry and international accountability standards</li> </ul>
<b>Investors and analysts</b>	<ul style="list-style-type: none"> <li>- Investor relations website</li> <li>- Financial results</li> <li>- Annual General Meeting</li> <li>- Corporate presentations</li> <li>- Roadshows and conferences</li> </ul>	<ul style="list-style-type: none"> <li>- Ongoing</li> <li>- Quarterly</li> <li>- Annually</li> </ul>	<ul style="list-style-type: none"> <li>- Enhancing the trust of the investor community</li> <li>- Commitment to advanced standards for reporting and accountability</li> <li>- Transparency</li> </ul>	<ul style="list-style-type: none"> <li>- See p. 1-7, 12-17</li> </ul>



# Group performance

In this section we focus on how we performed in relation to the most material issues for the Group and our key stakeholders. We have aligned ourselves fully with the International Integrated Reporting Council's (IIRC) Guidelines and therefore present our economic, financial, social and environmental performance together, including employment, health and safety, biodiversity, socio-economic impacts and community relations.

We outline the activities we have undertaken to create value for our business as well as our stakeholders, and to ensure our long-term sustainability. We also report on a resilient financial performance as the Group returned to profit after two loss-making years, with net debt now standing at less than half of what it was at the beginning of 2009.

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## Group performance

# Performance overview

We use a range of financial and non-financial measures to assess our business performance and our progress against our strategic priorities.

Key financial measures			
Turnover	Relevance	2014 performance	What's next?
Turnover is revenue received from the sale of goods and services to customers in all regions of operations.	Turnover is an important measure to assess the growth of a business.	<b>€1,158.4m</b>	TITAN aims to capture market growth in its key markets and to strengthen its performance. Read more on page 14.
EBITDA	Relevance	2014 performance	What's next?
EBITDA is the organic profitability excluding interest, tax, depreciation and amortization.	It is used to analyze profitability between companies.	<b>€181.6m</b>	TITAN aims to strengthen its profitability focusing on growth opportunities. Read more on page 14.
Key social measures			
Social investment	Relevance	2014 performance	What's next?
We contribute both financial and non-financial resources toward local development through a range of programs and activities.	Our social investments are strongly aligned with the material issues for the Group and help us deal with concerns around health and safety, community relations and our socio-economic impacts.	<b>€2.2m</b> Donations made by our companies in 2014.	TITAN will continue to make strategic social investments to address safety, healthcare, poverty, unemployment and environmental awareness. Read more on page 7, 22, 25.
Engagement	Relevance	2014 performance	What's next?
Within the context of our corporate value of continuous improvement, we are committed to a constant process of internal review and analysis. It has been proven that one of the most effective ways to do this is to listen to your employees.	Employees are one of the most important stakeholder groups of our operations. Our stakeholder engagement strategy includes employee engagement and our new Employee Opinion Survey was launched in 2014.	<b>81%</b> was the overall response to our Employee Opinion Survey. This survey was cascaded in all countries and operations in waves, reaching 60% of our employees in Q3 and Q4 in 2014.	In 2015, the remaining countries and operations will receive the survey and action plans will be drawn up to address the focus areas identified by our employees. Before 2020, a new survey cycle will take place, measuring the improvement resulting from these action plans. Read more on page 20.

**Key employee measures**

Lost Time Injury (LTIFR) frequency rate	Relevance	2014 performance	What's next?
Reducing lost time injuries (LTIs) is an important focus for our health and safety efforts at our plants and in our operations generally globally.	We constantly strive to raise the safety performance of direct employees and contractors.	<b>-29%</b> Percentage change in LTIFR for direct employees in 2014, compared to 2010.	We continue to undertake specific actions to strengthen the safety performance of our business units, including site audits, training and publishing new guidelines. Read more on page 18-19.

Training man-hours	Relevance	2014 performance	What's next?
Our overall investment in training hours is consistently high. We regard it as important not only to enhance current know-how and so improve our operational efficiency, but also to guide people toward best practices.	Our focus is on providing training activities that are aimed at supporting a cultural shift in our organization.	<b>130,067</b> Total training man-hours in 2014. This included our Self-Training E-learning Program (STEP), with new modules and sections, for developing our future managers, as well as stakeholder engagement training in our Egyptian operations.	The aim is to increase the training investment in the areas linked with our 2020 Sustainability goals. Read more on page 20-21.

**Key environmental measures**

CO <sub>2</sub> emissions	Relevance	2014 performance	What's next?
These are defined as specific CO <sub>2</sub> emissions (kg/t <sub>Product</sub> ).	Specific CO <sub>2</sub> emissions provide a measure to monitor our performance against climate change.	<b>-16%</b> From 1990 (year base).	We aim to increase the use of alternative fuels and decrease the average clinker content of our cement, taking into account the specific conditions of the areas in which we operate. Read more on page 25-27.

Alternative fuel use	Relevance	2014 performance	What's next?
Percentage of alternative fuels in the total fuel mix (% <sub>Thermal basis</sub> ).	The use of alternative fuels allows for the conservation of natural resources as well as the reduction of direct CO <sub>2</sub> emissions.	<b>+37.7%</b> Compared to 2013.	We are working on developing the conditions that will allow the introduction of such fuels in new areas as well as further increasing their usage in existing areas. Read more on page 25-27, 34-35.

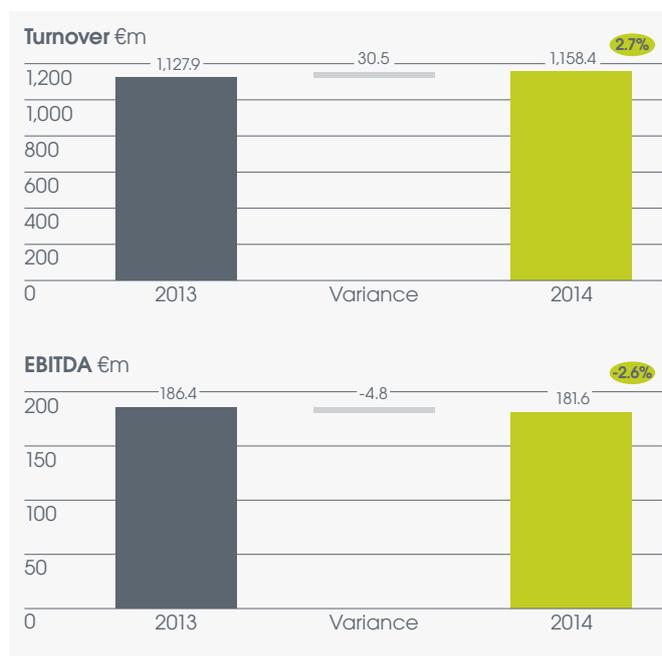
## Group financial performance 2014

# Positive outlook despite significant uncertainties and challenges

2014 was another challenging year, but we have revitalized our business – the Group is stronger financially and we are positioned for growth.

### Performance summary

- Our performance has been resilient and our financial position further strengthened
- Turnover increased by 2.7% compared to 2013, reaching €1,158.4 million
- EBITDA declined by 2.6% versus 2013 to €181.6 million
- TITAN Group returned to profit after two loss-making years, posting NPAT of €30.9 million
- We re-established TITAN in the capital markets and issued a €300 million five-year bond with an annual coupon of 4.25%



### Key performance indicators

KPI	Definition	2014	2013
Turnover	Revenue received from the sale of goods and services to customers in all regions of operation	€1,158.4 million	€1,127.9 million
EBITDA	Organic profitability excluding interest, tax, depreciation and amortization	€ 181.6 million	€186.4 million
NPAT	Net profit after minority interests and the provision for taxes	€30.9 million	-€36.1 million
ROACE	ROACE = earnings before interest and taxes (EBIT) over average capital employed (CE) CE = debt plus equity	3.6%	3.5%
Leverage	Leverage = net debt/EBITDA	2.98	2.73
Shareholder equity ratio	Shareholder equity ratio = total shareholder equity over total assets	57.9%	57.7%
Earnings per share	Net earnings attributable to shareholders/weighted average number of common and preference shares	0.38	-0.44
Share performance <sup>1</sup> (TITK)	TITAN common share annual return (31 Dec. 2013 - 31 Dec. 2014)	-3% <sup>(2)</sup>	
	Five-year return (31 Dec. 2009 - 31 Dec. 2014)	-0% <sup>(3)</sup>	
Credit rating	Credit rating by standard and Poor's	BB	BB-

(1) Dividend reinvestment included.  
(2) Versus -29% for the ASE General Index.  
(3) Versus -18% for the ASE General Index.

### Group financial performance

TITAN Group returned to profit in 2014 after two loss-making years. The continuing recovery in the USA, improvements in the Greek market and better performances in Southeastern Europe offset reduced profitability in Egypt.

Net results in 2014 were augmented by the strengthening of the US dollar and the Egyptian pound against the euro.

#### Key financials

	2014	vs 2013
Consolidated turnover	€1,158 million	+2.7%
Earnings before Interest Tax Depreciation and Amortization (EBITDA)	€182 million	-2.6%
Net Profit after minority interests and the provision for taxes (NPAT)	€31 million	-€36 million in 2013

#### Sales

TITAN's cement sales in 2014 were adversely affected by prolonged gas shortages in Egypt, which hindered production, but our overall sales performance was resilient.

	2014	vs 2013
Cement	16 million metric tons	-7%
Ready-mix concrete	3.9 million m <sup>3</sup>	+14%
Aggregates	14.2 million metric tons	+14%

### Cash flow and net debt

	2014	2013
Free cash flow generated	€90 million	€136 million
Net debt at the year-end	€541 million	€509 million

Operating free cash flow for the year (with EBITDA at €182 million) was reduced at €90 million, due to €82 million of capital expenditure and a €17 million increase in working capital. Year-on-year, the Group increased capital expenditure mainly in Egypt (energy-related projects) and the US (business development). Group net debt is now less than half of what it was at the beginning of 2009 – the Group has reduced its total net debt from a peak of €1.1 billion to €540 million.

For more information about debt structure, please see Debt and capital structure on page 16.

#### Share performance

At the end of 2014, TITAN's stock price (TITK) declined by 3%, compared to a 29% drop in the General Index of the Athens Stock Exchange (ATHEX). TITAN held 2,925,831 treasury shares, of which 2,919,912 are common shares and 5,919 are preferred shares without voting rights, representing 3.46% of its paid-up share capital.

For more information about TITAN's share price performance, please see Equity market information on page 17.

### Parent Company financial results

	2014	2013
TITAN Cement S.A. Turnover	€264 million	€235 million
Earnings before Interest Tax Depreciation and Amortization (EBITDA)	€31 million	€11 million
Net Profit after the provision for taxes (NPAT)	€92 million	-€43 million

Turnover was 12.5% up in 2014 and the Company's net profit after the provision for taxes (NPAT) reached €92 million, mostly due to €112 million of dividends received from international subsidiaries.

#### Returns to shareholders

This year's good results and the more favorable outlook for 2015 have enabled the Board of Directors to propose a dividend for the first time since 2011 – the distribution of €12,694,879.20, representing a dividend per share of €0.15. In addition, the Board has proposed the distribution of special reserves to the amount of €12,694,879.20, corresponding to a further €0.15 per share.

#### 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, while the remaining 20% is held by the International Finance Corporation (IFC).

## Debt and capital structure

# Strong financials to fund growth

The financial crisis has presented a significant challenge for our business and the whole construction sector for several years. We have countered this by managing our business more tightly, reducing our cost base, prioritizing capital expenditures and managing our capital structure more effectively.

### Debt issuance

In 2014, TITAN re-established its position in the capital markets. Taking advantage of the improving financial markets in July 2014, the Group – through its subsidiary, TITAN Global Finance PLC – issued a €300 million five-year bond with an annual coupon of 4.25%. The bond was rated “BB” by Standard & Poor’s. The proceeds were primarily used to repay existing bank debt.

Net debt at the end of the year stood at €541 million (2013: €509 million). At the same time Total Shareholders’ Equity reached €1,628 million, equal to 57.9% of Total Assets.

### Credit facilities

The Group uses a mixture of both short-term and long-term credit facilities to cover its liquidity and capital needs.

At the end of the year, total credit facilities (bonds and capital markets) available to the Group amounted to €1,180 million, while total outstanding gross debt was €684 million.

### Credit rating

In June 2014, Standard & Poor’s confirmed TITAN’s long-term credit rating as “BB” with a stable outlook.

### Facilities/Utilization by Lender

#### Total Facilities €1,180m



#### Total Utilization €684m



### Maturity profile as at 31 December 2014 €m



### Group net debt evolution €m



Note: For comparability purposes all figures have been adjusted in order to exclude Turkey (IFRS 11).

## Equity market information

# Investor relationships creating shared value

Building credibility within the financial markets and the investor community is an important part of positioning our business for growth.

### Share price performance

TITAN's common shares have been traded on the Athens Exchange since February 1912 and preference shares since November 1990. The Group's shares are components of the FTSE/ATHEX Large Cap and the FTSE/ATHEX Global Traders Index Plus.

TITAN's stock has also been included in the MSCI Emerging Markets Index since November 2013.

At the end of 2014, TITAN's stock price closed at €19.17 a share, a decline of 3% in the year, but still ahead of the ATHEX General Index, which declined by 29%. Over the last five years, TITAN shares have remained stable, while the ATHEX General Index has fallen by 18% per annum.

The share capital of TITAN Cement S.A. is €338,530,112, consisting of 84,632,528 shares with a nominal value of €4.00 each, of which 77,063,568 (91.1%) are ordinary shares and 7,568,960 (8.9%) are preference shares without voting rights.

### SRI investors

TITAN has been recognized as an "advanced" level reporter in line with the UNGC principles.

Our commitment to responsible corporate practices and reporting on sustainable issues was acknowledged by international investors, signatories of the UN-backed Principles for Responsible Investment ([www.unpri.org](http://www.unpri.org)).

There is comprehensive information on the TITAN website for both debt and equity investors. It includes the Group's latest announcements, investor relations calendar, analyst coverage, share price analysis tools and webcasts of results presentations. For more details visit: <http://ir.titan.gr/> or contact us at [ir@titan.gr](mailto:ir@titan.gr)

Symbols	Common	Preference
Oasis	TITK	TITP
Reuters Ticker	TTNr.AT	TTNa.AT
Bloomberg Ticker	TITK GA	TITP GA

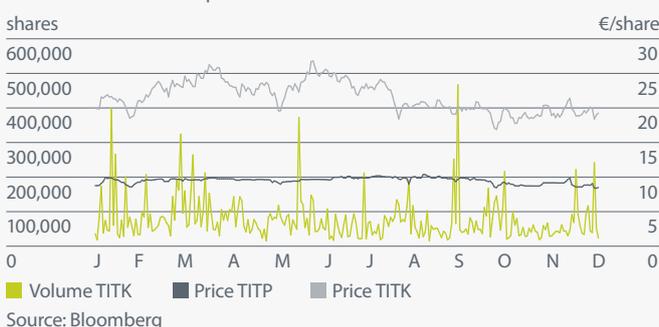
**TITAN Common shares**  
as at 31 December 2014



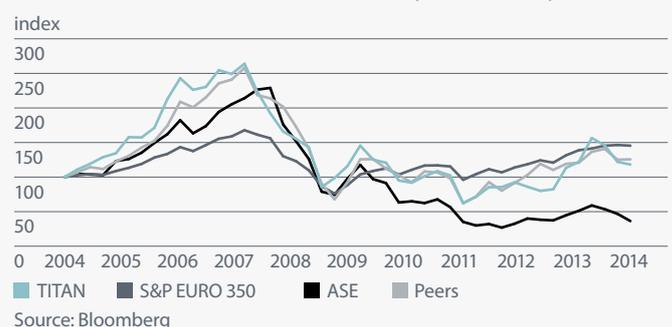
**TITAN preference shares**  
as at 31 December 2014



2014 daily volume of transactions and price of TITAN common and preference shares



Share price performance of TITAN common shares vs the S&P Euro 350 Index and the ASE General Index (31/12/2003=100)



## Health and safety

# Committed to a safer, healthier working environment

At TITAN Group we constantly strive to raise the safety performance of direct employees and contractors, while urging suppliers and third-parties to adopt similar views and practices.

### Performance summary

- Despite an increase recorded in 2014, the LTIFR for direct employees represents a 29% reduction, compared to 2010
- The LTIFR for contractors was 0.87, virtually unchanged from last year
- New data reporting platform came into operation in 2014
- “Safety at home” program for schools reached more than 13,000 children in 2014

### Management review

#### Safety performance

Following the very low LTIFR achieved in 2013, the rate for direct employees increased to 1.65 LTIs per million man-hours, equaling our 2012 performance. Despite the year-on-year increase, the five-year trend shows an improvement of 29% relative to 2010.

From the beginning of 2014 to strengthen the safety performance of our business units, we undertook specific actions, such as: on-the-job training to weave safety into all daily tasks; zero-base-reviews of selected work processes; improvement programs to enhance the safety skills of supervisors and shift leaders; and programs to improve defensive driving skills. Despite this, TITAN regrets that in separate road accidents there was one contractor and one third-party driving fatality in 2014.

LTIFR for contractors remained practically constant in 2014, with a Group-wide effort to improve contractor and driving management systems in line with CSI guidelines.

**TITAN Group LTIFR**  
Directly employed and contractors  
(all activities)



**TITAN Group total number of LTIs**  
Directly employed and contractors  
(all activities)



### Group safety performance

	Directly employed		Contractors		Third-parties	
	2013	2014	2013	2014	2013	2014
Fatalities	0	0	1	1	1	1
LTIs	5	18	7	8		
LTIs frequency rate	0.47	1.65	0.76	0.87		

Group Health and Safety continues to work toward the elimination of fatalities and serious injuries. We continue to identify and learn from Potentially Fatal Occurrences (PFOs), including near misses, and publish our findings in guidelines and training material.

#### Site audits and incident prevention

Group Health and Safety audited all of our cement plants and a significant number of non-cement activities in 2014. The findings were used to improve safety behavior processes, equipment and training.

#### Information sharing and training

We continuously share Health and Safety related information, especially descriptions of incidents. Our new data reporting platform, which came into operation in 2014, has produced benefits in both data collection and analysis, and helps us identify training needs.

In 2014, safety training hours for direct employees increased by approximately 23.5%, to an average of 10.5 hours per person, while remaining almost constant at 5.8 hours per contractor.

Group Health and Safety produced and distributed new guidelines on Operations safety training, leading indicators and silos in 2014. It also produced and distributed the guideline Dust and Noise measurements to help our business units to measure dust and noise in a more uniform way.

#### Employee health and hygiene

TITAN runs medical examination and health care programs in all countries. Within this framework individual business units create additional programs responding to local requirements.

In Egypt, where hepatitis C is an important issue, TITAN– in collaboration with local experts– offers programs for the families of the employees and the people of the neighboring communities. In the US, TITAN offers wellness programs helping employees and their families to lead healthier lives. In Greece, employees voluntarily donate blood and bone marrow.

#### Promoting safety outside of work

Our Greek cement plants continued to host safety training for engineering students in collaboration with the Board of European Students of Technology (BEST). Voluntary sessions, where TITAN employees teach “Safety at home” to pupils of elementary and junior high schools reached more than 13,000 children in 2014. This initiative started as a service to our neighboring communities, but is now spreading to schools in wider areas as well.

#### Outlook for 2015



The effort to improve and stabilize our safety performance will continue in 2015, supported by a detailed review of our business units’ safety training programs. Our goal to completely eliminate fatalities drives this effort.

Voluntary work promoting safety outside work will also continue and we will address Health and Safety aspects of the supply chain in line with our sustainability strategy.

## Employment and people development

# Driven by our people

TITAN has always been a people-driven organization. We build long-term relationships with employees grounded on mutual trust, reliability and shared values.

### Performance summary

- We refreshed our People Management Process in 2014
- We also improved employee engagement through our Employee Opinion Survey
- Total employment at TITAN Group increased by 1%
- Group employee turnover was 12%
- Training man-hours were 130,067 for direct employees and 31,325 for contractors

### Management review

#### Our approach to people management

We believe that an effective and engaged workforce should live our values and have a strong understanding of our Code of Conduct. We recognize and reward the contributions made by our people and help them to develop themselves.

Overall, we have a low percentage of temporary and part-time employees. And, although the Group operates globally, most of our employees are local nationals and, in many of our operations, 100% of our local management teams are local nationals.

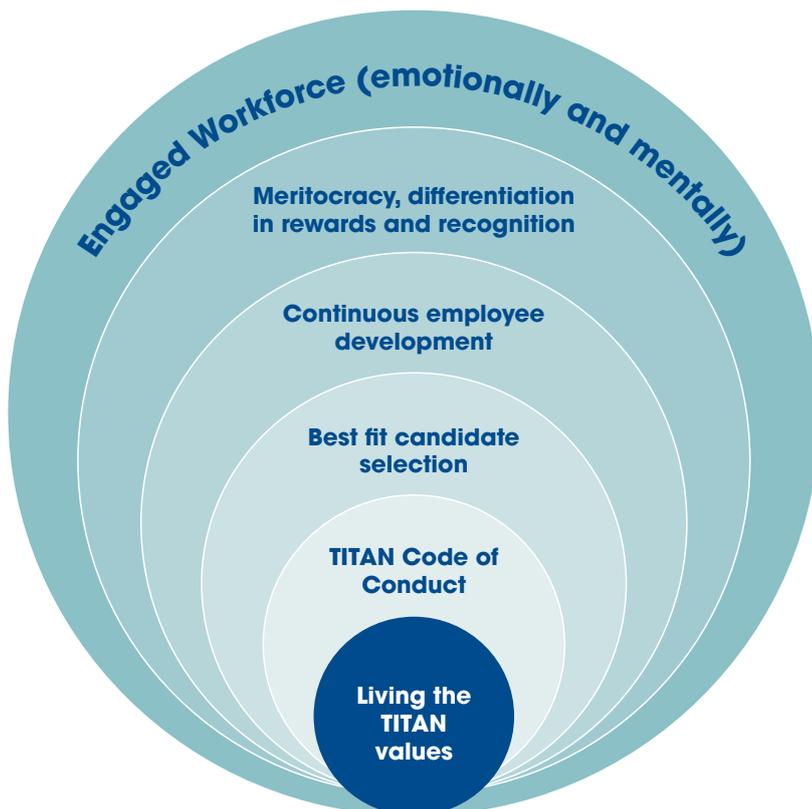
#### Creating and safeguarding employment (human capital)

At TITAN Group we continue to provide significant employment opportunities worldwide and are committed to investing substantial resources in developing our employees' knowledge and skills. Despite the challenging economic and social circumstances, total employment in the Group for 2014 increased by 1% in 2014, mainly due to a focus on recruitment in our local businesses.

#### Measuring our people's engagement

In line with our corporate values, we are committed to a continual process of internal review and analysis. To do this better, we need to hear from our employees, and in 2014, we conducted a new Employee Opinion Survey in all our operations that was designed for us by an independent international company specializing in this field.

The survey was available in all nine languages of the countries we operate in (Albanian, Arabic, Bulgarian, English, Greek, Macedonian, Serbian, Spanish and Turkish). It was well received and resulted in record response rates from our employees.



**“We are committed to protecting and advancing human rights as defined in the Universal Declaration of Human Rights (UNDHR) and the International Labour Organization’s (ILO) Conventions.”**

TITAN Group Code of Conduct

The areas identified as important by the survey were prioritized with specific action plans, initially at a country level, and afterwards will be done at a global level, as part of our continuous improvement process.

### Training and development

As an employer, our goal is to promote life-long learning among our people and enhance the professional skills and competencies they need to meet local and global challenges. Health and Safety training remains a key priority for the Group, accounting for 44.8% of training in 2014 (58,322 man-hours).

We continue to expand successful Group initiatives such as our Self-Training E-learning Program (STEP). In 2014, 19 employees from all business units participated, meaning that a total of 81 employees have now taken part in it.

### Refreshing our people performance management process

Our review of the Group's performance management process in 2014 involved a cross-regional, cross-functional team, made up of new and experienced employees.

The new process captures and combines both the "WHAT" (aiming for high performance) and the "HOW" (behaviors reflecting our values and principles) of performance. This encompassed building on existing practices that work well, emphasizing what's new and explaining what needs to happen in every business unit.

### Human rights

We signed the UN Global Compact pledge in 2002 and this guides our decision making, management systems and even our training courses for managers and employees. Every year, our country management teams examine the potential risks for human rights abuse within their spheres of influence. The Group CSR Committee also examines reports on human rights risks per country and identifies opportunities for improvement.

### Equal opportunities, gender and age equality

We adhere to international standards for diversity and equal opportunities. This is reflected in the strong local presence in our local management teams. Women managers are also well represented locally, even in countries where it is less common for female professionals to be employed in heavy industries. Overall, some 15.7% of our managers are women.

We pay the same salary to men and women who do the same job and invest in building long-term relationships with our employees. The Group continues to invest in employee development regardless of age and our companies always try to balance new hires across most age groups.

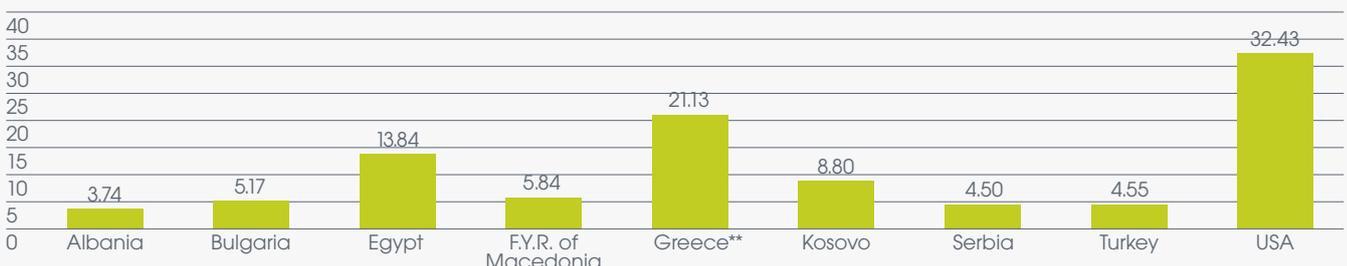
### Collective bargaining and unionization

TITAN Group actively promotes the freedom of association of employees, beyond local legal requirements in some countries. Unions have an important role to play in improving working conditions and safeguarding workers' rights. Union representatives at TITAN have the right to meet with line management to discuss their concerns and suggest improvements. Health and Safety matters, along with remuneration, statutory and additional benefits are included in the agenda of regular meetings between management and employee representatives.

➤ For further information on TITAN Group's performance relating to people management, see the full version of this report, in a PDF format, online at <http://integratedreport2014.titan.gr>

## Our employees

% of Group direct employment by country 2014



\*\*Greece is identified as both the regional operations and the Group corporate center.

## Communities

# Enabling local development by supporting communities

The Group has extensive programs in place to tackle issues such as health, safety, poverty, unemployment and damage to the environment. These are issues of real concern in many of the places we operate, so addressing them and supporting local communities are key to our long-term success.

### Performance summary

- TITAN donated €2,221,006 to community development projects in 2014, up 31.3% on 2013

Donations 2014 by country total in Group €2,221,006	% of Group total
1. Albania	16.0
2. Bulgaria	5.2
3. Egypt	25.4
4. F.Y.R. of Macedonia	3.3
5. Greece	17.1
6. Kosovo	14.2
7. Serbia	9.6
8. Turkey*	4.9
9. USA	4.2
<b>Total</b>	<b>100.00</b>

\*The amount for the donations in Turkey has been adjusted in line with our proportion in the equity of the Company (50%).



### Management review

#### TITAN's approach to community investment and engagement

Our operating subsidiaries are essentially local businesses meeting local needs for housing and infrastructure. They also run large-scale manufacturing operations that have long plant lives and become integral parts of the communities in which they are located.

We contribute both financial and non-financial resources toward local development through a range of programs and activities, ensuring that we create shared value and maintain our license to operate. We do this by addressing the issues that matter most, considering local market conditions and local stakeholder views, while taking a long-term approach.

Priorities vary from one community to another, but they usually fall into one of our strategic social investment themes: safety; healthcare; poverty and unemployment; and environmental awareness. This ensures they are also strongly aligned with the material issues for the Group and in particular help us deal with Health and Safety concerns, community relations, our socio-economic impacts, our reputation for integrity and transparency, and climate change and air emissions.

The following case studies provide just a few of many examples of our community investment and engagement activities in 2014.

### Safety



#### Building safety awareness in Greece

During 2014, 50 of our executives trained 13,274 school children in 86 schools. The interactive seminars are not limited to the classroom, as the children who attend also receive a comprehensive guidance booklet on home safety.

While the "Safety at home" program began at schools located close to our cement plants, ready-mix concrete plants and quarries, today it is known throughout Greece and has reached schools that are nowhere near to our centers of activity. It has also expanded internationally, with similar programs in Serbia, Egypt and elsewhere.

## Outlook for 2015



We launched a new Social Policy in Serbia in 2014 and this will be extended to Egypt in 2015. The TITAN Board is currently reviewing all Group policies as part of the new sustainability framework and this will guide our approach to community relations and development in the coming years.

## Healthcare



### Health mediator working with the Roma community in Bulgaria

Our Zlatna cement plant worked with the National Network of Health Mediators and the Municipality of Yablanitsa to provide a local Roma woman with training at the Medical University.

She works to improve healthcare in the local Roma population and the initiative has helped us forge better links with that community.

We have also implemented a similar initiative to this in Egypt.

## Poverty and unemployment



### LAB project in Kosovo

The “Laboratori për Aktivitete të Biznesit – LAB” project aims to contribute to the economic development of the Municipality of Hani I Elezit in Kosovo through the sustainable use of the local natural agro forestry resources.

Unemployment remains one of the biggest problems for most of the residents in Hani I Elezi, especially farmers in rural areas. The agro forestry sector is the most promising sector for growth and job creation in Kosovo, so LAB’s focus is on supporting business start-ups in this sector, providing financial help to generate income and new employment.

## Environmental awareness



### “Our waste, our fortune” campaign in Egypt

Working with the Alexandria University, the Directorate of Education and the Alexandria Governorate, we continued to promote our municipal solid waste campaign “Our waste, our fortune” in 2014. Targeting youth centers, schools and universities, our aim is to improve our external stakeholders’ environmental understanding of solid waste management issues.

Through this campaign we are also raising awareness of the potential for us to use processed waste as alternative fuels for kilns. We have also implemented a similar initiative in the USA.

## Business partners

# Building strong relationships

We depend on our long-term relationships with our suppliers and they make a significant contribution to our performance. We work with them to develop innovative solutions to meet customer requirements.

### Performance summary

- We co-lead both the CSR Europe's portal for buyers and suppliers and the Cement Sustainability Initiative's Task Force 10
- Sourcing locally creates jobs in our local communities
- Use of new technology improves our ongoing collaboration with customers

### Management review

#### Engaging with our suppliers and customers

TITAN provides high quality products and services at competitive prices, while ensuring that suppliers are paid fairly and promptly. Where possible, our companies source products and services locally. This benefits the communities we work in by creating local jobs.

We also source centrally through international suppliers who provide goods such as fuels, technology and machinery. Relations with suppliers at global, national and local levels are critical to the Group's performance and as such are considered material for TITAN.

#### Sustainable procurement

Our supply chain is integral to the sustainability practices of the organization. The Group Code of Conduct for Procurement guides the selection, management and evaluation of suppliers. Key criteria for this process are considered quality, reliability, flexibility and location of business, from case to case

Acknowledging the significance of engaging with our suppliers and, particularly, our contractors to scale up sustainability principles and best practices, we have considered expanding our collaboration with suppliers in adopting the CSI Sustainability principles for supply chain. Thus, we would aim to maximize the positive effects we can have in terms of efficiency, labor practices, performance, injury and risk reduction, and environmental protection.

This is one of the reasons we co-lead both the CSR Europe's portal for buyers and suppliers (2008) and the Cement Sustainability Initiative's Task Force 10 since 2012. Through this Task Force we are developing a new framework for engaging with suppliers, so as to embed sustainability at every level, based on the UN Global Compact principles and CSI standards.

#### Satisfying customers' needs

We adapt our customer service policy according to local market conditions. All our operations have established management systems certified according to ISO 9000 and for cement and ready-mix products we comply with relevant European quality standards.

Our managers meet regularly with customers to transfer know-how and expertise regarding product use. This includes everything from Health and Safety best-practice to explaining the advantages of using different products, such as blended cements or other more advanced products, and promoting their environmental and other benefits.

### Case study



#### Our campaign launching blended cement in Egypt

In 2014, TITAN Egypt continued to enhance its competitive position in the Egyptian cement industry by running a campaign to raise awareness of its new product, which is blended cement.

Blended cement is a mixture of portland cement and other material such as granulated blast-furnace slag, pozzolan, fly ash, etc. They offer an important support to sustainable development, having a reduced environmental footprint in regards to CO<sub>2</sub> emissions and energy consumption for concrete production while offering improved efficiency. Therefore, blended cement is more environmentally friendly. At TITAN Egypt we are the first to produce it, so we have been keen to promote its advantages to our customers and other stakeholders.

We continue to use new technologies to improve our direct and ongoing collaboration with customers. For example, e-orders provide a tracking service for our customers in F.Y.R. of Macedonia, while other customers can view their orders and financial payments online.

## Environment

# Improving our environmental performance

Our efforts to address environmental concerns such as water and energy use, biodiversity, CO<sub>2</sub> emissions and waste management are not add-ons to our business, but are central to what we do. They underpin both our operational efficiency and our focus on sustainability. They also help us secure the permits we need to run our business.

### Performance summary

- Specific CO<sub>2</sub> emissions of **676.3 kg/t<sub>Product</sub>** in regards to Group target were virtually unchanged compared to 2013
- Specific dust emissions around **60% less than the Group target**
- Percentage of alternative fuels used up to **6.9%<sup>Thermal basis</sup>** against our target of 10%
- Water consumption reduced to **311 lt/t<sub>Cement</sub>** more than 10% below our target
- Environmental expenditure: **€30.1 million**

### Management review

#### Environmental performance

The Group's social and economic performance is heavily dependent on the environmental performance across all our business units. Taking care of our environmental responsibilities creates value for our business, our customers and the communities in which we work.

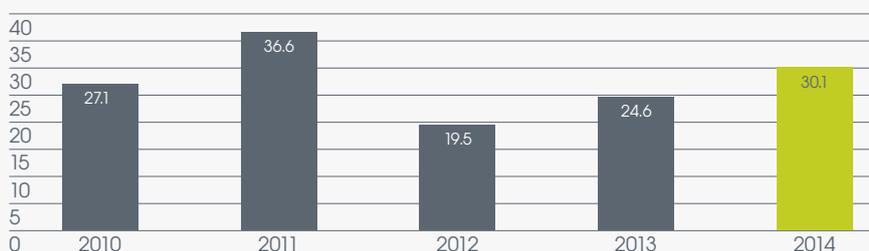
Our five-year environmental performance improvement plan continued in 2014 and we are making good progress against our targets.

In 2014 the coverage of the external verification of our performance was extended to cover emissions of dust, NO<sub>x</sub> and SO<sub>x</sub>. In addition, following the revised CSI guidance on air emissions reporting, this year for the first time we provide information regarding our performance on Hg, PCDD/F and heavy metals emissions as well as the overall and specific coverage rates.

### Group environmental performance

Key environmental measures		2014 performance	2015/2017 Group Target
Gross direct specific CO <sub>2</sub> emissions	kg/t <sub>Product</sub>	676.3	<b>628.0</b>
Specific dust emissions	g/t <sub>Clinker</sub>	37.3	<b>95.0</b>
Specific NO <sub>x</sub> emissions	g/t <sub>Clinker</sub>	1,612.1	<b>1,670.0</b>
Specific SO <sub>x</sub> emissions	g/t <sub>Clinker</sub>	273.8	<b>240.0</b>
Specific water consumption	lt/t <sub>Cement</sub>	311.1	<b>350.0</b>
Use of alternative fuels	% <sup>Thermal basis</sup>	6.9	<b>10.00</b>

Environmental expenditures €m



## Environment continued

### Mitigating climate change

Thermal and electrical energy, along with raw materials, are fundamental resources for the high-intensity cement and construction industries; this means our operations can have a major impact on climate change. We address this through the use of alternative fuels and raw materials and systematic monitoring of quantities of energy resources consumed.

### Carbon emissions

Since 2006, we have addressed our carbon emissions in line with the Kyoto Protocol. We have reported the CO<sub>2</sub> emissions from our cement plants following CSI Guidelines since 2003, while developing and implementing five-year action plans to further improve our overall performance.

Total direct carbon emissions from our cement and grinding plants in 2014 were 9.5 million metric tons. Specific CO<sub>2</sub> emissions were 674.4kg/t<sub>Product</sub>.

### Air emissions

All TITAN Group facilities have dust monitoring and recording equipment enabling regular measurements in accordance with environmental legislation and our CSI commitments. We ensure that all our facilities respect the limits on dust emissions of their operating permits and any conditions set by local authorities.

Our performance remained well inside the Group target in 2014. Total emitted dust was 416 metric tons, 20% lower than 2013, while specific emissions were 37.0g/t<sub>Clinker</sub>.

Our NO<sub>x</sub> and SO<sub>x</sub> emissions are detailed in our full report, available online at <http://integratedreport2014.titan.gr>

### Extractive and alternative raw materials

By using alternative raw materials we can reduce the consumption of extracted raw materials and the by-products that go to landfill.

In 2014, we used 19.6 million metric tons (dry basis) of raw materials in our total cement production. Approximately 7% of those materials were alternative raw materials, mostly derived from by-products and waste from other industries.

### Thermal energy and alternative fuels

In 2014, the Group consumed 39,512 TJ of thermal energy in clinker and cement production processes, including energy consumed by attached and related quarries. That represented a reduction of more than 9%, mainly due to the decrease of the corresponding clinker and cement production.

We identify alternative fuels according to local conditions and opportunities and invest in new technologies that can use them in a safe, environmentally friendly way. Where we can, we also use carbon-neutral fuels (biomass), to minimize our CO<sub>2</sub> footprint. In 2014, we increased alternative fuels usage to 6.65%<sub>Thermal basis</sub>, against a Group target of 10.0%<sub>Thermal basis</sub>.

#### TITAN Group cement production and grinding plants

Specific gross direct CO<sub>2</sub> emissions<sup>1</sup> (kg/t<sub>Product</sub>)<sup>2</sup>



(1) Specific emissions in each year and the Group target are calculated based on the equity held by TITAN Group in 2009.  
(2) Product equals cementitious product as defined by WBCSD/CSI.

#### TITAN Group cement plants

Specific dust emissions<sup>1,2</sup> (g/t<sub>Clinker</sub>)



(1) Specific emissions in each year are calculated based on the equity held by TITAN Group in 2009.  
(2) Group target was calculated based on the equity held by TITAN Group in 2009.

### Electrical energy

In 2014, electrical energy consumption at Group cement production plants and attached quarries was 1,481GWh, down 6.3% on the previous year, due to the decrease of the corresponding clinker and cement production.

### Resource efficiency

The reduction, re-use and recycling of raw materials, energy and waste are key elements of the Group's environmental policy. We recover raw materials and by-products of the production process with specialized equipment. These are then processed and re-used.

### Water management

Specific water consumption at the Group's cement plants in 2014 was at the same level as the previous year, with a slight decrease of 3.2%, reaching 305.4lt/t<sub>Cement</sub> below the Group target of 350.0lt/t<sub>Cement</sub>. The total water withdrawal, consumption and discharge at the cement plants were 7.0 million m<sup>3</sup>, 3.8 million m<sup>3</sup> and 3.2 million m<sup>3</sup> respectively.

At Group level, a total 30.4 million m<sup>3</sup> of water was withdrawn, 8.4 million m<sup>3</sup> consumed and 22.0 million m<sup>3</sup> discharged in 2014.

### Outlook for 2015



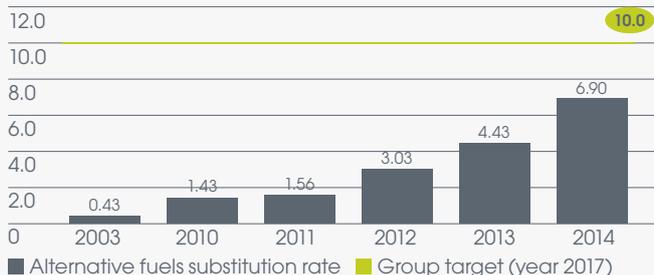
We will continue to minimize our overall environmental impact through:

- increased use of alternative fuels;
- installation of bag filters to reduce dust emissions to a minimum;
- installation of new equipment to reduce NOx emissions, enabling us to comply with stricter limits on emission levels;
- development and implementation of QRPs and BMPs according to local conditions and in line with CSI Guidelines;
- implementation of best-practices through our participation in the Biodiversity & Land Stewardship Task Force and the Water Task Force of the WBCSD/CSI;
- improvement of our water performance through efficient water management and the assessment of water-related risks for our operations.

➤ For further information on TITAN Group's performance relating to the environment, see the full version of this report, in a PDF format, online at <http://integratedreport2014.titan.gr>

### TITAN Group cement production and grinding plants

Substitution rate of alternative fuels used in clinker and cement production (thermal basis)<sup>1,2</sup>



(1) Substitution rate of each year is calculated based on the equity held by TITAN Group in 2009.

(2) Group target is calculated based on the equity held by TITAN Group in 2009.



# Regional review

As the gradual recovery in the global economy gives us reason to be cautiously optimistic, our regional review of 2014 breaks down both our financial and non-financial performance across the four geographic regions our companies operate within.

In this section, we present an analysis of our regional performance, following our value of transparency and responding to our global and local stakeholders' needs.

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## United States of America

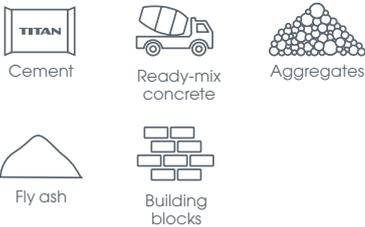
# Strong sales performance as recovery gains pace

With construction spending on the rise for the third year running, the USA market continues to drive growth for the Group, both in turnover and profitability.

### Location



### Principal products



### Employees

1,867

### Business activities

Cement plants	Quarries
2	7
Ready-mix plants	Distribution terminals
88	15
Concrete block plants	Fly ash processing plants
9	9

### Performance summary

- Growth in construction sector for a third successive year
- Above national average growth recorded in TITAN's regions of operation
- The USA accounts for more than one-third of Group turnover and an increasing share of the Group's EBITDA
- Turnover: €469 million +14% year-on-year
- EBITDA: €46.5 million +45% year-on-year
- Many awards received for our environmental and community practices
- Sustainability of concrete (LEED US Certification Standard for buildings)
- Continuation of Health and Safety programs have seen a significant improvement in LTIFR for contractors

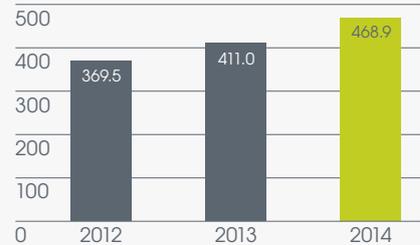
Regional turnover **€469 million**



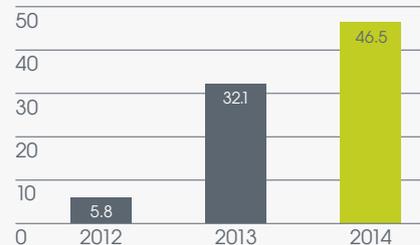
Regional EBITDA **€46.5 million**



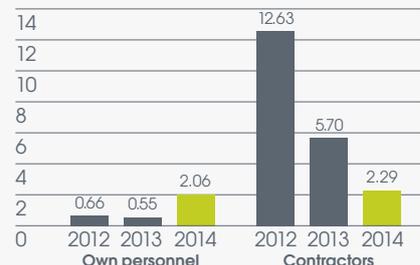
Turnover €m



EBITDA €m



Lost Time Injury Frequency Rate LTIFR



## Management review

### Market overview

Demand for building materials continues to recover:

- Overall construction spend was up by 5.6% in 2014 to \$961 billion;
- Private construction increased by 7.2%; and
- Private residential construction was up 4.1%.

The Portland Cement Association (PCA) reported that cement consumption in the South Atlantic States (including Virginia, the Carolinas and Florida), where TITAN's US plants are located, rose 11.1% in 2014, 2.0% ahead of the national average – cement consumption across the USA as a whole grew by 9.1% in 2014 to 89 million metric tons.

### Regional performance

In 2014, our sales increased across the whole range of building materials we produce, driven by strong growth in Florida. Combined with improved pricing, this led to a significantly better financial performance, with turnover up 14% to €469 million and EBITDA at €46.5 million, 45% up on 2013.

Demand remains strong for our fly ash product, ProAsh®, and our Group subsidiary, ST Equipment & Technology LLC, continued its focus on growth in 2014. The business produces and operates fly ash processing equipment and is also stepping up its investments in research and development to expand its operations to the processing of other minerals.

TITAN's operations in the USA continue to focus on sustainability initiatives that create long-term value for us, our stakeholders and the environment. We believe this is an important part of positioning our business for growth.

Two of our ready-mix plants received National Ready-Mix Association (NRMCA) Green Star certification in 2014 (Oceana and Airport) and three plants were recertified (Bryan Park, Clear Brook and Suffolk). Our Roanoke and Pennsuco cement plants received EnergyStar certification for the sixth consecutive year, underlining our commitment to protecting our climate through superior energy efficiency. In addition, both plants received "Wildlife at Work" recertification, which is valid for three years, and "Corporate Lands for Learning" certification.

The Roanoke cement plant also achieved top honors at the Cement Industry Energy and Environment Awards for Overall Environmental Excellence. This acknowledges that they have demonstrated excellence in multiple categories, including Land Stewardship, Energy Efficiency, Environmental Performance, Outreach and Innovation.

### Outlook for 2015



While bad weather has hampered construction in the early part of 2015, the market continues to improve within the context of a broader economic recovery. The PCA forecasts growth in cement consumption of around 8% per year between 2015 and 2017, driven by demand in the residential sector and positive trends in the commercial sector.

It estimates even higher growth rates in the Southern states, where the largest share of our operations are located.

We are increasing our capital expenditure to ensure that we can meet this higher demand and improve our competitiveness in the market.

In 2015, we are renewing our methods of transportation with low-energy alternatives, and further developing our health and safety leadership schemes. We will also complete a materiality assessment and develop a new action plan for sustainability aligned with TITAN Group priorities and local needs.

## Greece and Western Europe

# Operating profitability boosted by higher sales volumes

Low demand in the construction sector continues, but turnover and profitability have increased sharply due to EU-funded roadworks, strong exports and favorable exchange rates.

### Location



### Principal products



Cement



Ready-mix concrete



Aggregates

### Employees

1,165

### Business activities

Cement plants

3

Ready-mix plants

26

Grinding plants

1

Quarries

27

Distribution terminals

8

Dry mortar plants

1

### Performance summary

- Demand rising for the first time in seven years due to infrastructure spending
- Residential construction in the domestic market continues to fall
- Local production capacity dependent on export trade
- Turnover: €285 million +14% year-on-year
- EBITDA: €37 million +159% year-on-year
- Significant investment in improving health and safety in the workplace in Greece
- More than 13,000 children attended the “Safety at home” program, in 2014
- Best TITAN Partnership expanded (more than 61,000 hours dedicated to health and safety and environment)
- TITAN expanded its partnership with SEV BCSD in Greece and CSR Hellas by joining the Sustainability Greece 2020 initiative and contributing to the “N.Analytis CSR Students initiative”

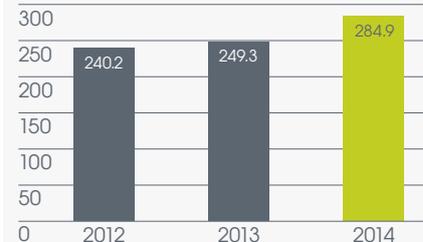
Regional turnover **€285 million**



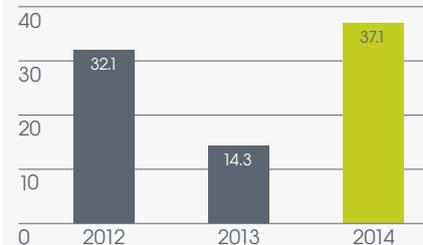
Regional EBITDA **€37 million**



Turnover €m



EBITDA €m



Lost Time Injury Frequency Rate LTIFR



## Management review

### Market overview

Following seven years of continuous decline, demand for cement and building materials in the Greek domestic market grew in 2014, mainly due to consumption by public works.

However, residential construction, usually the biggest driver of demand, remains completely subdued, due to high levels of unemployment, the constraints of the mortgage market, limited disposable income and the introduction of higher real estate taxes. The high level of uncertainty, along with unfavorable demographics and a high stock of unsold homes have effectively brought residential building activity to a standstill.

### Regional performance

During the recent years of the financial crisis, we have focused on safeguarding our employees and their jobs, while also reaching out to the wider community.

We have also managed to strengthen the business financially, and are well placed to grow with the market when economic hardship starts to ease gradually.

Increased demand in the Greece and Western Europe region led to an increase in regional turnover by 14% to €285 million in 2014, with EBITDA more than doubling from €14 million in 2013 to €37 million in 2014.

We remain dependent on exports to maintain satisfactory production levels at our plants in Greece. Export volumes grew further in 2014 and we benefited from the strengthening of the dollar against the euro.

We face intense international competition in the export market, particularly from countries with low energy costs and no constraints on CO<sub>2</sub> emissions. To counter this and to ensure we remain competitive, we are making significant investments in energy efficiency and in the use of alternative fuels at our plants.

The bulk of investments in Greece were directed toward equipment intended to reduce emissions, enhance our use of secondary fuels and improve Health and Safety in the workplace:

- The specific total emissions of our cement plants in Greece were close to the European average, 854.7kg versus 849kg CO<sub>2</sub>/ton clinker; and
- The total quantity of alternative raw materials used in Greece was 520,000 metric tons, with an equal reduction in the use of natural (primary) raw materials.

We continue to participate in consultations and industry forums that inform the public and invite an open dialogue on the use of secondary fuels and alternative raw materials.

## Outlook for 2015



Despite the exceptionally low levels of activity in Greece, private construction continues to decline.

Data from the Hellenic Statistical Authority shows that the total volume of building permits granted in 2014 fell by 9% compared to 2013. After nine consecutive years of decline, permits granted stand at about 12% of the 2005 peak level.

Cement consumption in 2015 is expected to remain at broadly the same level as in 2014, subject to the major infrastructure projects continuing uninterrupted.

## Southeastern Europe

# Solid results and consistent performance

Mixed fortunes among the economies of Southeastern Europe put pressure on the regions' turnover, but the Group profitability grew thanks to its focus on efficiency and lower energy costs while in parallel increasing its social and environmental efforts at local and national level.

### Location



### Principal products



Cement



Ready-mix concrete



Aggregates



Waste management and alternative fuels

### Employees

 **1,444**

### Business activities

Cement plants

**5**

Quarries

**13**

Ready-mix plants

**7**

Distribution terminals

**1**

Processed engineered fuel plants

**1**

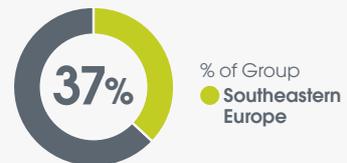
### Performance summary

- Construction activity remained subdued, affected by uncertainty in the Eurozone
- Floods in Serbia hit both local communities and the economy
- Turnover: €208 million, -3.5% year-on-year
- EBITDA: €67 million, +7% year-on-year
- Increased use of alternative fuels at Group plants
- 1,000 days without loss-time injuries in Albania
- TITAN Serbia's first A+ Report Assurance by independent auditors for 2013 report
- After just one year, the LAB initiative in Kosovo has seen remarkable results in training and new business development
- New internship program by TITAN Serbia in line with CSR Europe best practice
- TITAN F.Y.R. of Macedonia hosted the Annual European Global Compact Local Networks Meeting (ELNM) in October 2014 at Skopje
- Antea cement plant in Albania selected as a best-practice example for its health and safety practices

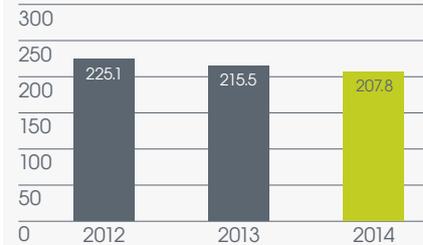
Regional turnover **€208 million**



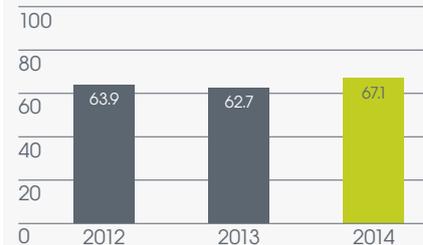
Regional EBITDA **€67 million**



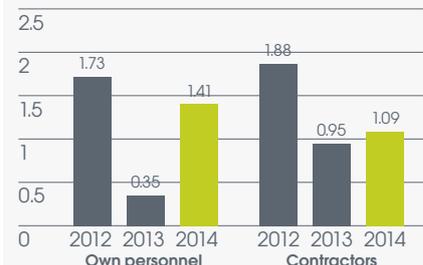
Turnover €m



EBITDA €m



Lost Time Injury Frequency Rate LTIFR



## Management review

### Market overview

There are signs of improvement in some of the markets we operate in, but the region as a whole remains a challenging environment for growth. Gross Domestic Product (GDP) in several of the Balkan economies improved in 2014, but construction activity remained subdued due to the weak economic development of the wider region.

### Regional performance

Total turnover in 2014 in Southeastern Europe declined by 3.5% to €208 million, but EBITDA grew to €67 million from €63 million in 2013. The slight improvement in operating results was mostly due to our efforts to work more sustainably, driving energy costs lower and increasing the use of alternative fuels at our plants.

In Albania, we continued to actively support local communities. Projects in 2014 included improvements to the school of Thumane and Borizane and a donation of cement for the construction of houses for poor families in the community.

The Antea cement plant was also selected by the Labor Inspectorate of Albania as a best-practice example for its health and safety practices and, in November, celebrated 1,000 days without LTIs.

In Bulgaria, we further enhanced our capabilities to use alternative fuels. Our process engineered fuel is derived from the separation, processing and mixing of several waste streams, such as municipal waste, biomass, oil sludge and high-value solid waste materials that cannot be recycled.

We launched an education program in F.Y.R. of Macedonia to support students from technical high schools for mechanical and electrical studies. We maintained partnerships with NGOs, environmental agencies and other CSR-related organizations on different projects, such as "Let's Do It! Macedonia", a campaign to raise environmental awareness among employees and local communities and "From Waste to Youth Clean Energy" an initiative aimed at younger members of the community, promoting better waste management and clean energy sources.

In Serbia, we further enhanced our environmental performance, by implementing a system for recovering waste water at our cement plant, reducing the use of fresh water by 90%.

In Kosovo, we continued to build public private partnerships to address and encourage the adoption of international standards.

### Outlook for 2015



Construction activity in Southeastern Europe appears to have stabilized, although cement demand is considerably lower than the capacity of our plants.

No significant improvement is expected in the region in the short term, due to the weakness in the economies of neighboring Eurozone countries.

However, in line with its track record the Group's performance in the region is expected to show resilience in 2015.

In 2014, TITAN in Kosovo issued IPPC (Integrated Pollution Prevention and Control) permits, a licensing regime for certain types of industrial activities, including cement production in accordance with highest international standards, underlining TITAN's commitment to make every effort to comply with the most stringent regulations. It is thus worth mentioning that the IPPC is the first to be issued in the country.

## Eastern Mediterranean

# Strong demand underlines potential for growth

Fuel self-sufficiency in Egypt is the key to ensuring all our plants can run at full capacity and meet growing consumer demand in the construction sector.

### Location



### Principal products



Cement



Ready-mix concrete



Aggregates

### Employees

**1,025**

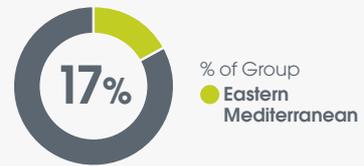
### Business activities

Cement plants	Quarries
<b>3</b>	<b>17</b>
Ready-mix plants	Distribution terminals
<b>5</b>	<b>1</b>
Grinding plants	
<b>2</b>	

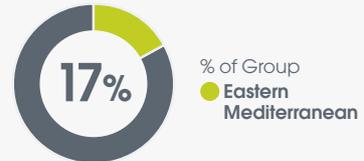
### Performance summary

- Increasing demand in both Egypt and Turkey
- Turnover: €197 million, -22% year-on-year
- EBITDA: €31 million, -60% year-on-year
- Cement plants in Egypt running at around 50% of our capacity due to gas supply shortages
- Imported clinker from Greece and Albania helped contain the loss of market share
- Strategic investment in a solid fuel grinding mill at the Beni Suef cement plant completed and became operational in Q4 2014
- Addressed health issues among employees and the wider community in Egypt

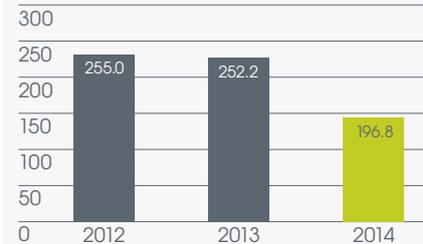
Regional turnover **€197 million**



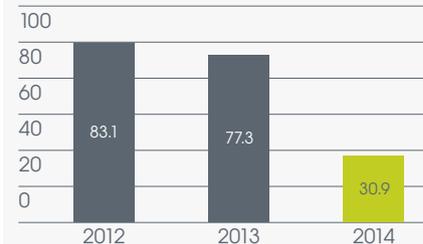
Regional EBITDA **€31 million**



Turnover €m



EBITDA €m



Note: For comparability reasons, the above two graphs have been adjusted in order to exclude Turkey (IFRS 11).

Lost Time Injury Frequency Rate LTIFR



## Management review

### Market overview

In Egypt, the construction sector continued to grow and cement demand was higher by 2.4% compared to 2013. Turkey's economy grew in 2014 and domestic cement consumption increased by 3% year-on-year to 62 million metric tons.

### Regional performance

Our Eastern Mediterranean region has operations in two countries with diverse social and economic needs. In Egypt, we focus on supporting employees and their families during the ongoing political crisis, while also addressing health issues among employees and the wider community. In Turkey, we prioritize community outreach activities.

Profitability in Egypt was severely affected in 2014 as a direct result of the energy shortages. Lower clinker production led to reduced sales and increased costs, as we imported clinker to make up part of the production shortfall. In the second half of the year, results were also affected by higher energy prices, both on electricity and natural gas.

Before the advent of the fuel shortages, we had moved swiftly to invest in fuel self-sufficiency in Egypt. As a result, and despite significant delays in obtaining permits, our first solid fuels grinding mill at the Beni Suef cement plant came on stream at the end of the year. A second mill is scheduled to be operational in Q3 2015, while the Group is also implementing a comprehensive investment plan to enable us to use alternative fuels.

Construction activity in Turkey continued to grow. Adocim operations in Turkey, TITAN's 50-50 joint-venture operation, benefited from strong demand both from private housing and public works in infrastructure projects.

Turnover in the region was €197 million, down by 22% on 2013, while EBITDA dropped by 60% to €31 million.

## Outlook for 2015



In Egypt, demand for building materials is expected to remain high, supported by both private and public construction.

We expect to recover production and sales volumes in 2015, following investments to ensure we move toward gradual fuel self-sufficiency of our plants.

In the Turkish market our prospects remain positive. Domestic demand is expected to continue to be strong, while new housing and transportation projects should continue turning population growth into strong demand for the construction sector.



# Corporate governance

Good governance is a pre-requisite for achieving exceptional performance and it is a critical part of integrating best-practice into everything we do. We adhere to international and European standards, and, in many instances, we go beyond local legal requirements.

Since 2010, we have officially adopted the UK Code of Corporate Governance.

In this section, we explain how our corporate governance principles and Code of Conduct, along with our values, guide us through every aspect of our business. We also outline how we manage business risks that affect our business globally and in local markets.

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**In this section:**

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WBCSD/CSI environmental progress review	47
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## Governance

# Corporate governance overview

### Our corporate governance principles and organization

Good corporate governance principles have been an important part of the organization since TITAN was first listed in 1912. Along with our corporate values, they guide us through every aspect of our business.

For us, good corporate governance is synonymous with ethical business practices, transparency, open communication, accountability and sustainable development.

We believe that good corporate governance creates long-term value for our shareholders, customers, employees and suppliers; our aim is that all stakeholders benefit from the way we do business.

### A balanced Board

We aim to ensure that we have an appropriate balance of skills, experience and knowledge among our Board members, while promoting diversity of age, gender, cultural and professional background. The Board comprises a team of highly

experienced professionals who bring a wealth of knowledge to the Group.

Their detailed profiles can be found online at [www.titan-cement.com](http://www.titan-cement.com), in the TITAN Group/Corporate governance section.

Half the members of our Board, not including the Chairman who is non-executive Director, are independent non-executive Directors. Independent non-executive members of the Board of Directors have no employment or other relationship with the Group and meet all independence requirements set by Greek legislation and the UK Corporate Governance Code (September 2012), as well as the additional independence criteria set by the Company. Independent non-executive members are not involved in the Group's daily management; however their role is to contribute through their participation in the Board and its Committees in developing the Group's strategy, monitoring the

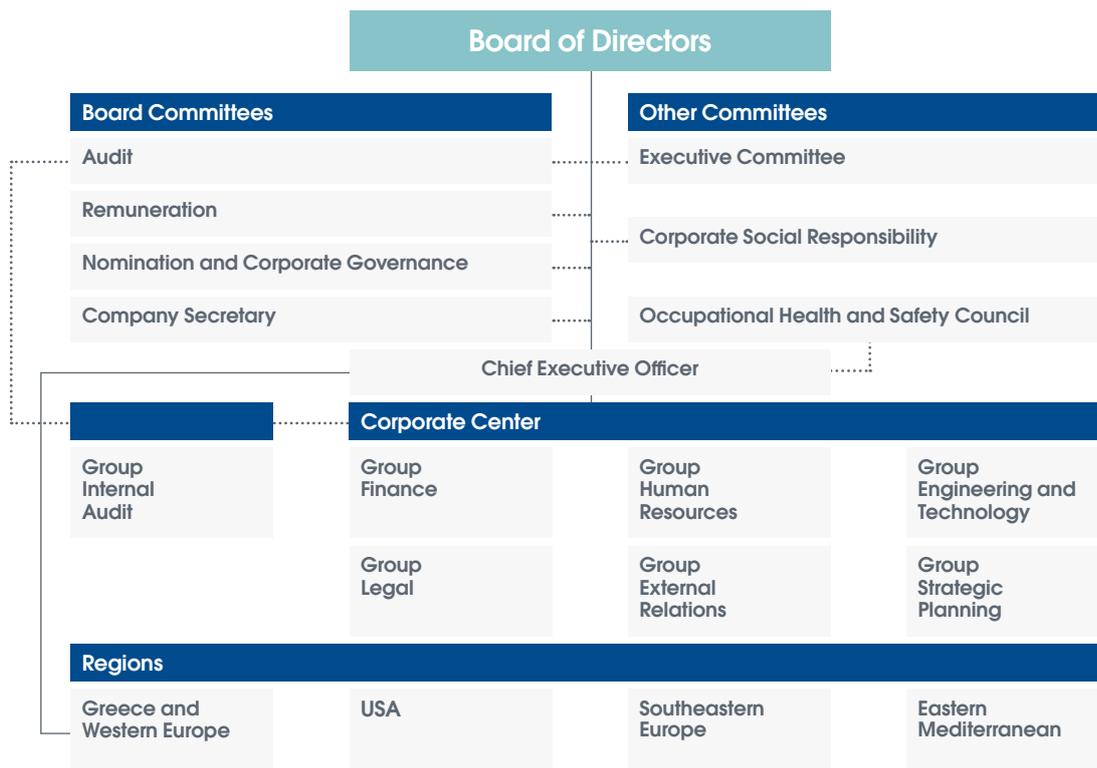
effectiveness of the internal audit and risk management systems, determining the remuneration of the executive members of the Board and securing the existence of succession plans for the Chairman, the CEO and the top management.

### The Board and social responsibility

An overview of our governance and management structure is detailed below. Along with our Board Committees (Audit, Remuneration and Nomination and Corporate Governance), we have established management committees among which an Executive Committee and a CSR Committee, demonstrating how important these topics are to the Group.

➤ More information about the responsibilities and composition of our Board Committees, the Executive Committee and CSR Committee can be found online, at [www.titan-cement.com](http://www.titan-cement.com), in the TITAN Group/Corporate Governance section.

## Organizational structure



## Risks

# Managing our risks

Effective risk management throughout our value chain is critical for us to meet our strategic aims and embrace the opportunities available that will help us achieve long-term sustainable development. In this section, we list our most material risks (our principal risks) and the activities we have in place to mitigate them.

### Overview of risks

Financial performance	
Risk	Mitigating activities - key points
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>- Sufficient cash reserves and other liquid assets</li> <li>- Extensive committed credit lines</li> <li>- Efficient use of international financial markets</li> </ul>
<b>Foreign currency exchange</b>	<ul style="list-style-type: none"> <li>- Natural hedges, FX derivatives/swaps and FX forwards</li> <li>- Borrowings denominated in the same currency as assets being financed</li> </ul>
<b>Interest rates</b>	<ul style="list-style-type: none"> <li>- Ratio of fixed to floating interest rates 47%/53% (at 31 December 2014)</li> <li>- Interest rate derivatives used to minimize risk and balance the mix of borrowing rates</li> </ul>
<b>Credit risk</b>	<ul style="list-style-type: none"> <li>- Monitoring customers' credit standing</li> <li>- Additional collateral required</li> <li>- Provisions for impairment losses</li> <li>- Pre-set limits for exposure to each bank</li> <li>- Liquid assets held with investment grade banks</li> </ul>
<b>Production costs</b>	<ul style="list-style-type: none"> <li>- Lessen our dependence on natural raw materials</li> <li>- Investment in low-energy-requirement equipment</li> <li>- Quantifiable targets alternative raw materials use</li> <li>- Access to required quality and quantity of raw materials</li> </ul>
Operating environment	
<b>Macroeconomic factors</b>	<ul style="list-style-type: none"> <li>- Regular business unit valuation exercises</li> <li>- Estimate macroeconomic risk in each country when considering new investments and when allocating assets between existing markets</li> </ul>
<b>Political climate</b>	<ul style="list-style-type: none"> <li>- Our local management teams report issues requiring consideration</li> <li>- Safeguard TITAN's local investments</li> <li>- Protect our people, business partners and communities</li> </ul>
<b>Social context</b>	<ul style="list-style-type: none"> <li>- Increase awareness and transparency</li> <li>- Training managers and employees</li> <li>- Underline our commitment to the fight against corruption through UN Global Compact initiative</li> </ul>
People and resources	
<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>- Strict safety systems and processes</li> <li>- Production units manned with sufficient safety officers</li> <li>- Educational programs to train our employees</li> <li>- Our Annual Safety Awards</li> </ul>
<b>Water</b>	<ul style="list-style-type: none"> <li>- Best practices for efficient water management</li> <li>- Water management systems</li> <li>- Recycling and re-use of water, minimizing our environmental impacts</li> </ul>
<b>Climate change</b>	<ul style="list-style-type: none"> <li>- Memberships of the World Business Council of Sustainable Development and the Cement Sustainability Initiative</li> <li>- Targets set for CO<sub>2</sub> emissions reductions and actions identified to reduce our ecological footprint</li> </ul>

Our risks and mitigating activities are described in detail in our full report online at <http://integratedreport2014.titan.gr>

## Financial statements

# Independent certified auditor's accountant's report



ERNST & YOUNG (HELLAS)  
Certified Auditors – Accountants S.A.  
8B Chimarras str., Maroussi  
151 25 Athens, Greece

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Fax: +30 210 2886 905  
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**THIS REPORT HAS BEEN TRANSLATED FROM THE GREEK ORIGINAL VERSION**

### **INDEPENDENT CERTIFIED AUDITOR'S ACCOUNTANT'S REPORT**

To the Shareholders of  
TITAN CEMENT COMPANY S.A.

#### **Report on the Separate and Consolidated Financial Statements**

We have audited the accompanying separate and consolidated financial statements of TITAN CEMENT COMPANY S.A. which comprise of the separate and consolidated statement of financial position as at December 31, 2014, the separate and consolidated statements, of operations and comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Separate and Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of TITAN CEMENT COMPANY S.A. and its subsidiaries as at December 31, 2014, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## Report on Other Legal and Regulatory Requirements

- a) The Directors Report includes a statement of corporate governance, which includes the information required by paragraph 3d of article 43a of Codified Law 2190/1920.
- b) We confirm that the information provided in the Directors Report is consistent with the accompanying separate and consolidated financial statements and complete in the context of the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, March 5, 2015

Chris Pelendridis  
S.O.E.L. R.N. 17831

ERNST & YOUNG (HELLAS)  
Certified Auditors Accountants S.A.  
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## Financial statements continued

## Income statement

(all amounts in euro thousands)	Group		Company	
	Year ended 31 December		Year ended 31 December	
	2014	2013 restated*	2014	2013
Turnover	1,158,414	1,127,936	263,969	234,712
Cost of sales	-863,906	-846,329	-208,026	-197,677
<b>Gross profit before depreciation, amortization and impairment</b>	<b>294,508</b>	<b>281,607</b>	<b>55,943</b>	<b>37,035</b>
Other income	15,237	16,915	10,463	7,256
Administrative expenses	-100,927	-91,185	-35,372	-31,530
Selling and marketing expenses	-18,466	-16,941	-133	-185
Other expenses	-8,761	-4,037	-284	-1,574
<b>Profit before interest, taxes, depreciation, amortization and impairment</b>	<b>181,591</b>	<b>186,359</b>	<b>30,617</b>	<b>11,002</b>
Depreciation and amortization related to cost of sales	-98,681	-106,700	-12,161	-11,720
Depreciation and amortization related to administrative and selling expenses	-6,768	-6,705	-1,296	-1,324
Reversal of impairment/(impairment) of tangible and intangible assets related to cost of sales	414	-1,421	753	-18
<b>Profit/(loss) before interest and taxes</b>	<b>76,556</b>	<b>71,533</b>	<b>17,913</b>	<b>-2,060</b>
Income from participations and investments	-	-	112,000	-
Losses from participations and investments	-1,609	-281	-5,211	-281
Finance income	2,148	3,612	110	699
Finance expense	-66,275	-65,209	-43,365	-44,971
Gain/(loss) from foreign exchange differences	31,056	-18,354	1,679	-158
Share of profit/(loss) of associates and joint ventures	4,945	-661	-	-
<b>Profit/(loss) before taxes</b>	<b>46,821</b>	<b>-9,360</b>	<b>83,126</b>	<b>-46,771</b>
Less: Income tax	-11,104	-19,636	8,598	3,617
<b>Profit/(loss) after taxes</b>	<b>35,717</b>	<b>-28,996</b>	<b>91,724</b>	<b>-43,154</b>
<b>Attributable to:</b>				
Equity holders of the parent	30,947	-36,074		
Non-controlling interests	4,770	7,078		
	<b>35,717</b>	<b>-28,996</b>		
<b>Basic earnings/(losses) per share (€)</b>	<b>0.3790</b>	<b>-0.4424</b>		
<b>Diluted earnings/(losses) per share (€)</b>	<b>0.3767</b>	<b>-0.4397</b>		

\*Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31.12.2013 and reflect adjustments made for comparability purposes.

# Statement of financial position

(all amounts in euro thousands)	Group		Company	
	31/12/2014	31/12/2013 restated*	31/12/2014	31/12/2013
<b>Assets</b>				
Property, plant and equipment	1,673,010	1,564,945	236,468	232,332
Investment property	9,267	13,220	9,908	13,973
Intangible assets and goodwill	446,080	414,028	1,973	1,185
Investments in subsidiaries	-	-	845,807	1,243,829
Investments in associates and joint ventures	86,533	77,252	-	-
Other non-current assets	20,127	14,392	3,071	2,879
<b>Non-current assets</b>	<b>2,235,017</b>	<b>2,083,837</b>	<b>1,097,227</b>	<b>1,494,198</b>
Inventories	275,774	221,376	72,830	69,694
Receivables and prepayments	157,449	172,756	53,169	45,670
Derivative financial instruments	-	1,566	-	-
Available-for-sale financial assets	63	63	61	61
Cash and cash equivalents	142,946	184,257	16,971	8,780
<b>Current assets</b>	<b>576,232</b>	<b>580,018</b>	<b>143,031</b>	<b>124,205</b>
<b>Total assets</b>	<b>2,811,249</b>	<b>2,663,855</b>	<b>1,240,258</b>	<b>1,618,403</b>
<b>Equity and liabilities</b>				
Share capital (84,632,528 shares of €4.00)	338,530	338,530	338,530	338,530
Share premium	22,826	22,826	22,826	22,826
Share options	1,620	3,971	1,620	3,971
Treasury shares	-83,633	-87,680	-83,633	-87,680
Other reserves	939,525	293,299	496,236	511,258
Retained earnings	288,137	845,181	47,722	-51,237
<b>Equity attributable to equity holders of the parent</b>	<b>1,507,005</b>	<b>1,416,127</b>	<b>823,301</b>	<b>737,668</b>
Non-controlling interests	120,590	122,683	-	-
<b>Total equity (a)</b>	<b>1,627,595</b>	<b>1,538,810</b>	<b>823,301</b>	<b>737,668</b>
Long-term borrowings	634,195	599,069	336,694	745,835
Derivative financial instruments	2,438	-	-	-
Deferred income tax liability	184,085	163,516	3,365	14,215
Retirement benefit obligations	31,727	23,657	14,029	11,279
Provisions	15,922	12,686	2,293	1,756
Other non-current liabilities	30,053	29,635	4,446	4,557
<b>Non-current liabilities</b>	<b>898,420</b>	<b>828,563</b>	<b>360,827</b>	<b>777,642</b>
Short-term borrowings	49,522	93,724	95	50,173
Trade and other payables	220,462	187,233	52,425	48,319
Derivative financial instruments	127	3,375	-	2,832
Income tax payable	10,987	10,137	-	-
Provisions	4,136	2,013	3,610	1,769
<b>Current liabilities</b>	<b>285,234</b>	<b>296,482</b>	<b>56,130</b>	<b>103,093</b>
<b>Total liabilities (b)</b>	<b>1,183,654</b>	<b>1,125,045</b>	<b>416,957</b>	<b>880,735</b>
<b>Total equity and liabilities (a) + (b)</b>	<b>2,811,249</b>	<b>2,663,855</b>	<b>1,240,258</b>	<b>1,618,403</b>

\*Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31.12.2013 and reflect adjustments made for comparability purposes.

## Financial statements continued

## Cash flow statement

(all amounts in euro thousands)	Group		Company	
	Year ended 31 December		Year ended 31 December	
	2014	2013 restated*	2014	2013
<b>Cash flows from operating activities</b>				
<b>Cash generated from operations</b>	<b>174,278</b>	<b>186,179</b>	<b>27,494</b>	<b>30,132</b>
Income tax paid	-20,946	-22,128	-180	-1,150
<b>Net cash generated from operating activities (a)</b>	<b>153,332</b>	<b>164,051</b>	<b>27,314</b>	<b>28,982</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	-80,131	-47,153	-13,472	-9,931
Purchase of intangible assets	-1,971	-1,668	-335	-551
Proceeds from sale of property, plant and equipment and intangible assets	181	4,641	183	692
Proceeds from dividends	1,404	-	112,000	-
Share capital decrease/(increase) in subsidiaries	-	-	392,950	-30,464
Interest received	2,148	3,612	110	699
Acquisition of non-controlling interests and other	-2,812	-8,046	-	-3
<b>Net cash flows (used in)/from investing activities (b)</b>	<b>-81,181</b>	<b>-48,614</b>	<b>491,436</b>	<b>-39,558</b>
<b>Cash flows from financing activities</b>				
Interest paid	-55,316	-57,990	-44,135	-42,633
Other financing inflows	1,390	131	499	131
Contingency reserve paid to shareholders	-8,438	-	-8,438	-
Dividends paid to non-controlling interests	-11,267	-2,265	-	-
Proceeds from borrowings	1,057,652	884,086	177,900	249,830
Payments of borrowings	-1,102,163	-1,035,128	-636,327	-223,532
<b>Net cash flows used in financing activities (c)</b>	<b>-118,142</b>	<b>-211,166</b>	<b>-510,501</b>	<b>-16,204</b>
<b>Net (decrease)/increase in cash and cash equivalents (a) + (b) + (c)</b>	<b>-45,991</b>	<b>-95,729</b>	<b>8,249</b>	<b>-26,780</b>
Cash and cash equivalents at beginning of the year	184,257	283,987	8,780	35,601
Effects of exchange rate changes	4,680	-4,001	-58	-41
<b>Cash and cash equivalents at end of the year</b>	<b>142,946</b>	<b>184,257</b>	<b>16,971</b>	<b>8,780</b>

\*Certain amounts shown here do not correspond to the annual consolidated financial statements as at 31.12.2013 and reflect adjustments made for comparability purposes.

## Disclosures

## WBCSD/CSI environmental progress review

## TITAN Group – cement plants, attached and related quarries performance

WBCSD/CSI	Description	2011	2012	2013	2014
<b>Climate change</b>	Total gross direct CO <sub>2</sub> emissions, million metric tons				
	based on specific year equity	8.6	9.6	10.2	9.5
	Specific gross direct CO <sub>2</sub> emissions kg/t <sub>Product</sub>				
	based on specific year equity	623.8	658.7	664.3	674.4
	Total indirect <sup>(4)</sup> CO <sub>2</sub> emissions, million metric tons				
	based on specific year equity	0.9	1.0	1.1	1.1
<b>Alternative fuels and materials</b>	Alternative fuel substitution rate, % <sub>HB</sub>				
	based on specific year equity	1.50	2.98	4.30	6.65
	Biomass in fuel mix, % <sub>HB</sub>				
	based on specific year equity	1.13	1.86	1.63	2.22
	Alternative raw materials (clinker and cement), % <sub>Dry</sub>	6.6	6.0	6.1	7.0
	Clinker-to-cement ratio	0.83	0.85	0.84	0.83
<b>Emissions</b>	Overall coverage rate, %	-	-	-	61.8
	Coverage rate continuous measurement, %	-	-	-	80.9
	Total dust particulates, metric tons				
	based on specific year equity	1,693	972	524	416
	Specific dust particulates, g/t <sub>Clinker</sub>				
	based on specific year equity	162.6	83.5	42.2	37.0
	Dust coverage rate, %	-	-	-	100.0
	Total NOx, metric tons				
	based on specific year equity	17,523	21,361	22,785	18,088
	Specific NOx, g/t <sub>Clinker</sub>				
	based on specific year equity	1,683.0	1,835.0	1,832.5	1,610.4
	NOx coverage rate, %	-	-	-	100.0
	Total SOx, metric tons				
	based on specific year equity	2,468	2,277	2,351	2,969
	Specific SOx, g/t <sub>Clinker</sub>				
	based on specific year equity	237.1	195.6	189.1	264.3
SOx coverage rate, %	-	-	-	88.9	
<b>Local impact</b>	Active quarry sites with biodiversity issues <sup>(1,3)</sup>	8	8	8	8
	Active quarry sites with biodiversity management plans <sup>(2,3)</sup>	3	3	3	3
	Active quarry sites with biodiversity management plans <sup>(2,3)</sup> , %	38.0	38.0	38.0	38.0
	Sites with community engagement plans, %	100.0	100.0	100.0	100.0
	Sites with quarry rehabilitation plans <sup>(3)</sup> , %	63.0	65.0	79.0	80.0

## Disclosures continued

# WBCSD/CSI environmental progress review continued

### TITAN Group – cement plants, attached and related quarries performance

WBCSD/CSI	Description	2011	2012	2013	2014
<b>Impact on natural resources</b>	Total thermal energy consumption, TJ				
	Cement plants, attached and related quarries	36,562	40,771	43,504	39,512
	Energy efficiency, kcal/kg <sub>clinker</sub>	839.0	836.1	835.5	840.1
	Total electrical energy consumption, GWh				
	Cement plants, attached and related quarries	1,437	1,536	1,581	1,481
	Total water consumption, million m <sup>3</sup>	4.4	3.9	4.3	3.8
	Specific water consumption, lt/t <sub>cement</sub>				
	based on specific year equity	340.1	300.0	315.5	305.4
	Materials consumption, million metric tons				
	Total extracted raw materials	17.4	19.0	20.2	18.2
Total alternative raw materials	1.2	1.2	1.3	1.4	

(1) Active quarries within, containing or adjacent to areas designated for their high biodiversity value.

(2) Sites with high biodiversity value where biodiversity management plans are actively implemented.

(3) Since 2011, coverage of wholly owned active quarries has expanded, to include both quarries attached to our cement plants and quarries for aggregates production.

(4) Indirect CO<sub>2</sub> emissions are related to emissions released for the production of the electrical energy consumed at our facilities. For their calculation we use emission factors provided by the supplier of the electrical energy or other publicly available data. If no such data are available, the most recent data provided by CSI are used.

WBCSD/CSI	Description	2011	2012	2013	2014
<b>Health and Safety (cement)</b>	Employee fatalities	0	1	0	0
	Employee fatality rate	0.00	2.69	0.00	0.00
	Contractors fatalities	1	0	1	1
	Third-party fatalities	0	0	1	1
	Employee Lost Time Injuries (LTIs)	11	8	2	8
	Employee Lost Time Injuries Frequency Rate (LTIFR)	1.54	1.13	0.28	1.10
	Employee lost working days	850	905	110	494
	Employee Lost Time Injuries Severity Rate	119.3	127.7	15.3	67.6
	Contractors Lost Time Injuries (LTIs)	8	12	6	8

## TITAN Group – All activities performance

WBCSD/CSI	Description	2011	2012	2013	2014
<b>Impact on natural resources</b>	Raw material extracted	24.3	28.0	29.2	29.5
	for cement production, million metric tons (wet)	16.0	18.5	20.5	18.2
	for aggregates, million metric tons (wet)	8.3	9.5	8.7	11.3
	Raw material consumed				
	for cement production, million metric tons (dry)	17.4	19.0	20.2	18.2
	for ready-mix, dry mortar and block production, million metric tons (wet)	6.7	6.2	6.1	7.1
	Total heat consumption, TJ	36,828	41,152	43,907	40,093
	Total electrical energy consumption, TJ	5,511	5,848	6,113	5,698
	Total water consumption, million m <sup>3</sup>	9.9	11.1	9.4	8.4
	Recycled (externally) waste material, metric tons	167,830	267,800	248,940	353,600

WBCSD/CSI	Description	2011	2012	2013	2014
<b>Health and Safety</b>	Employee fatalities	0	1	0	0
	Employee fatality rate	0.00	1.92	0.00	0.00
	Contractors fatalities	1	0	1	1
	Third-party fatalities	0	0	1	1
	Employee Lost Time Injuries (LTIs)	16	14	5	18
	Employee Lost Time Injuries Frequency Rate (LTIFR)	1.49	1.38	0.47	1.65
	Employee lost working days	1,256	1,117	191	1,481
	Employee Lost Time Injuries Severity Rate	117.1	110.3	17.8	135.6
	Contractors Lost Time Injuries (LTIs)	12	16	7	8

## Disclosures continued

# Awards and recognitions

The table below presents a small selection of awards received by TITAN in 2014 for its efforts in relation to sustainability. For a full list of awards, please visit our online Report at

<http://integratedreport2014.titan.gr>

Material issue	Link to our strategic priorities
<b>Albania</b>	Antea cement plant was recognized as the "Best industrial operator in Albania for Health and Safety standards and measures" by the Labor Inspectorate and the Ministry of Social Welfare.
<b>Egypt</b>	Beni Suef cement plant received a Shield for its local community work from the Governor during the Quran Competition winners' celebration in Beni Suef.
<b>Egypt</b>	Alexandria cement plant received a Shield from Friends of the Environment during an Environmental Parliament event sponsored by TITAN, in the presence of the Minister of the Environment and the Governor of Alexandria.
<b>F.Y.R. of Macedonia</b>	Certificate of gratitude received from the University American College Skopje for providing scholarships for students.
<b>Greece</b>	TITAN received double recognition in the European Business Awards for the Environment 2013-14: <ul style="list-style-type: none"> <li>- Recognized in the Process category for ongoing commitment to the environment through focused actions that promote sustainable development - specifically excelling in the use of secondary fuels and alternative raw materials in the cement production process, with the aim of decreasing the use of non-renewable natural resources and reducing greenhouse gas emissions.</li> <li>- Given a distinction in the "Biodiversity" category, acknowledging targeted actions to protect the biodiversity in the areas where the Group operates.</li> </ul>
<b>Kosovo</b>	Sharr cement plant was recognized for its sustainability initiatives contributing to Hani i Elezit community development projects by Mr Rufki Suma, Mayor of the Municipality of Hani i Elezit.
<b>Serbia</b>	Best Health and Safety performance for 2013.
<b>Turkey</b>	Received an award from the Science, Industry and Trade Provincial Directorate for Productivity Week (01-08 April 2014).
<b>USA</b>	Roanoke cement plant won top honors for Overall Environmental Excellence at the Cement Industry Energy and Environment Awards. This acknowledges that RCC has demonstrated excellence in multiple categories, including Land Stewardship, Energy Efficiency, Environmental Performance, Outreach and Innovation.

# Memberships and cooperations

TITAN also maintained memberships and cooperation agreements with a large number of organizations in 2014, both at Group and local levels. The following list shows a small selection of the Group's memberships and cooperations. You can find a complete list of memberships and cooperations for all of our companies in our full report online at

<http://integratedreport2014.titan.gr>

<b>CSR Europe</b>	<a href="http://www.csreurope.org">www.csreurope.org</a>
<b>European Cement Association (CEMBUREAU)</b>	<a href="http://www.cembureau.be">www.cembureau.be</a>
<b>European Round Table of Industrialists (ERT)</b>	<a href="http://www.ert.eu">www.ert.eu</a>
<b>Marine Traffic</b>	<a href="http://www.marinetraffic.com/gr">www.marinetraffic.com/gr</a>
<b>UN Global Compact</b>	<a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a>
<b>World Business Council for Sustainable Development (WBCSD)</b>	<a href="http://www.wbcsd.org">www.wbcsd.org</a>
<b>World Economic Forum</b>	<a href="http://www.weforum.org">www.weforum.org</a>
<b>Young Presidents' Organisation (YPO)</b>	<a href="http://www.ypo.org">www.ypo.org</a>

## Notes

## Notes



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