

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”

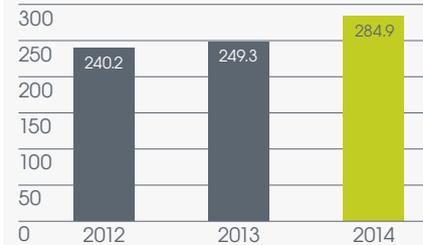
Regional turnover **€285 million**



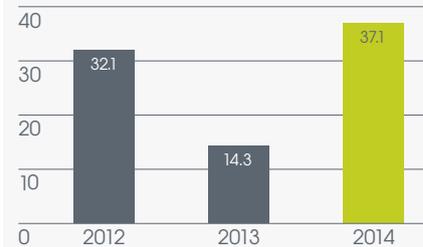
Regional EBITDA **€37 million**



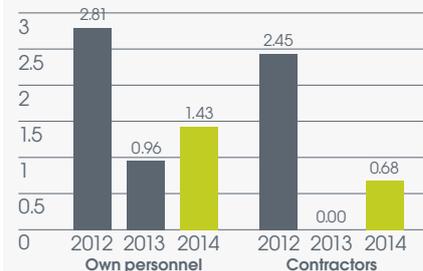
Turnover €m



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 carbon dioxide 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, 854.7 versus 849kg CO₂/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.