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_2 emissions/$t_{Product}$

674.4kg/$t_{Product}$

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 are still fall far short of our targets and best practice levels. On the other hand, specific CO_2 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 UN Global Compact and the Cement Sustainability Initiative, under the auspices of World Business Council for Sustainable Development. For this reason, we continue to co-chair special Task Forces for Biodiversity and Sustainable Supply Chain, 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 engage with our stakeholders wherever we operate and to helping our people reach their full potential.

Dimitri Papalexopoulos
Chief Executive Officer