

## 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 impacted 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 incident 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

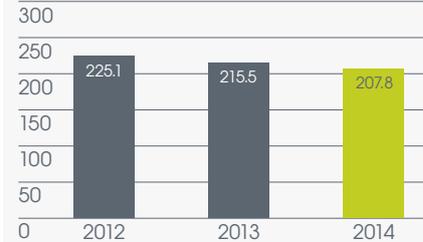
### Regional turnover €208 million



### Regional EBITDA €67 million



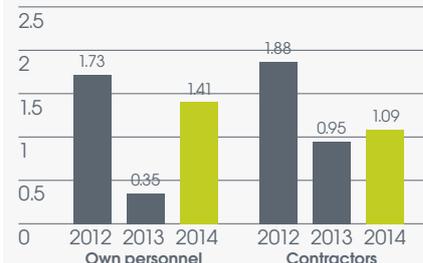
#### Turnover €m



#### 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. 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 Borrizane 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.