

## TITAN CEMENT GROUP

### 2007 FULL YEAR RESULTS

#### FINANCIAL RESULTS

Titan Group Turnover for 2007 totaled €1,497 m., a 5% drop compared to 2006. EBITDA slowed by 11% reaching €426 m. Net Profit for the Group, after minority interests and taxes, reached €240 m., down by 8% year on year, while Earnings per Share were €2.85 versus €3.07 the year before. 2007 was the first year since 1993 which saw profitability fall compared to the previous year.

The decline in financial results is mainly due to the sharp drop in demand for our products in the USA and to a lesser degree to the softening of the Greek market following the strong first quarter. Rising fuel costs and freight rates significantly impacted results while exchange rates movements had a marginal effect.

<i>€ millions</i>	<u>Q4 2007</u>	<u>Q4 2006</u>	<u>%change</u>	<u>FY2007</u>	<u>FY2006</u>	<u>%change</u>
Turnover	353	380	(7%)	1,497	1,568	(5%)
EBITDA	84	114	(27%)	426	481	(11%)
Net Profit before taxes	52	85	(39%)	300	381	(21%)
Net Profit*	46	46	1%	240	259	(8%)

\* after taxes & minorities

In Greece, demand for building materials weakened slightly compared to 2006 historical highs while fuel costs rose significantly for the third straight year. Strong export markets helped mitigate the above factors and led to unchanged operating profitability at €191 m.

In the USA, as the housing boom of the last few years abruptly turned to bust, demand for building materials declined sharply. According to Portland Cement Association (PCA) figures, 2007 cement volumes in the US were about 10% below the previous year, despite a strong first quarter. Florida, which accounts for over half of Titan's business in the US, was particularly hard hit. Cement consumption is estimated to have declined by about 30%. The challenges caused by the market decline were compounded by a Federal Court's order in July 2007 that vacated the mining permits of companies operating in the Lakebelt region near Miami, pending a Supplemental Environmental Impact Study (SEIS) by the US Army Corps of Engineers. Titan has appealed the decision in the firm conviction that it did not properly consider all available facts. Nonetheless, Titan had to cease mining at its important Pennsuco quarry. The Lakebelt decision, in conjunction with the housing decline, caused operating profitability to decline by 42% to €106 million, despite a positive contribution from newly-acquired activities.

Southeastern Europe benefited from strong demand and the contribution of the newly expanded capacity in Bulgaria to grow operating profitability by 33% to €97m.

In Egypt, profitability declined by 6% to €31m., as plant production capacity was insufficient to allow the Group's operations to participate in the market's growth.

#### EXPANSION OF OPERATIONS

Despite the inevitable business cycles, Titan remains focused on the implementation of its strategy: expanding the core cement business and diversifying geographically, vertically integrating into related building materials and continuously striving to improve the cost structure and sustainability of its operations. In this context, almost €500 m. were invested during 2007. Among the highlights:

- Completing the modernization and expansion of the Zlatna Panega plant in Bulgaria
- Starting construction of a 1.5 m. ton greenfield plant in Albania's Kruje region
- Starting construction of a second 1.5 m. ton kiln line in Egypt's Beni Suef plant
- Acquiring the concrete operations of S&W in North & South Carolina in the USA
- Acquiring the Cumberland quarry in Kentucky with over 1 billion tons of reserves
- Completing various smaller concrete and aggregate acquisitions in Greece, SE Europe and the USA
- Expanding Separation Technologies' world-leading fly-ash beneficiation operations, with the installation of new separators in North America and Europe
- Investing to improve environmental sustainability and reduce carbon footprint, through the use of best available technologies and increased consumption of waste materials and alternative fuels

This significant investment program led to an increase in Net Debt of €242 m., reaching €569 m. at the end of the year. Net Debt to EBITDA now stands at 1.33 times.

On January 17<sup>th</sup>, 2008 Titan announced that it had concluded an agreement, subject to due diligence and regulatory approval, to purchase a 50% stake in Turkish cement manufacturer Adocim Cimento Beton Sanayi ve Tikaret A.S. The company has a production capacity of 1.5 m. tons per annum.

### **2008 OUTLOOK**

The outlook for 2008 is influenced by the deceleration of global economic growth and the apparent decoupling between developing and mature markets. Although emerging countries are likely to continue growing, the balance of opinion points to the likelihood of a recession in the US and a slowdown in Europe.

Demand for building materials is forecast to continue growing at a healthy pace in emerging markets. Globally the cement supply/demand balance remains tight in the short term, lending support to high export prices and allowing increased input costs from record fuel and freight rates to be passed on.

In the USA, the PCA is forecasting a further decline of 2.5% in cement consumption. The resolution of the Lakebelt issue will be a key determinant of the performance of Titan's US activities.

In Greece, demand seems likely to decline slightly, with a strong growth in infrastructure spending partially mitigating the softening of the much bigger housing market.

In SE Europe, markets are expected to continue to grow, barring political instability in the western Balkans. The outlook for Egypt is also positive, although Titan will, in the short-term, be capacity-constrained in fully benefiting from the market's growth.

### **PARENT COMPANY TITAN S.A.**

At the parent company, turnover was €536 m., up 3% and EBITDA was €169 m., down 2%, reflecting the stable performance in Greece. Net profit reached €119 m, an improvement of 13%, reflecting extraordinary tax provisions of €16 m in 2006.

The Board of Directors of Titan Cement Co, S.A. will recommend to the Annual General Meeting of Shareholders, which has been scheduled for May 20, 2008, a cash dividend of €0.75 per share, on par with the previous year.

Titan also proceeded with the buy back of 1,072,187 own shares of a total value of € 35.4 m during the financial year, with a view to enhancing long term value creation for shareholders.

With a letter received on 21.2.08, the Ministry of Development has notified Titan that, after the amendment of Law 2190/1920 by Law 3604/8-8-2007, its Annual General Meeting decision, dated 10.5.07, for the (non-cash) Share Capital increase through capitalization of reserves can be decided at new General Meeting. Titan intends to include the matter in the agenda of the upcoming Annual General Meeting.

*Detailed financial and other information is available on Titan Group website: [www.titan-cement.com](http://www.titan-cement.com)*

*Titan is an independent cement and building materials producer with over 100 years of industry experience. Based in Greece, the Group operates in 7 countries, owning 12 cement plants. Throughout its history Titan has aimed to combine operational excellence with respect for people, society and the environment.*

*In 2007, the Group sold over 15.5 m. tons of cement and cementitious materials, 5.9 m. m<sup>3</sup> of ready mixed concrete, 20 m. tons of aggregates and various other building materials like concrete blocks, dry mortars etc.*

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