

**FINANCIAL DETAILED REPORT OF  
EUROBANK ERGASIAS S.A**  
[Informal Translation of the Greek Prototype]



**PURSUANT TO ARTICLE 15 OF LAW 3461/2006  
“IMPLEMENTATION OF DIRECTIVE 2004/25/EC ON TENDER OFFERS  
INTO NATIONAL LAW”)**

**TO THE BOARD OF DIRECTORS OF**



**HERACLES GENERAL CEMENT S.A.**

**IN RELATION TO THE PUBLIC MANDATORY TENDER OFFER MADE BY**

**LAFARGE CEMENTOS SAU**



**FOR THE PURCHASE OF ALL COMMON REGISTERED SHARES  
WITH VOTING RIGHTS OF  
HERACLES GENERAL CEMENT S.A.**

**13 November 2015**

This is an informal translation of the Greek prototype.  
In case of discrepancies between the Greek prototype and the English translation, the Greek prototype prevails.

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## **1 Information on the Detailed Financial Report, pursuant to Article 15 of Law 3461/2006**

EUROBANK EGASIAS SA (hereinafter the “**Adviser**”) drafted a Detailed Financial Report, pursuant to Article 15 of 3461/2006 (hereinafter the “**Law**”), in relation to the public mandatory tender offer made by LAFARGE CEMENTOS S.A.U. (hereinafter “LAFARGE CEMENTOS” or the “**Offeror**”) for the purchase (hereinafter the “**Transaction**” or the “**Tender Offer**”) of all common registered shares with voting rights that are not already held directly or indirectly by the Offeror on 30.7.2015, i.e. 7,829,304 shares representing 11,01% of the total paid up share capital and voting rights (hereinafter the “**Tender Offer Shares**”), of the Greek Société Anonyme under the name HERACLES GENERAL CEMENT CO, with General Commercial Registry Number 224201000 (of Ministry of Economy, Development and Tourism) and registered Office at 19.3km Markopoulou Avenue, 19002 Paiania – Attica, (hereinafter “**HERACLES**” or the “**Company**”).

Pursuant to article 9 of the Law and the terms and conditions referred to the Information Memorandum, approved by the Capital Market Commission (hereinafter “**CMC**”) on 6.11.2015, the Offeror offers to pay, €1.23 in cash per offered share, under the Tender Offer that has been validly accepted, which amounts to the average weighted trading price of the Shares of Company during the last six (6) months prior to the date on which the Offeror was obliged to submit the Tender Offer, i.e. before 10.7.2015.

If, following the completion of the Tender Offer, the Offeror holds shares representing in aggregate at least 90% of the total voting rights of the Company:

a. The Offeror will exercise its squeeze-out right i.e., it will require the transfer to it of all remaining Shares of the Company, in accordance with article 27 of the Law (“**Squeeze-out Right**”), in connection with the decision 1/644/22.04.2013 of the Board of Directors of the CMC.

b. Any shareholders that did not accept the Tender Offer will be entitled to exercise their sell-out right in exchange of the Offer Consideration per Share in cash paid by the Offeror in accordance with article 28 of the Law (“**Sell-out Right**”), in connection with the decision 1/409/29.12.2006 of the Board of Directors of the CMC.

Following the completion of the Tender Offer and in case the requirements of article 27 of the Law are fulfilled and the Squeeze-Out Right is exercised, the Offeror will pursue the delisting of the Shares of HERACLES from Athens Exchange (hereinafter “**ATHEX**”) in accordance with article 17 paragraph 5 of Law 3371/2005 and, to this purpose, will convene a General Meeting of the shareholders of HERACLES in order to resolve on the submission of a relevant request by HERACLES to the CMC and vote in favour of such resolution. In case the requirements of article 27 of the Law are not fulfilled and, as a result, the Offeror will not be entitled to the exercise of the Squeeze-out Right, the Offeror will not pursue any action towards the delisting of the shares from ATHEX.

Person responsible for providing information on the Detailed Financial Report:

Dimos Kapouniaridis, tel: 210 37 20 064

Eurobank Ergasias SA, Filellinon 10, Athens 105 57

In relation to the Detailed Financial Report, the Adviser declares that:

1. In order to formulate our views included in this Report, we have reviewed certain publicly available business and financial information of the Company. We have reviewed additional data concerning the business plan of the Company (hereinafter the “**Business Plan**”) provided by the management of the Company and we also held meetings with senior executives to discuss the current conditions and prospects of the Company.
2. We have compared the Company with other companies in the sector and we have taken into consideration the financial terms of recent precedent comparable transactions. We also reviewed financial reports and whatever other information deemed necessary.
3. For the preparation of this document we assumed and relied upon, without independent verification, the accuracy and completeness of the information supplied or otherwise made available to us by the Company. With respect to the historical business and financial data, we have assumed that they accurately reflect the present business and financial performance of the company at of the date they refer to. With respect projections, we have assumed that they have been reasonably prepared on the basis of the best currently available estimates and judgments of the current management of the Company as of the date hereof, regarding the future financial performance of the Company.
4. We have not made any independent valuation or appraisal of the assets or liabilities of the Company or its affiliate companies, nor have we been furnished with any such valuations or appraisals, and our Detailed Financial Report does not include any such independent valuation or appraisal and may not be used as such. For the purpose of our Detailed Financial Report, we have not made any field-research of the assets or facilities of the Company or its affiliate companies. We haven’t approached any of the Company’s customers or creditors. We have not explored nor assume any responsibility in relation to the ownership or any claim against the Company’s assets. Although where appropriate we have used several assumptions, judgments and estimates that we consider reasonable and appropriate, we are not in a position to verify the accuracy of the assumptions that have been made. Our report does not take into consideration the transaction cost. All these assumptions have been discussed with the senior management of the Company prior to submitting the Detailed Financial Report.
5. Our Detailed Financial Report is based on the financial and market conditions, as they stand and can be estimated at the date hereof and we do not express an opinion as to whether these conditions will remain the same or what is the possible effect of the change in the conditions

in the opinions expressed herein. The views expressed herein are also subject to uncertainties relating to important factors such as future developments in the supervisory and regulatory framework, increased competition and changes in the industry in Greece and internationally.

6. It is understood that this Detailed Financial Report is provided solely for the benefit of the Board of Directors of the Company, pursuant to Article 15 of Law 3461/2006, and does not constitute an advice to purchase or sale shares, within and outside the framework of the Tender Offer. The liability of the Adviser is limited to the responsibilities as their outlined by the Law. The Adviser does not express an opinion to the shareholders pertaining the fairness of the offer price of the Tender Offer neither pertaining the opinion that the Board will express. The Board of the Company is obliged to express its reasoned opinion in writing pertaining the tender Offer and the Adviser is not responsible for the Board's opinion.
7. In the past, the Adviser and its affiliates may have provided or currently provide financial advisory services, financing and other services to the Company and/or to the Offeror or their affiliates, and may have received or will receive fees for the rendering of such services.

## 2 Tender Offer Description<sup>1</sup>

The Offeror is the company under the name “Lafarge Cementos S.A.U.”, which was established in Spain and founded in 1901 in Montcada I Reixac (Barcelona), under the name “Compañía General de Asfaltos y Portland Asland, S.A” (Mercantile register of Barcelona, book 33814 page 94 sheet B29129 inscription number 960). The company is specialized in the production of grey and white cement with a cement capacity of 6.0 mtpa. Lafarge Cementos S.A.U. is indirectly owned by LafargeHolcim.

Following its extraordinary shareholders meeting on 8.5.2015, Holcim Ltd filed on 11.5.2015 a public exchange offer on Lafarge S.A. shares. The public exchange offer received clearance on 28.5.2015 from the Autorité des Marchés Financiers. The public exchange offer was launched subsequently on 1.6.2015, ending on 3.7.2015, with terms of the offer entailing 9 newly issued Holcim Ltd shares for 10 Lafarge S.A. shares. Following the completion of the public exchange offer of Holcim Ltd for the shares of Lafarge S.A., Holcim Ltd acquired on 10.7.2015 87.46% of the share capital of Lafarge S.A., which was until that date the ultimate parent undertaking of HERACLES. On the same date Holcim Ltd changed its corporate name to LafargeHolcim Ltd. Thus, LafargeHolcim Ltd. became on 10.7.2015 the controlling shareholder of Lafarge S.A. and indirect holder of 63,253,403 shares and 88.99% of total voting rights in HERACLES, and as a result became the ultimate parent undertaking of HERACLES. The public exchange offer was reopened from 15.7.2015 until 28.7.2015 and following a squeeze-out process completed on 23.10.2015, LafargeHolcim Ltd acquired 100% of Lafarge S.A. The direct participation of Lafarge Cementos S.A.U. and the indirect holdings of the companies Lafarge S.A. and Société Financière Immobilière et Mobilière (SOFIMO) through Lafarge Cementos S.A.U. in HERACLES have not changed. More specifically, Lafarge Cementos S.A.U. continues to hold directly 63,253,403 shares in HERACLES which correspond to 88.99% of the total voting rights in HERACLES. Lafarge S.A. continues to be the sole shareholder and parent undertaking of Société Financière Immobilière et Mobilière (SOFIMO), which in turn continues to be the sole shareholder and parent undertaking of Lafarge Cementos S.A.U. It is clarified that the Offeror belongs to the LafargeHolcim group of companies and submitted the Tender Offer as a result of the respective obligation arisen on the ultimate parent undertaking, LafargeHolcim, which acts in concert with the Offeror.

As a result to the above change in the ultimate indirect control of HERACLES, which triggered the obligation to submit a mandatory tender offer pursuant to Article 7 of the Law, the Offeror initiated the Tender Offer process on the Tender Offer Date, informing the CMC and HERACLES’s Board of Directors and submitting to the said bodies the draft Prospectus, pursuant to Article 10 of the Law.

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<sup>1</sup> Source: Information Memorandum (as it has been approved by the CMC on 6.11.2015). The terms with capital, unless otherwise stated, shall have the meaning given to them in the Information Memorandum of the Tender Offer that has been approved by the CMC. Copies of the Information Memorandum are available for free a) in printable form at any branch of Eurobank Ergasias SA and at the offices of the Offeror, and b) in electronic form on the webpage of the Offeror (<http://www.lafarge.com.es/>) and its adviser (<http://securities.bnpparibas.com/contact-us/our-offices.html>, page “Greece”).

The Tender Offer concerns all the Tender Offer Shares, that were not held by the Offeror on the 30.7.2015, i.e. 7,829,304 Shares representing c.11.01% of the total paid-up share capital and voting rights of the Company.

The Offeror intends to acquire all the Tender Offer Shares together with all present and future rights deriving therefrom, to the extent that the Tender Offer Shares are free and clear from any encumbrance in rem or contractual encumbrance or any third party right, restriction, claim, usufruct, or other right or lien.

If, following the completion of the Tender Offer, the Offeror holds shares representing in aggregate at least 90% of the total voting rights of HERACLES,

a. The Offeror will exercise its squeeze-out right i.e., it will require the transfer to it of all remaining Shares of HERACLES, in accordance with article 27 of the Law (“Squeeze-out Right”), in connection with the decision 1/644/22.04.2013 of the Board of Directors of the CMC.

b. Any shareholders that did not accept the Tender Offer will be entitled to exercise their sell-out right in exchange of the Offer Consideration per Share in cash paid by the Offeror in accordance with article 28 of the Law (“Sell-out Right”), in connection with the decision 1/409/29.12.2006 of the Board of Directors of the CMC.

Following the completion of the Tender Offer and in case the requirements of article 27 of the Law are fulfilled and the Squeeze-Out Right is exercised, the Offeror will pursue the delisting of the Shares of HERACLES from ATHEX in accordance with article 17 paragraph 5 of Law 3371/2005 and, to this purpose, will convene a General Meeting of the shareholders of HERACLES in order to resolve on the submission of a relevant request by HERACLES to the CMC and vote in favour of such resolution. In case the requirements of article 27 of the Law are not fulfilled and, as a result, the Offeror will not be entitled to the exercise of the Squeeze-Out Right, the Offeror will not pursue any action towards the delisting of the shares from ATHEX.

It should be noted that a delisting would allow HERACLES to reduce its operating costs by the fees associated with the listing.

The Offeror intends to carry out its operations and activity as well as those of the Company and does not intend to implement any changes in the strategic plan of the Company as a result of the Tender Offer.

The Offeror does not intend to alter the current status of any employees and officers thereof, HERACLES and the subsidiaries of the latter in respect of the terms of employment or the number of employment positions as a result of the Tender Offer, to the extent the current market conditions do not substantially change. Furthermore, the Offeror does not plan to transfer the registered seat of HERACLES or its subsidiaries outside of Greece.

The strategic plan of the Offeror for HERACLES is the same as the existing strategic plan of HERACLES and is as follows:

- (A) Achieve operational excellence through continuous improvement to create value. The Company will seek to deliver cost leadership and implement most advanced operating models
  - (i) The Company will continue its efforts to reduce operating costs and will focus on productivity, maintenance efficiency and process uniformity
  - (ii) Supply chain processes and procurement will also be optimized
- (B) Be the preferred partner for building and infrastructure through continuing innovation and launch of new products or services
  - (i) Innovative products intend to offer added value and sustainable competitive advantage to Heracles's customers and end-users, consisting of the basis for the differentiation of cement products
  - (ii) Develop differentiating strategies and bring its products to those who sell and use them. As an example for infrastructure projects, the Company has decided to build mobile plants strategically placed in the areas of the two major infrastructure projects but in areas outside its commercial spectrum
- (C) Develop export businesses and take advantage of on the sea cement facilities to compensate a still low domestic market
- (D) Commitment to create economically and environmentally sustainable solutions.
  - (i) HERACLES will be a leader in sustainable solutions and will seek to develop the best possible footprint. These initiatives seek to create shared value with society benefiting all stakeholders from communities to employees and to shareholders
  - (ii) The Company has an active role in the socio-economic development of the communities nearby its sites, seeking to add value to local initiatives, making use of its know-how, products, equipment, advice and expertise

Adviser to the Offeror for the Tender Offer is the BNP Paribas S.A. Moreover the Offeror has appointed "Eurobank Ergasias S.A." as the bank responsible for the receipt of declarations of acceptance, in accordance with article 18 of the Law, (hereinafter "Declaration of Acceptance").

**In accordance with the Tender Offer, the price offered by the Offeror, is €1.23, in cash per common registered share and fulfills the criteria of article 9, paragraph 4 of the Law 3461/2006.**

The acceptance period commences on 11.11.2015 and ends on 11.12.2015, that is the Tender Offer is open for a total [four (4)] weeks.

### **3 Valuation Methodologies**

The Adviser has employed a number of different valuation methodologies in preparing this report:

- I. Trading Multiples of Listed Comparable Companies Method
- II. Comparables Precedent Transactions Method
- III. Discounted Cash Flow Model of future cashflows as these have been presented by the Company's management

In addition, the Adviser has employed the following methodologies for informational purposes:

- I. Premia offered to selective Greek Tender Offers
- II. Entry Price Analysis

## **4 Brief Company Description**

### **4.1 General Information**

The HERACLES company is the Greek Société Anonyme under the trade name “HERACLES General Cement S.A.”, with General Commercial Registry Number 224201000 and Registered Office at 19.3km Markopoulou Avenue, 19002 Paiania - Attica.

Founded in 1911, HERACLES has a significant presence in the cement production industry in Greece and is actively present throughout the country with a distribution network covering the entire Greek mainland and islands for bulk and bagged cement.

### **4.2 Business Activity and Group Structure**

#### Overview of Company's operations in Cement:

HERACLES is among the largest cement producers in Greece (according to data from the Hellenic Cement Industry Association) and has been serving the market for more than 100 years. The Company was founded in 1911 as the Industrial and Commercial Company "General Cement Company". The Company produces cement in Volos and Milaki Evoia cement plants and has six cement terminals. It manages quarries in the vicinity of the plants and three in Milos, Yali and Altsi. HERACLES has trading activity throughout continental and island Greece for bulk and bagged cement.

Volos plant is the Company's biggest cement plant and an important unit of LafargeHolcim, with a cement production capacity of 3.2 million tons per year. Located 4 kilometres away from the city of Volos, its history dates back to 1924. The plant's proximity with the city calls for great sensitivity regarding environmental protection and respect for the local communities. Automated processes, strict control and production flexibility enable the production of various types of bulk and bagged cement, such as the branded products Basis, a high-strength cement and Athlos, a masonry and multipurpose cement.

The Milaki plant is located nearby Aliveri in South Evia. It was founded in 1982 and is the most modern plant of the Company, with an annual cement production capacity of 2.2 million tons. The production line design and the technology applied to process control, from raw materials processing to end product, have enabled the Milaki plant to respond to international market requirements for specific standards cement.

#### Overview of Company's operations in Concrete & Aggregates:

Lafarge Beton, HERACLES' subsidiary, has an established presence in the Greek aggregates and concrete sector and works to reflect and anticipate the needs of the construction industry. The company operates as Lafarge Beton in the market since 2001. It has 26 Ready-Mix plants and 10 quarries covering the entire Greek mainland and islands for concrete and aggregates.

According to Company's annual report 2014, the HERACLES group included the following subsidiaries as of 31 December 2014:

Name of subsidiary	Total participation (direct or indirect)	Main business activity
LAFARGE BETON S.A	100,00%	Concrete and aggregates production & trade
EVIESK S.A.	100,00%	Dormant
HERACLES MARITIME CO.	100,00%	See transports and ship management
LAVA S.A.	100,00%	Building materials and aggregates production & trade
AEGEAN TERMINALS S.A.	100,00%	Dormant
BIOMASS S.A.	51,00%	Biomass exploitation and trade
G. HATZIKYRIAKOS SOC. NAV.	100,00%	Under liquidation
A. HATZIKYRIAKOS SOC. NAV.	100,00%	Under liquidation
DYSTOS SOC. NAV.	100,00%	Dormant
MARATHOS QUARRIES S.A.	100,00%	Under merger
PORT SAID SILO INVESTMENT COMPANY S.A.	100,00%	Dormant
LEADER BETON S.A.	51,00%	Dormant

#### 4.3 Personnel

As of 30.6.2015, total number of employees of the Company was 630, and total number of employees for the HERACLES group was 797.

#### 4.4 Share Capital

The share capital of HERACLES amounts to one hundred and twenty million eight hundred and forty thousand six hundred and one euro and ninety cents (€120,840,601.90), divided into seventy one million eighty two thousand seven hundred and seven (71,082,707) shares, of a nominal value of one euro and seventy cents (€1.70) each.

All shares are traded on ATHEX since 1919 and in the "Low Dispersion and Specific Features" category since 2008. The shares of HERACLES are ordinary nominal shares with voting rights. The Offeror, who is indirectly controlled by LafargeHolcim., holds directly 63,253,403 shares in HERACLES which correspond to 88.99% of the total voting rights of the Company, according to the information disclosed pursuant to Greek Law 3556/2007; no other shareholder controls more than 5% of the voting rights in HERACLES, according to the data published on the ATHEX website.

#### 4.5 Board of Directors

The Board of Directors of the Company consists of seven members. Six are non-executive members, two of them independent. The Managing Director is the only executive member.

The Board of Directors comprises of the following members:

<b>Name</b>	<b>Position</b>	
Panagiotis (Takis) Athanasopoulos	Chairman of the Board	Non-executive Member
Jean-Claude Block	Vice Chairman	Non-executive Member
George Michos	Managing Director	Executive Member
Pierre Deleplanque	Member	Non-executive Member
Neil Curtis	Member	Non-executive Member
Andreas G. Andreopoulos	Member	Independent, Non-executive Member
Aristotelis (Aris) Kallipolitis	Member	Independent, Non-executive Member

The Board of Directors aims at the reinforcement of the long-run economic value of the Company and the protection of its interest. It is responsible, among others, for the establishment and application of the corporate governance principles to meet the business objectives. The term of duties of the abovementioned members of the Board of Directors, according to article 11 of the Articles of Association of HERACLES, is three years and terminates on 18.6.2018 which may be automatically extended until the Ordinary General Assembly of the year 2018 that will decide regarding financial year 2017.

## 5 Brief Financial Statements<sup>2</sup>

### 5.1 Income Statement for the years 2014 & 2013

	GROUP		COMPANY	
	2014	2013	2014	2013
	01/01-31/12	01/01-31/12	01/01-31/12	01/01-31/12
<i>(Amounts in thousands of Euro)</i>				
<b>Turnover</b>	236,485	235,194	208,764	210,618
Cost of sales	(221,034)	(249,887)	(193,317)	(223,496)
<b>Gross profit / (loss)</b>	<b>15,451</b>	<b>(14,693)</b>	<b>15,447</b>	<b>(12,878)</b>
Administrative & distribution expenses	(39,821)	(36,425)	(29,318)	(24,558)
Other operating income / (expenses)	(16,477)	(111,615)	(16,687)	(109,494)
Impairment of investments in subsidiaries	0	0	0	(1,726)
<b>Earnings / (losses) before interest and tax (EBIT)</b>	<b>(40,847)</b>	<b>(162,733)</b>	<b>(30,558)</b>	<b>(148,656)</b>
<b>Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)</b>	<b>(13,737)</b>	<b>(131,140)</b>	<b>(6,231)</b>	<b>(120,002)</b>
Finance income / (expenses)	(5,012)	(3,685)	(1,016)	16
<b>Profit / (loss) for the year before tax</b>	<b>(45,859)</b>	<b>(166,418)</b>	<b>(31,574)</b>	<b>(148,640)</b>
Income tax	5,146	30,140	5,202	30,020
<b>Net profit / (loss) for the year after tax</b>	<b>(40,713)</b>	<b>(136,278)</b>	<b>(26,372)</b>	<b>(118,620)</b>
<b>Allocated to:</b>				
Non controlling interest	(18)	(11)	0	0
Company's Shareholders	(40,695)	(136,267)	(26,372)	(118,620)
	<b>(40,713)</b>	<b>(136,278)</b>	<b>(26,372)</b>	<b>(118,620)</b>
Number of shares	71,082,707	71,082,707	71,082,707	71,082,707
<b>Earnings / (losses) per share (in €)</b>	<b>(0.57)</b>	<b>(1.92)</b>	<b>(0.37)</b>	<b>(1.67)</b>

<sup>2</sup> Based on published financial statements of the Company  
Any deviation in the total (sum of individual figures) is due to rounding

## 5.2 Income Statement for the 6 months, ending 30.6.2015

	GROUP		COMPANY	
	2015	2014	2015	2014
	01/01-30/6	01/01-30/6	01/01-30/6	01/01-30/6
<i>(Amounts in thousands of Euro)</i>				
<b>Turnover</b>	121,690	123,470	107,005	110,447
Cost of sales	(101,658)	(120,305)	(88,725)	(107,853)
<b>Gross profit / (loss)</b>	<b>20,032</b>	<b>3,165</b>	<b>18,280</b>	<b>2,594</b>
Administrative & distribution expenses	(18,237)	(19,108)	(11,702)	(13,446)
Other operating income / (expenses)	(1,067)	(2,150)	(1,716)	(1,761)
<b>Earnings / (losses) before interest and tax (EBIT)</b>	<b>728</b>	<b>(18,093)</b>	<b>4,862</b>	<b>(12,613)</b>
<b>Earnings / (losses) before interest, tax, depreciation and amortization (EBITDA)</b>	<b>13,150</b>	<b>(4,189)</b>	<b>15,964</b>	<b>(85)</b>
Finance income / (expenses)	(4,411)	(2,183)	(2,480)	(169)
<b>Profit / (loss) for the year before tax</b>	<b>(3,683)</b>	<b>(20,276)</b>	<b>2,382</b>	<b>(12,782)</b>
Income tax	(2,620)	2,734	(2,560)	2,267
<b>Net profit / (loss) for the year after tax</b>	<b>(6,303)</b>	<b>(17,542)</b>	<b>(178)</b>	<b>(10,515)</b>
<b>Allocated to:</b>				
Non controlling interest	(12)	(6)	0	0
Company's Shareholders	(6,291)	(17,536)	(178)	(10,515)
	<b>(6,303)</b>	<b>(17,542)</b>	<b>(178)</b>	<b>(10,515)</b>
Number of shares	71,082,707	71,082,707	71,082,707	71,082,707
<b>Earnings / (losses) per share (in €)</b>	<b>(0.09)</b>	<b>(0.25)</b>	<b>(0.00)</b>	<b>(0.15)</b>

### 5.3 Statement of Financial Position as of 31.12.2014

	GROUP		COMPANY	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
<i>(Amounts in thousands of Euro)</i>				
<b>ASSETS</b>				
Goodwill	29,480	29,480	0	0
Intangible assets	2,014	2,267	346	349
Tangible assets	296,827	325,775	270,571	296,790
Investment property	1,491	1,561	0	0
Investments in subsidiaries and associates	0	0	69,015	45,768
Other investments	57	57	57	57
Other non-current receivables	4,780	6,829	33,000	34,053
Deferred tax assets	52,701	45,624	50,750	44,164
<b>Total fixed assets or non-current assets</b>	<b>387,350</b>	<b>411,593</b>	<b>423,739</b>	<b>421,181</b>
Inventories	42,636	48,810	38,857	45,335
Trade receivables	43,493	44,500	35,109	37,890
Other receivables	17,960	15,408	14,626	12,559
Derivative financial instruments	0	42	0	42
Cash and cash equivalents	45,209	27,792	35,328	22,786
Income tax receivables	858	1,191	616	477
<b>Total current assets</b>	<b>150,156</b>	<b>137,743</b>	<b>124,536</b>	<b>119,089</b>
<b>Total assets</b>	<b>537,506</b>	<b>549,336</b>	<b>548,275</b>	<b>540,270</b>
<b>EQUITY</b>				
Share capital	120,841	120,841	120,841	120,841
Share premium	1,279	1,279	1,279	1,279
Reserves	173,757	174,696	161,825	162,170
Derivatives valuation reserve	(183)	34	(183)	34
Retained earnings	(24,305)	16,668	56,719	83,764
<b>Total Shareholders' equity</b>	<b>271,389</b>	<b>313,518</b>	<b>340,481</b>	<b>368,088</b>
Non controlling interest	(77)	(142)	0	0
<b>Total equity</b>	<b>271,312</b>	<b>313,376</b>	<b>340,481</b>	<b>368,088</b>
<b>LIABILITIES</b>				
Provision for staff termination indemnity	20,248	25,438	18,386	23,693
Other non-current provisions	20,063	20,982	40,584	40,472
Long-term debt	30,000	0	30,000	0
Finance lease liabilities	21	53	0	0
<b>Total non-current liabilities</b>	<b>70,332</b>	<b>46,473</b>	<b>88,970</b>	<b>64,165</b>
Provision for staff termination indemnity	5,060	7,150	4,956	7,079
Trade payables	78,623	78,003	66,099	66,772
Other payables	17,884	20,244	17,359	17,512
Income tax liabilities	1,138	275	950	0
Finance lease liabilities	34	118	0	24
Other current provisions	6,573	8,017	6,162	7,627
Derivative financial instruments	298	3	298	3
Short-term debt	86,252	75,677	23,000	9,000
<b>Total current liabilities</b>	<b>195,862</b>	<b>189,487</b>	<b>118,824</b>	<b>108,017</b>
<b>TOTAL LIABILITIES</b>	<b>266,194</b>	<b>235,960</b>	<b>207,794</b>	<b>172,182</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>537,506</b>	<b>549,336</b>	<b>548,275</b>	<b>540,270</b>

## 5.4 Statement of Financial Position as of 30.6.2015

	GROUP		COMPANY	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
<i>(Amounts in thousands of Euro)</i>				
<b>ASSETS</b>				
Goodwill	29,480	29,480	0	0
Intangible assets	1,985	2,014	453	346
Tangible assets	285,254	296,827	259,917	270,571
Investment property	1,454	1,491	0	0
Investments in subsidiaries and associates	0	0	69,015	69,015
Other investments	57	57	57	57
Other non-current receivables	4,794	4,780	4,509	33,000
Deferred tax assets	50,899	52,701	48,779	50,750
<b>Total fixed assets or non-current assets</b>	<b>373,923</b>	<b>387,350</b>	<b>382,730</b>	<b>423,739</b>
Inventories	44,817	42,636	41,034	38,857
Trade receivables	55,070	43,493	43,992	35,109
Other receivables	17,045	17,960	42,753	14,626
Cash and cash equivalents	13,573	45,209	8,658	35,328
Income tax receivables	799	858	628	616
<b>Total current assets</b>	<b>131,304</b>	<b>150,156</b>	<b>137,065</b>	<b>124,536</b>
<b>Total assets</b>	<b>505,227</b>	<b>537,506</b>	<b>519,795</b>	<b>548,275</b>
<b>EQUITY</b>				
Share capital	120,841	120,841	120,841	120,841
Share premium	1,279	1,279	1,279	1,279
Reserves	172,950	173,757	161,825	161,825
Derivatives valuation reserve	(473)	(183)	(473)	(183)
Retained earnings	(28,378)	(24,305)	57,856	56,719
<b>Total Shareholders' equity</b>	<b>266,219</b>	<b>271,389</b>	<b>341,328</b>	<b>340,481</b>
Non controlling interest	(101)	(77)	0	0
<b>Total equity</b>	<b>266,118</b>	<b>271,312</b>	<b>341,328</b>	<b>340,481</b>
<b>LIABILITIES</b>				
Provision for staff termination indemnity	17,788	20,248	16,048	18,386
Other non-current provisions	18,948	20,063	40,154	40,584
Long-term debt	8,000	30,000	8,000	30,000
Finance lease liabilities	11	21	0	0
<b>Total non-current liabilities</b>	<b>44,747</b>	<b>70,332</b>	<b>64,202</b>	<b>88,970</b>
Provision for staff termination indemnity	2,726	5,060	2,625	4,956
Trade payables	76,451	78,623	68,398	66,099
Other payables	16,681	17,884	14,867	17,359
Income tax liabilities	2,176	1,138	1,900	950
Finance lease liabilities	28	34	0	0
Other current provisions	4,353	6,573	3,693	6,162
Derivative financial instruments	737	298	737	298
Dividends payable	45	0	45	0
Short-term debt	91,165	86,252	22,000	23,000
<b>Total current liabilities</b>	<b>194,362</b>	<b>195,862</b>	<b>114,265</b>	<b>118,824</b>
<b>TOTAL LIABILITIES</b>	<b>239,109</b>	<b>266,194</b>	<b>178,467</b>	<b>207,794</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>505,227</b>	<b>537,506</b>	<b>519,795</b>	<b>548,275</b>

## 6 Evaluation of the Tender Offer Price

### 6.1 Trading multiples of listed comparable companies

Trading multiples method is based on the assumption that the market capitalization of the Company can be estimated by the amount that investors who are sufficiently informed and act rationally, are willing to pay for the share capital of the Company. The first part of the methodology is the selection of a sample of companies which should be comparable to the Company and whose shares should be listed.

It is crucial in this method that the sample of comparable companies is selected based on a number of criteria. For each comparable company, a number of multiples is calculated:

- **Enterprise Value to Earnings before interest, tax, depreciation and amortization (EV / EBITDA )**
- Enterprise Value to Earnings before interest and tax (EV / EBIT)
- Enterprise Value to Sales (EV / Sales)
- Share price to earnings per-share (P/E)

Based on the sector that the companies are currently active and their unique characteristics, some of the above multiples are used for valuation purposes.

By calculating these multiples for each company of the sample, it is possible to identify multiples indicating the value attributed by the investors to the comparable companies. By applying these trading multiples to Company's financials we can derive an estimate for the Company's valuation.

#### 6.1.1 Application of the methodology to the Company

Given that, there is not a sufficient number of Greek companies in this sector listed in the Athens Exchange, the sample of comparable companies used consists mainly of international players.

The sample of comparable companies is presented in the table below:

Company	Description <sup>3</sup>
<b>LafargeHolcim Ltd</b>	Produces building materials. The company produces and markets ready-mixed concrete, cement, clinker, and ad-mixtures. LafargeHolcim also provides consulting and engineering services in all areas of the cement manufacturing process. LafargeHolcim, through its subsidiaries, operates cement manufacturing facilities around the world.

<sup>3</sup> Source: Bloomberg

<b>HeidelbergCement AG</b>	Produces and markets aggregates. The company also manufactures building materials including cement and concrete in Europe, North America, Asia, Australia and Africa.
<b>Cemex SAB de CV</b>	Is a building products company. The company produces, distributes, and markets cement, ready-mix concrete, aggregates, and related building materials. The company operates throughout the Americas, Europe, Africa, the Middle East, and Asia.
<b>Vicat SA</b>	Manufactures and sells cement, ready-mix concrete, aggregates and concrete pipes, as well as stucco and mortar for use in building construction internationally. The Company also produces a variety of papers, medium-to-large capacity paper bags and chemicals and provides freight transportation services.
<b>Buzzi Unicem SpA</b>	Manufactures, distributes, and sells cement, ready-mix concrete, and aggregates. It has operations in Italy, the United States, Germany, Luxembourg, the Netherlands, Poland, the Czech Republic, Slovakia, Ukraine, Russia, and Mexico.
<b>Titan Cement Company</b>	Produces and distributes cement and building materials. The company produces aggregates and concrete and operates mines and quarries. Titan sells its products in Greece, Europe, the United States, Africa and the Middle East.
<b>Akçansa Çimento Sanayi ve Ticaret AS</b>	Manufactures and sells cement, clinker, ready mixed concrete, and aggregates in Turkey. The company also provides port services, as well as waste recycling and laboratory services. The company exports its products internationally.
<b>Cementir Holding SpA</b>	Produces and distributes cements. It markets its products in Turkey, Denmark, other Scandinavian countries, Italy, the Far East, Egypt, and internationally.
<b>Cimsa Cimento Sanayi ve Ticaret AS</b>	Produces and sells cement, clinker, and ready-mix concrete in Turkey. The group also operates packaging and paper bag production facilities for its cement products. Its products include white cement, calcium aluminate cement, and gray cement; and standard and special ready mix concrete. The company exports its products as well.

The value per share in accordance with this methodology, was calculated based on EV / EBITDA multiple. This ratio was considered the most appropriate for the valuation of the Company while outweighs other ratios as it focuses on:

- i. the enterprise value of the Company (value of equity plus debt)
- ii. cash flows of the Company that are not affected by
  - the depreciation method
  - different tax rates (comparison of companies in different countries)

- the financing structure (e.g. payment of interest)

It is noted that, despite the fact that the companies comprising the comparable sample, are representative in terms of business segments, they differ in terms of growth in revenue and especially in earnings before interest, taxes, depreciation, and amortization (EBITDA). It is further noted that based on the Business Plan provided by the Company, EBITDA CAGR is projected to be equal to 58% for the next 2 year period, 2015-2017, which is significantly higher than the growth of its comparable companies.

## **Conclusion**

According to the Adviser's analysis, a range of €0.89 - €1.51 per share of HERACLES is favored based on the comparable trading multiples methodology.

## **6.2 Precedent transactions method**

### **6.2.1 General/Introduction**

Precedent transactions method is based on the assumption that the value of company can be estimated based on valuation metrics (multiples) of comparable acquisitions in Greece and abroad.

### **6.2.2 Application of the methodology to the Company**

For each transaction of the sample we have calculated the following multiples:

- **Enterprise Value to Earnings before interest, tax, depreciation and amortization (EV / EBITDA )**
- Enterprise Value to Earnings before interest and tax (EV / EBIT)
- Enterprise Value to Sales (EV / Sales)
- Share price to earnings per-share (P/E)

The value per share in accordance with this methodology, was calculated based on EV / EBITDA multiple. However, it is noted that this methodology is based on the Company's historical performance, which significantly differ from the future earnings before interest, tax, depreciation and amortization (EBITDA) of the Company as this has been projected by its management.

### **6.2.3 Conclusion**

According to the Adviser's analysis, a range of €0.42 - €0.77 per share of HERACLES is favored based on the precedent transactions method.

### **6.3 Discounted Cash Flow Model of future cash flows as these have been presented by the Company's management ("DCF")**

#### **6.3.1 General/Introduction**

The DCF method is based on the theory that the value of a business is equal to the net present value of the future unlevered cash flow streams generated by the Company, discounted by a suitable rate (discount factor) representing the cost of capital for investments of similar risk.

For the implementation of the methodology, the estimate of the free cash flows of the investment/company for a specified period of 5-10 years is needed as well as the estimate of its terminal value. The terminal value reflects the value that the investment/company is estimated to generate in perpetuity based on "normalized" free cash flows and investments. Moreover, the estimate of the cost of capital of the company is needed or alternatively the discount rate.

#### **6.3.2 Application of the methodology to the Company**

For the purposes of this valuation, we have reviewed certain publicly available business and financial information regarding the Company. In addition, we reviewed other information provided by the Company while we have discussed current conditions and Company's prospects with senior executives of the Company.

For the purpose of drafting this Detailed Report, we have assumed, without independent verification, the accuracy and completeness of the information supplied or otherwise made available to us by the Company. With respect to the historical business and financial data, we have assumed that they accurately reflect the present business and financial performance of the Company at the date they refer to. With respect to the financial projections, we have assumed that they have been reasonably prepared on the basis of the best currently available estimates and judgments of the Company's management for the future financial performance of the Company.

The analysis of the Company's projections upon which the Adviser has based its study covers a 5 year horizon i.e. for the period 2015-2019, while we also considered the following assumptions and factors:

- Revenue Growth
- Expenses Growth
- Expected EBITDA Margin
- Growth in Perpetuity
- Capital Expenses and Depreciation Schedule
- Working Capital Needs
- Discount rate (which relates to the cost of capital for investments of similar risk)

The Adviser created a cohesive financial model which allowed sensitivity analysis on perpetuity growth and the discount rate.

The methodology followed by the Adviser is based on the discounting of the cash flows to the firm.

For the purposes of estimating the value per share of the Company based on the DCF method, the Adviser has used a mid-point weighted average cost of capital (WACC) of 12.6% and a mid-point perpetuity growth rate of 1.5%.

It should be noted that the Business Plan, provided by the management of the Company, is largely based on the recovery of the domestic cement market, adopting a relatively high growth rate of sales (CAGR +9.5%) and even higher growth rate of earnings before interest, taxes, depreciation, and amortization for the next 5 year period. Based on the above assumptions, future free cash flow generation of the Company is estimated to be higher than its current levels.

#### 6.3.3 Factors affecting the value of the Company

Given that the value of the Company is based on projections and estimates pertaining its future cash flows, a number of factors could affect the value of the Company. Indicatively, some factors that could have an impact on Company, its financial position or its financial results and consequently may have an adverse or positive impact on its valuation, its value and its share price, are changes in:

- Wider macroeconomic environment both in Greece and internationally
- Competitive Landscape
- Capex Schedule
- Operating Expenses
- Taxation System or no implementation of expected changes
- Working Capital needs

#### 6.3.4 Conclusion

Based on the review, analysis, interpretation and assessment of the future prospects of the Company as they are derived by the Business plan provided to the Adviser by the management of the Company, a range of €1.03 and €1.78 per share of Heracles is favored based on the discounted cash flow methodology.

It should be also noted, that Adviser's conclusions for the valuation of the company, do not take into consideration extraneous factors that could affect Company's valuation, such as prevailing conditions in the financial markets or alternative competitive tender offers submitted by third parties.

### **6.4 Premia offered to selective Greek Tender Offers**

#### 6.4.1 Introduction

Considers the premium to the prevailing stock price over various time periods implied by prices paid to acquire other Greek companies through the process of tender offer during the last years. The sample includes only successful mandatory tender offers.

This methodology was used for informational purposes and is not taken into account in deriving Company's share price valuation range, due to small free float and low trading value.

#### **6.5 Entry Price Analysis**

Through this analysis we depict the historical performance of the Company's stock.

This method for listed companies on the Stock Exchange is based on the value attributed to the Company by the "market" i.e. a number of investors who have sufficient information (mature market) and make their investment choice unimpeded.

Entry price analysis can be reliable when certain assumptions are fulfilled as follows:

- Mature market conditions - efficient market
- Adequate free float
- Adequate stock trading liquidity
- Lack of extreme situations (strong negative or positive speculation, placing the company under supervision, etc.)
- There is research coverage by analysts and reports are issued

As of Tender Offer Date, i.e. 30.7.2015, the Offeror controlled 63,253,403 shares or 88.99% of the outstanding shares of the Company. Consequently free float controlled 7.829.304 shares, or 11.01% of the total number of shares of the Company. It should be also noted that Company's shares are traded on ATHEX in the "Low Dispersion and Specific Features" category since 18.4.2008.

Based on the entry price analysis for the last 12 months prior to the date that the Offeror was obliged to submit the Tender Offer, i.e. 10.7.2015, 39% of the trading volume occurred at a price up to € 1.22/share, 73% of the trading volume occurred at a price up to € 1.31/share and 82% of the trading volume occurred at a price up to € 1.37/share. Finally, 100% of the trading volume occurred at prices between € 1.10/share (minimum price for the last 12 months) and € 1.40/share (maximum price for the last 12 months).

Total trading volume for the last 12 months amounted to 292.5k shares (value of €368k) representing c. 0.4% of Company's share capital and 3.7% of its free float. Thus, there are significant limitations in drawing safe conclusions from this analysis. It is also noted that there is no research coverage on stock and there are no reports for the Company. For the above reasons, this methodology has not been taken into account in deriving Company's share price valuation range.

## 7 Conclusion

The table below summarizes the share price range of the Company based on the methodologies outlined in previous sections. Based on the above, a range of €1.03 - €1.51 per share is favored (Company's equity value between €72.9mn - €107.2mn).

Valuation Used	Price Range (€)		
Listed Comparable Trading Multiples	0.89	-	1.51
Precedent Comparable Transactions	0.42	-	0.77
Discounted Cash Flows (DCF)	1.03	-	1.78

In addition, the following analyses have been reviewed but have not been taken into account in deriving Company's share price valuation range, due to small free float and low trading value.

Premia offered to selective Greek Tender Offers	1.39	-	1.49
Entry Price Analysis	1.10	-	1.40

It is noted that this document has been submitted to the Board of Directors of HERACLES GENERAL CEMENT S.A., has been prepared according to article 15 paragraph 2 of Law 3461/2006 and does not constitute an investment advice regarding the purchase or sale of securities within or outside the Tender Offer.

Athens, 13 November 2015

Eurobank Ergasias S.A.

Dimos Kapouniaridis  
Assistant General Manager  
Head of Investment Banking &  
Principal Capital Strategies

Antonis Koutsos  
Senior Banker  
Investment Banking &  
Principal Capital Strategies

## **8 Disclaimer**

This discussion document has been prepared by Eurobank Ergasias S.A. (hereafter “Adviser” or “Eurobank”) exclusively for the benefit and internal use of the Board of Directors of HERACLES GENERAL CEMENT S.A., “(hereafter “Company”). The Adviser does neither express an opinion to the shareholders pertaining the fairness of the offer price of the Tender Offer neither pertaining the Reasoned Opinion that the Board of Directors will express for the acceptance or rejection of the Tender Offer. This document may not be relied on, or used by anyone other than the Board of Directors of HERACLES GENERAL CEMENT S.A.

For the preparation of this document we assumed and relied upon, without independent verification, the accuracy and completeness of the information supplied or otherwise made available to us by the Company. With respect to the historical business and financial data, we have assumed that the information has been reasonably prepared in accordance with applicable standards and that they accurately reflect the present business and financial performance of the Company at of the date they refer to. With respect to projections, financial and non financial, we have assumed that they have been reasonably prepared on basis of the best currently available estimates and judgments of senior management of the Company as of the date hereof, regarding the future financial performance of the Company.

This document is based by necessity on the financial, economic and political conditions and market conditions, as they exist and can be estimated at the date hereof and we do not express an opinion as to whether these conditions will continue to exist or what is the possible effect of the change in the conditions in the opinions expressed herein. The views expressed herein are also subject to uncertainties relating to important factors such as future developments in the supervisory and regulatory framework.

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