

February 27<sup>th</sup> 2014

**TITAN CEMENT GROUP S.A**  
**ANNOUNCEMENT OF FINANCIAL RESULTS 2013**

In 2013 TITAN Group operating results improved for the first time in seven years. The recovery of the housing market in the US, resilience of demand in Egypt, and perseverance on exports enabled the Group to increase sales, generate positive free cash flow, and further reduce net debt, against a backdrop of prolonged weakness in its home market and subdued construction activity in Southeastern Europe.

Consolidated turnover in 2013 increased by 4% to €1,176 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) improved marginally reaching €196 million and improved materially at constant exchange rates. The appreciation of the Euro against the Egyptian Pound, the US Dollar and the Turkish Lira resulted in a negative translation impact. At stable exchange rates, turnover and EBITDA would have increased by 8% and 6% respectively.

Net losses after minority interests and the provision for taxes increased to €36 million, compared to losses of €24.5 million in 2012. Bottom line results were mainly impacted by foreign exchange losses, the temporary non-recognition of deferred tax assets resulting from carry-forward losses in the US, as well as the retro-active taxation of previous years' reserves in Greece.

In the fourth quarter, turnover increased by 1%. Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by 27%, while net results after minority interests and the provision for taxes posted losses of €21.5 million compared to losses of €26.5 million the last quarter of 2012.

€ million	4° Q 2013	4° Q. 2012	% ch	2013	2012	% ch
Turnover	287.7	283.6	1.4%	1.175,9	1.130,7	4.0%
Operating EBITDA	42.4	33.3	27.2%	196.0	195.8	0.1%
Earnings before taxes	(7.6)	(27.4)		(9.6)	(1.3)	
Net profit *	(21.5)	(26.5)		(36.1)	(24.5)	

\*after minority interests and taxes

## **OPERATIONAL RESULTS**

In Greece, domestic cement demand continued to decline for the seventh consecutive year albeit at a gradually slower pace. Punitive tax rate levels on real estate, limited disposable income, the high inventory of unsold homes and the lack of liquidity in the mortgage market have forced private residential building activity to a virtual standstill. Public spending on infrastructure remained very limited throughout 2013. In total, cement demand is now at one fifth of 2006 levels.

The continued operation of the Group's plants in Greece is dependent upon the competitiveness of exports, amidst intense international competition, particularly from countries not subject to costs of EU legislation on carbon dioxide emissions. In pursuing the improvement of its competitiveness, TITAN continued to invest in the use of alternative fuels, aiming to concurrently reduce both its energy cost and its environmental footprint. Challenging these efforts is the threat posed to the competitiveness of Greek plants by the high cost of electricity.

In total, turnover in Group region Greece and Western Europe increased by 4% and stood at €250 million Operating profit declined by 57% to €14 million.

In North America, the profitability of TITAN's operations improved markedly, primarily due to a strong recovery of the residential market in the USA. According to the Portland Cement Association, cement consumption in the Southeastern states, where the bulk of the Group's activities in the USA are located, increased by 8.5% in 2013. The corresponding increase for the whole of the USA was 4.5%. In Florida, cement demand increased by 18%, owing to the increase in house prices and the decrease in unsold housing inventory.

Titan America subsidiary, Separation Technologies LLC, which is engaged in the production and operation of fly-ash beneficiation facilities, continued on its growth trajectory. In addition to fly-ash, ST is pursuing the application of its technology to other minerals.

Group turnover in North America increased across all product segments. The USA already account for over a third of Group turnover and a rapidly increasing share of operating profitability. Turnover increased by 11% and stood at €411 million, while operating profit reached €32 million, versus €6 million in 2012.

In Southeastern Europe, construction activity remained subdued throughout 2013, reflecting the low levels of economic activity in the region. The Group continued to increase its use of alternative fuels, thereby improving its energy output and maintaining its organic profitability.

Turnover in the region declined by 4% to €215 million while operating profit posted a marginal decline of 2% to €63 million.

In Egypt, sales remained resilient despite the considerable political upheaval and the country's increased economic challenges. Consumption of building materials posted a slight decline in 2013. It is unclear to what extent this reflects a decline in demand per se or, to what extent it stems from production bottlenecks resulting from unavailability of energy. Profit margins were squeezed by the higher energy costs while the positive effect of the increase in cement prices was fully absorbed by the weakening of the Egyptian pound.



In Turkey, the construction sector grew further in 2013, despite the political uncertainty prevalent in the second half of the year. Both exports and domestic sales increased but the depreciation of the Turkish lira weighed negatively on results.

Total turnover for the Eastern Mediterranean region, grew by 1% to €300 million. Operating profit declined by 7% to €87 million. At constant exchange rates, operating profit would have posted a 5% increase and sales would have increased by 14.5%.

Thanks to the strict prioritization of investments, the curtailment of working capital requirements and the reduction in costs, the Group was able to generate €142 million in positive cash flow, versus €140 million generated in 2012. This allowed the Group to further decrease its net debt by €57 million. At 31<sup>st</sup> December, 2013, the Group's net debt stood at €539 million, more than 50% below the level recorded in the beginning of 2009.

## **INVESTMENTS**

Group capital expenditure, excluding acquisitions, totaled €50 million much the same as in 2012. The net book value of fixed assets disposed of in 2013 was €3 million, down from €26 million in the previous year.

## **POST BALANCE SHEET EVENTS 31/12/2013**

Group subsidiary, Titan Global Finance PLC (TGF), entered a €455 million multi – currency forward start revolving credit facility with a syndicate of Greek and international banks. The contract was signed on 30.01.2014, in London. The facility, which is guaranteed by Titan Cement S.A., matures in January 2018 and will be used for the refinancing of TGF's existing syndicated facility, maturing in January 2015, as well as for general corporate purposes.

## **PROSPECTS FOR 2014**

Recent trends in the Group's markets justify a degree of reserved optimism for 2014, despite lingering uncertainties.

Cement consumption in the USA is expected to continue growing at a robust pace, largely owing to the recovery in the residential market. According to the estimates of the Portland Cement Association (PCA), all construction segments are expected to expand in 2014 and cement consumption should grow by at least 8%. The PCA estimates that cement consumption will grow at an even higher rate in the Southeast of the country where the majority of TITAN's US operations are located. In Florida, cement consumption is forecasted to grow by double-digit figures over the next four years.

In Greece, cement demand is expected to increase for the first time since 2006, from the extremely low levels of 2013. The anticipated improvement is largely owed to the infrastructure segment, including road works. Expectations regarding the residential market remain muted.



The outlook for construction in Southeastern Europe is stable, without expectations for meaningful growth in the current year, as the region continues to be held back by the crisis in neighboring European countries.

The Group's biggest challenges are anticipated in the Eastern Mediterranean. Egypt, and to a lesser extent Turkey, are facing political uncertainty and heightened economic risks. Although demand has remained resilient, it is a difficult backdrop against which to make a forecast. Furthermore, obtaining sufficient fuel to operate the production facilities in Egypt has evolved into a key challenge. Finally, currency fluctuations are likely to continue having a significant impact on the Group's results in the region.

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

Turnover of TITAN Cement S.A. increased 6% to €235 million. EBITDA decreased 71% to €11 million. The Company's net loss stood at €43 million in 2013, compared to a net loss of €16 million in 2012.

The improvement in Group operating profitability, in conjunction with a more optimistic outlook for 2014, allows the Board of Directors of TITAN Cement S.A. to propose to the Annual General Meeting of Shareholders, scheduled for 20.06.2014, the distribution of €0.10 per share from the Contingency Reserve.

*TITAN is an independent cement and building materials producer with over 110 years of industry experience. Based in Greece, the Group owns cement plants in nine countries and is organized in four geographic regions: Greece & Western Europe, the USA, Southeastern Europe and the Eastern Mediterranean. Throughout its history TITAN has aimed to combine operational excellence with respect for people, society and the environment.*

*In 2013 the Group sold 17.2 m tons of cement and cementitious materials 3.4m. m3 of ready mixed concrete, 12.3 m tones of aggregates and various other building materials like concrete blocks, dry mortars etc.*

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

*The above announcement was communicated to the ASE and the HCMC, and was also posted on the website of the Athens Stock Exchange.*

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