

## **TITAN CEMENT GROUP S.A.**

### **FIRST HALF RESULTS 2012**

Titan Group turnover for the first half of 2012 stood at €548m, posting a 2% decline compared to the first half of 2011. Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) declined by 21% reaching €112m. Group net profit after minority interests and the provision for taxes reached €8m, posting a 65% decline compared to the same period in 2011.

Following a first quarter impacted by adverse weather conditions in several markets, Group turnover increased by 6% in the second quarter, compared to the same period of last year, and stood at €322m. The increase in turnover, the first in six consecutive quarters, is mainly due to what appears to be the beginning of the recovery in construction activity in the USA, as well as increased exports from Greece.

Second quarter EBITDA declined by 17% to €78m while net profit reached €28m, same as in 2011. It should be noted that second quarter 2011 operating results included the recognition of €25m relating to the refund of the clay tax fee in Egypt. The positive second quarter 2012 operating results, despite the continuing decline in the Greek market and the absence, as of yet, of a meaningful contribution from the USA, are to be attributed to the performance of the developing markets in Southeastern Europe and the Eastern Mediterranean.

The weakening of the Euro versus the local currencies of countries where the Group is active had a limited €2m positive impact on operating results for the first half of the year. At constant exchange rates, turnover for the first half would have declined by 5% and EBITDA would have declined by 23%. Gains from foreign exchange differences due to the Euro's weakening also contributed to the substantial decline in financial expenses compared to 2011.

€ million	Q2 2012	Q2 2011	% change	First half 2012	First half 2011	% change
Turnover	322.5	304.1	6.1%	547.9	557.0	(1.6%)
EBITDA	77.7	94.0	(17.4%)	112.1	142.5	(21.3%)
Profit before tax	47.1	43.4	8.4%	29.5	37.7	(21.8%)
Net profit*	27.8	28.0	(0.9%)	8.3	24.1	(65.3%)

\*after tax and minority interests

### **OPERATING RESULTS**

It is estimated that demand for our products in Greece is continuing to decline at an annual rate of roughly 40%. Cement consumption for the year is expected to be approximately 75% lower than the levels recorded five years ago. The last time consumption stood at such levels was in the first half of the 1960s.

Group turnover in region Greece and Western Europe declined by 18% in the first half of 2012, compared to the same period in 2011, and stood at €119m. The decline would have been much steeper had exports not increased considerably over last year. EBITDA stood at €28m, effectively at par with 2011. The Group's restructuring programme and the timely emphasis on reducing fixed costs, coupled with the increase in production volumes, all contributed to sustaining results.

Construction activity in the USA is showing signs of recovery from the very low levels reached due to the prolonged recession. Cement consumption increased during the first half of 2012, compared to 2011. This allowed Group subsidiary Titan America to post a small improvement in results, although capacity utilization rates at the company's plants still remain at very low levels. Group company Separation Technologies LLC (ST), which is engaged in the installation and operation of fly-ash recycling and processing units, continued on its growth trajectory, posting an increase in sales. In addition, ST took a significant step in diversifying its activities beyond fly ash beneficiation, by leveraging its pioneering separation technology to enter the sizable market of industrial minerals. In total, Group turnover in the USA reached €176m in the first half of 2012 posting a 16% increase over the same period in 2011, while EBITDA reached €4m compared to a €4m loss in the same period the previous year.

In Southeastern Europe, demand for building materials did not recover to the extent expected in the second quarter, following the adverse weather conditions in the beginning of the year, mainly due to the considerable slowdown in economic growth rates in the region's countries, stemming from the Eurozone crisis. In June 2012, Titan expanded its strategic alliance with the International Finance Corporation (IFC) in Southeastern Europe, when the latter acquired a 11.5% stake in the Group's subsidiaries in the F.Y.R.O.M., Serbia and Kosovo for €50m. Group turnover in Southeastern Europe in the first half of 2012 declined by 6%, compared to the first half of 2011, to €101m, while EBITDA declined by 28%, to €31m.

In Egypt, the construction sector maintained its positive momentum. Demand for building materials grew, thus facilitating the absorption of production from new cement plants that recently entered the market. In Turkey, domestic demand recovered in the second quarter, while exports also increased. In total, turnover in Group region Eastern Mediterranean declined by 1% in the first half of 2012, compared to the same period in 2011, and reached €152m, while EBITDA declined by 37% reaching €48m. It should be noted that, first half 2011 EBITDA in the region included a €25m amount relating to the refund of the clay tax fee in Egypt.

In keeping with its commitment to improve its financial flexibility, the Group generated €55m in free cash flow in the first half of 2012 and further reduced net debt by €68m. Group debt is now about 40% lower than in 2008, having been reduced by more than €500m from its peak.

In the framework of continuous efforts at cost containment, administrative, operating and selling expenses declined by 12% in the first half of 2012, compared to the same period the previous year. Part of this decline is to be attributed to the implementation of the Group's

two-year restructuring plan launched in 2011, aiming at realizing €26m worth of savings on an annual basis. The Group has already achieved €18m in savings since the start of the programme in 2011 and until the end of the first half of 2012.

### **PROSPECTS FOR THE REMAINDER OF 2012**

In the context of the economic depression witnessed in Greece, a reversal of the decline in private building activity is not possible. Moreover, the much hoped for benefits arising from a restart of stalled public works projects will not affect demand for building materials in the course of 2012.

In the USA, the increase in cement consumption witnessed throughout the course of the first half of the year, has rekindled the hopes for sustained growth in building activity, which stands at its lowest levels of the past 30 years. In the end of July, the Portland Cement Association revised upwards its estimate for cement consumption in 2012, now expected at +6.9%, as well as for the coming years. Despite the existing reservations as to the fragile state of economic growth in the USA, indications are increasing that construction activity will remain positively oriented.

In the countries of Southeastern Europe, the renewed slowdown of economic growth related to Eurozone developments, is expected to hold back demand for building materials.

In Egypt, despite prevailing uncertainties, and based on market developments observed to date, expectations about cement demand remain cautiously optimistic. In Turkey, demand remains at high levels for the time being, as much for private as for public works.

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

Turnover in the first half of 2012 at Titan Cement S.A. reached €111m, posting a 5% decline compared to the same period in 2011, while EBITDA reached €29m, posting a 3% increase. Net profit reached €2m.

*TITAN is an independent cement and building materials producer with 110 years of industry experience. Based in Greece, the Group owns cement plants in 9 countries and is organized in four geographic segments: Greece and Western Europe, USA, Southeastern Europe and Eastern Mediterranean. Throughout its history TITAN has aimed to combine operational excellence with respect for people, society and the environment.*

*In 2011, the Group sold 15.3 m. tonnes of cement and cementitious materials, 3.7 m. m3 of ready mixed concrete, 10.9 m. tonnes 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 notified to the Athens Exchange, the Hellenic Capital Markets Commission and was also posted on the Athens Exchange website.*

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