

CEO message

Dear Shareholders and Stakeholders

Welcome to our fourth integrated report, which presents the year's financial results along with our social and environmental performance. Our approach to sustainability is an integral part of our business. It is critical to our growth and the way we build our future together with key stakeholders.



Improving results

TITAN returned to profit in 2014 and our financial results continued to improve in 2015, led by a strong performance in the USA. Consolidated turnover increased by more than 20% to €1,398 million, while Earnings before Interest Tax Depreciation and Amortization (EBITDA) saw a similar uplift of just over 19% to €216 million. Net Profit after minority interests and the provision for taxes (NPAT) stood at €34 million, compared to €31 million in 2014.

This strong growth has been achieved against a backdrop of continuing political and economic challenges in many countries, thanks to the geographic diversification of our operations.

In Greece, six years into the crisis, the construction sector remains in a protracted and deep recession. Housing investments have declined from 10.8% of GDP in 2007, to just 0.8% in 2015. Capital controls introduced in June 2015 further weighed on demand in the second half of 2015. Our plants have been able to shift the clear majority of production volumes to exports, maintaining capacity utilization at acceptable levels.

In Southeastern Europe, overall economic activity and construction particularly remained subdued. Sales volumes improved, but profitability declined as prices came under pressure.

In Egypt, cement demand grew, despite challenging macroeconomic conditions. Our clinker production capacity was largely restored and sales volumes were significantly higher with turnover growing by 22%. However, profitability was affected by very high fuel costs and volatile prices in the market.

Our Joint Venture in Turkey had a good year, with demand remaining at high levels, and contributed positively to the Group's profitability.

The driver for the Group's performance improvement in 2015 was clearly the U.S.A., with EBITDA more than doubling to €101 million on the back of a robust increase in turnover. Rising prices and currency effects, due to the strong US dollar, also contributed to these results.

Our operations in the USA and Egypt have benefited greatly from an intensive capital expenditure program in 2015, with €173 million spent across the business. Roughly 50% of this was in the USA to pursue growth opportunities and improve our profitability, while around 30% has been used in Egypt, primarily to fund fuel conversion projects.

The triple bottom line: Thinking global - acting local

At the same time as we are dealing with the immediate challenges that we are facing, we remain focused on the long term sustainability of our business - defining sustainability in the broader sense - aiming to improve the triple bottom line: The financial, social and environmental pillars. We aspire to be a meaningful contributor on the global stage, while at the same time we dedicate most of our efforts in engaging locally with our key stakeholders.

Over the years, the Group has enhanced its collaborative action within the framework of the global Cement Sustainability Initiative, under the auspices of the World Business Council for Sustainable Development, and the UN Global Compact. In 2015, we have strengthened the social pillar by

focusing on sustainable development locally and on initiatives such as the European Pact for Youth. We also signed the WBCSD's Low Carbon Technology Partnerships Initiative (LCTPI).

Looking ahead, we have already begun the alignment of the Group's priorities to the UN 2030 Sustainable Development Goals.

After several years of encouraging progress, our health and safety performance indicators stagnated in 2015. Despite our efforts, clearly a lot more work needs to be done to attain our aspirational goals. Our management is committed to continuously revitalizing and improving the safety culture within our areas of operation, but also beyond their perimeter.

We are increasing our focus on environmental issues and we remain ahead of our targets on water consumption and on dust emissions. We are making good progress on alternative fuels, particularly in the USA and Egypt. However, specific CO₂ emissions were slightly higher in 2015, to a great extent for reasons beyond our control. This will continue to be a focus area for improvement for the Group over the next few years.

A confident outlook for 2016

Prospects for the Group in 2016 appear positive, despite significant challenges and uncertainties. At the present juncture, the recovering US market is the key driver of growth and profitability for TITAN.

The recovery of the construction industry in the US should continue, driven by the residential and commercial segments, and to a lesser extent, public works. Based on the growth of the market and its positive outlook, the Group intends to further invest in the US in 2016, aiming to capture growth and improve costs.

In Egypt, despite macroeconomic imbalances, demand for building materials is projected to continue improving at a moderate pace.



Patras cement plant, Greece

The Group's ongoing investment program will allow for the utilization of solid and alternative fuels in Egypt, thereby ensuring the plants' energy sufficiency and improving the Group's cost competitiveness.

Construction activity in the countries of Southeastern Europe where the Group is present is expected to remain anemic. The region continues to be affected by the economic slowdown of neighboring Eurozone countries, subsequently posting low growth rates.

In Greece, demand should improve somewhat owing to the realization of certain public works, albeit still remain at extremely low levels.

The positive results of 2015, combined with the favourable outlook for the Group, allows the Board of Directors to propose to the General Assembly of Shareholders the payment of a dividend of €0.30 per share.

A new phase of growth

Looking ahead, the Group's management is aligned behind a clear set of priorities, around three axes:

First, balancing profitability and growth - while we are taking steps to restore our Return On Capital Employed to acceptable levels, we are also considering how to allocate capital in order to grow effectively.

Second, taking the next step in operating excellence. We are implementing a number of projects centering on procurement, IT, maintenance, market and logistics.

Third, nurturing the long term sustainability of the business, along the lines described above.

With the support of our shareholders and our stakeholders, we are confident in our ability to take the TITAN Group forward into a new phase of growth and prosperity, as we build our future together.

A handwritten signature in black ink, appearing to read 'Dimitri Papalexopoulos'.

Dimitri Papalexopoulos
Chief Executive Officer