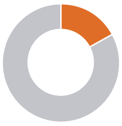
EASTERN MEDITERRANEAN

Investing for the future

Demand has been steadily increasing in both Egypt and Turkey. In Egypt, in view of positive market prospects, we are implementing a €100m two-year CAPEX plan, which primarily aims to ensure the plants' energy sufficiency and will significantly improve their production cost base.

2015 PERFORMANCE HIGHLIGHTS

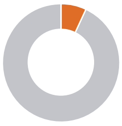
FINANCIAL*



Turnover
17% of Group

€240.7 m

(2014: €196.8 m)



EBITDA
7% of Group

€15.0 m

(2014: €31.0 m)

Total assets
30% of Group

€888.1 m

NON-FINANCIAL

SOCIAL

Lost time injuries frequency rate (LTIFR) for employees in 2015
(per 1,000,000 man-hours)

0.43

(2014: 1.43)

All plants and installations are certified against OHSAS 18001.

Engagement rate
(Employee opinion survey 2014-2015)

74%

ENVIRONMENTAL

All cement plants and some of the installations related to our other activities are certified against ISO 14001

ISO 14001

PRINCIPAL PRODUCTS/ACTIVITIES

- Cement
- Ready-mix concrete
- Aggregates
- Waste management and alternative fuels

KEY FACTS

3 Cement plants	2 Grinding plants	17 Quarries
5 Ready-mix plants	2 Distribution terminals	1 Processed engineered fuel facility

*Turkey is not consolidated (50/50 JV)

Management review

Market overview

Cement consumption in Egypt reached 53.9 million metric tons in 2015, up by 5.1% from the previous year. This is the highest increase in three years and demand was mainly driven by national projects, including new roads, infrastructure and housing.

In 2015, Turkey achieved a 3.7% increase of GDP in 2015 and, fueled by the growing economy, domestic cement consumption increased by 1% year on year to 64 million metric tons.

Regional performance

The region has operations in two countries with diverse social and economic needs. In recent years, we have focused on supporting employees and their families during political and social unrest, addressed health issues and engaged in community outreach activities.

Production levels at the Group's plants in Egypt returned to normal levels, as one production line at the Beni Suef cement plant started using solid fuels ground on site, and we secured sufficient, albeit costly, fuel (pulverized pet coke) for the remaining production lines.

Nevertheless, the lower prices prevalent in the market in the second half of the year, combined with increased fuel costs, put a pressure on profitability. While turnover increased by 22.3% in 2015, EBITDA declined by 51.6%.

A second coal grinding mill went into operation at the Beni Suef cement plant in March 2016. This will allow us to reduce cost and meet increasing demand more competitively. Our new subsidiary in Egypt, GAEA, is also helping us introduce alternative fuels.

Adocim, TITAN's 50% joint venture in Turkey, benefited from strong demand from both private housing and public works in infrastructure projects. In the context of favorable market conditions, Adocim posted improved results with a turnover growth of 6% to €87.6 million and EBITDA growth of 9% to €23.6 million.

COMMUNITY DEVELOPMENT IN ALEXANDRIA

Although the Alexandria cement plant is located in an industrial area, it is adjacent to a large and crowded area. In 2014, we implemented a social impact assessment study in collaboration with a local specialized NGO and local stakeholders. The study was completed in early 2015 and resulted in proposals regarding youth education and women employment, as well as the collaboration with other public and private businesses aiming to improve the living conditions in the area.

Looking ahead

In Egypt, demand for building materials is projected to grow at a moderate pace, leading to a more sustainable balance between cement supply and demand. The Suez Canal Zone development, the New Capital City and other large-scale construction projects will be major growth drivers for the sector.

Our investments into solid conventional and alternative fuels will continue. As a result, we expect that the Beni Suef and the Alexandria plants will run exclusively on solid fuels by the end of 2016.

Prospects for Turkey remain positive. Domestic demand is likely to continue growing, while opportunities may arise if neighboring countries stabilize politically. New housing and transportation projects are expected to drive sustainable growth for the sector.