

SOUTHEASTERN EUROPE



Consistent financial and social performance

Southeastern Europe remains a reliable contributor to Group profitability. Signs of modest economic growth are not yet sufficient to reignite cement demand, which remains considerably below the Group plants' production capacity. We continue to invest in social engagement and innovation across the region.

2015 PERFORMANCE HIGHLIGHTS

FINANCIAL



€208.5 m

(2014: €207.8 m)



€55.8 m

(2014: €67.4 m)



€496.2 m

NON-FINANCIAL

SOCIAL

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

3.42

(2014: 1.41)

All plants and installations are certified against OHSAS 18001.

Engagement rate

(Employee opinion survey 2014-2015)

90%

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

5

Cement plants

17

Quarries

7

Ready-mix plants

1

Distribution terminals

1

Processed engineered fuel facility

Management review

Market overview

Volumes, on average, were steady in our markets across Southeastern Europe. Local economies saw small increases in GDP – between 0.5% and 3% – but overall cement consumption remained subdued. There was no real improvement in construction activity, with demand remaining at relatively low levels due to the weak economic development of the wider region.

Regional performance

We intensified our efforts to preserve our leading position in our markets across the region, but profitability suffered due to pressure on prices. Turnover in 2015 increased marginally by 0.4%, while EBITDA declined by 17.3% due to intense competition.

Unemployment is a major challenge in the whole region and we are helping to mitigate this through our commitment to the European Pact for Youth and our efforts to build skills through internship. Across the region, we are leading by example with innovative social programs. For example, in Bulgaria, our “Teach for all” program brings new perspectives to the region.

Our LAB (“Laboratori për Aktivitete të Biznesit”) project in Kosovo helps to create new small and medium-sized enterprises with the goal of poverty and unemployment reduction. It is changing the local environment, as well as contributing to the economic development and wellbeing of local communities, by supporting education, youth employment, business creation and farming activities. Our company in Albania has set up a project to assist children who live in difficult socioeconomic conditions in the commune of Thumane. We help with their wellbeing and development, while supporting parents learning to protect their children and provide the necessary parental care.

INTERNSHIP PROGRAM IN F.Y.R. OF MACEDONIA

Cementarnica Usje TITAN celebrated 60 years of contribution to the development of the local economy and society in 2015. Determined to further improve its strong record of support for development through education, the company launched a program for students from technical high schools to develop their practical skills as young electrical and mechanical technicians. Through this project, we are building strong connections between the business sector and educators in the country. Students involved in the program are trained by internal trainers and experts at our production site, where they gain valuable technical skills and know-how in line with their curriculum and development needs.



Looking ahead

Construction activity in the countries of Southeastern Europe where the Group is present is expected to remain rather weak. The region continues to be affected by the economic slowdown of neighboring Eurozone countries – its main investment and trade partners – which are experiencing low GDP growth rates.