

GREECE AND WESTERN EUROPE



Strong export activity partly compensated for the continuing recession in the domestic market.

Market overview

Demand for building materials in 2016 was very low, coming mostly from public works, while private construction remained in recession. Cement consumption was roughly on par with 2015, a year when the introduction of capital controls brought building activity essentially to a halt; such low levels were last recorded in the early 1960s. The main contributors to demand were the ongoing public works, under a tight time frame for completion within 2016, as well as some renovation and tourism-related projects.

Domestic cement sales represented little more than 6% of the total volumes sold by the Group in 2016 and exports continued to absorb more than two-thirds of the production of our Greek plants.

Exports benefited from historically low sea freights and a strengthening dollar, but prices faced downward pressure because of intensifying international competition.

2016 Performance highlights

Financial

Turnover

17% of Group

€261 m

(2015: €269 m)



EBITDA

13% of Group

€36 m

(2015: €45 m)



Total assets

23% of Group

€667 m

(2015: €559 m)



Non-Financial

SOCIAL

Lost time injuries frequency rate (LTIFR) for employees in 2016 (per 1,000,000 man hours)

3.27

(2015: 1.87)

All plants and installations are certified against **OHSAS 18001**.

Total training hours

43,867

(2015: 34,267)

ENVIRONMENTAL

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



Patras cement plant, Greece

Principal products/activities



Key facts

3

Cement plants

26

Quarries

27

Ready-mix plants

7

Distribution terminals

1

Grinding plant

1

Dry mortar plant

Management review

Regional performance

Total turnover for the region was 2.8% lower than in 2015 and stood at €261 million. EBITDA dropped 19% to €36.4 million.

In 2016, we undertook a series of measures that enabled us to address our key export markets more efficiently, boosting in particular the export performance of our Patras plant. We also invested in improving the efficiency of our distribution terminals, with multiple benefits for our customers, the local economy and the community.

Our ready-mix network in Greece maintained a leading position in 2016 and through it we continued to participate in all major domestic infrastructure projects.

Investments in our Greek plants were aimed at improving health and safety conditions, reducing costs, enhancing quality and environmental stewardship, and increasing the use of alternative fuels.

In terms of health and safety, 2016 was characterized by a marked increase in the number of incidents; however, 80% of those incidents were due to slips or trips on same-level surfaces. An awareness campaign was launched in the last quarter.

Our environmental efforts were focused on emissions reduction and preparation of our plants for compliance with the new air emission limits going into effect in 2017. We also continued promoting circular economy practices, using 373,440 metric tons of alternative raw materials and more than 90,000 metric tons of alternative fuels.

Collaborations for the protection of biodiversity



Collaborating with specialist non-profit agencies, such as the Hellenic Ornithological Society (HOS) and the University of Patras, Department of Biology, we have been working to update our restoration plans at three quarries and to carry out a new biodiversity study at our aggregates quarry in the island of Leros.

We have restoration plans for all our quarries, not just those in protected areas,

and our aim is to improve rehabilitation and protect biodiversity at a local and global level. Among other activities, this involves: monitoring all our active quarries to identify areas of high biodiversity value; using the techniques of tree planting and "hydro seeding" to rehabilitate quarries; and drawing up biodiversity assessment studies to record local flora and safeguard the process of natural succession.

Looking ahead

Demand for building materials in Greece is likely to remain subdued in 2017. New infrastructure projects will not be sufficient to sustain demand following the completion of the major highway projects. Expectations for residential construction, traditionally the main demand driver, are low. As a result, cement production in Greece is expected to continue to be channeled mainly to export destinations, albeit in a deteriorating supply/demand environment.