TO OUR SHAREHOLDERS

Macroeconomic conditions remained difficult for our business in 2010. Although the global economy returned to growth, it was driven by the developing countries, with developed countries recovering at a much slower pace. Moreover, the construction industry did not seem to benefit from the recovery. Demand for building materials continued to decline or remained at very low levels in most of our markets, primarily due to the combined impacts of the housing bust and the sovereign debt crisis. The notable exception was our Eastern Mediterranean region, with Egypt and Turkey enjoying continued growth.

Within this context, we remained focused on controlling costs, reducing working capital needs, prioritizing capital expenditure and optimizing our business portfolio in order to reduce debt and increase financial flexibility.

Once again, we were able to deliver against those priorities. Group turnover for 2010 was €1,350 million posting a marginal 0.7% decline compared to 2009. EBITDA reached €314 million, down by just 5.5%, despite lower capacity utilization rates and higher energy costs. Net profit after taxes and minority interests reached €102 million, reduced by 17.2%.

TITAN's long term strategy of geographical diversification was instrumental in achieving these results. The ramp up of the new production line in Egypt, and the investments to expand our operations in Albania and Kosovo, led to increased sales and operating profitability in the developing countries of the Eastern Mediterranean and South Eastern Europe. This offset the negative impact of the decline in cement consumption for a fifth consecutive year in the United States and for a fourth consecutive year in Greece.

During the year we also actively managed our business portfolio in order to strengthen our positions, while improving financial flexibility. We acquired control of the Sharr cement plant in Kosovo. We entered the ready-mix business in Egypt and Turkey. At the same time, we sold our quarrying activity in Kentucky in the United States and disposed of our shipping and porcelain assets in Greece. We also welcomed the International Finance Corporation as a minority partner in our operations in Egypt.

Capital expenditure, excluding acquisitions and disposals, was limited to €87 million, compared to €181 million in 2009, following the completion of our capacity expansion projects in Egypt and Albania. Operating free cash flow generation of €195 million, combined with lower capital expenditure and revenues from disposals, helped reduce the Group's net debt to €777 million at the end of 2010, from €971 million at the end of 2009, and €1,114 million at the end of 2008.

Reflecting the priority assigned by the Group to the preservation of liquidity, the Board of Directors is recommending to the Annual General Meeting a cash dividend of €0.0776 per share versus €0.18 last year. In addition, the Board is proposing the distribution of €0.1024 per share from special reserves which have already been taxed, thus exhausting related tax obligations for the Company and the shareholders.

While managing the business in the best way to mitigate the effects of the currently adverse conditions, we are also working to lay the foundations for renewed future prosperity. We are continuing to work to enhance competitiveness, better our safety culture, further improve our energy efficiency, reduce our carbon footprint and emissions in general, increase the use of alternative fuels including biomass, develop new products, ensure our raw material reserves, execute on small bolt-on acquisitions and – most importantly – invest in developing our people.

Looking ahead, TITAN faces its share of challenges in 2011.

In the U.S.A., demand for building materials is expected to remain very weak in 2011, despite the economic recovery. In South Eastern Europe, the gradual economic recovery is not anticipated to translate into a meaningful increase in cement demand during the current year. While the outlook for Turkey is positive, in Egypt the political developments of early 2011 give rise to increased short-term uncertainty.

The outlook is particularly challenging in Greece: private and public construction activity are forecast to register significant further declines, due to the deepening fiscal crisis and growing consumer and business uncertainty.

The upward trend in solid and liquid fuel prices is expected to have a negative impact on Group results, despite our continuous efforts to reduce energy consumption and increase the use of alternative fuels.

Under the prevailing conditions of uncertainty, TITAN will continue to focus its efforts on free cash flow generation to further improve financial flexibility, as well as on cost and productivity improvement efforts and smaller, bolt-on growth initiatives.

Despite economists' opinions converging on the ebbing of the global crisis, the recovery in most of the western world is, at best, fragile. The public dialogue is increasingly focusing on long-term resilience and sustainability of the financial system, of the market economy, of the environment, of our societies. In this context, our historical commitment to corporate social responsibility acquires increased significance. By embedding sustainability and stakeholder engagement in our values, attitudes and processes in such a way that it forms an integral part of our way of doing business, we contribute actively to society while – at the same time – improving the long term viability of TITAN.

In 2010 we further intensified our efforts for self-improvement in all three of our priority areas: safety at work, environmental sustainability and engaging with our stakeholders. The accompanying CSR report, which, although a separate document should be viewed as an integral part of our Annual Report, provides more information on our progress.

On several occasions, we have expressed our pride and appreciation for the dedication of our people and their loyalty to the TITAN values. It is often during times of crisis that such commitments are truly tested. If this is so, then the spirit and sense of ownership that our team in Egypt demonstrated during the recent events, the battle-hardened resilience of our people in the U.S.A. after several years of market decline, the determination of our employees in Greece in the face of the worst crisis to hit the country in generations, the willingness of our colleagues in South Eastern Europe to adapt to a changing environment, all give us reason to be confident and optimistic for the future. Please join me in thanking them all.

Dimitri Papalexopoulos
Chief Executive Officer

Antea cement plant, Albania