



ANNUAL  
REPORT  
CEMENTOS  
MOLINS

2013







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► Sant Vicenc dels Horts plant, Barcelona.  
Cementos Molins Industrial.



## LETTER FROM THE CHAIRMAN

Dear Shareholders,

For yet another year the construction sector has continued to suffer a gradual deterioration. Despite this, however, the Cementos Molins Group has managed to sooth the effects due to our different geographical locations.

The companies located in Spain, faced with markets in recession and pronounced drops in their activity, continue with negative results, although they have improved in 2013 as a result of the increased activity in exportation, costs restraint policies and strict productive restructuring adapted to the level of demand.

The international companies of the group as a whole continue with good results, despite the fact that their contribution to the consolidated result is lower this year, basically due to the reduction in the Mexican market.

The ongoing policy of investments and geographical diversification of the Group is particularly important when presenting you with the 2013 results. The investment decisions which were taken have made us less dependent on negative swings which can occur in the setting of a sole market or sole country.

On the subject of investments, we would highlight the purchase of the old Cemex plant, Sanson, in Sant Feliu, which, I wish to point out, was managed by my father, Joaquín Molins Figueras, during the period of 1921-1928.

Once again I would like to take this opportunity to appreciate and value the effort and dedication of all those who work together with us in the Group – managers, employees and workers in general, as well as all those, each in their role – customers, suppliers, financial institutions, public authorities - who have made the development of our activities possible.

I would also like to express my gratitude to all the stockholders who, year after year, renew their trust in Cementos Molins and who deserve our utmost recognition.



**Casimiro Molins Ribot**  
Chairman



# PRESENTATION

## CEMENTOS MOLINS GROUP

Cementos Molins, S.A. was founded on 9th of February 1928 and their objective was to start the manufacture of calcium aluminate cements and to give continuity to the quarry exploitations and the manufacture of limestone and natural cement in Pallejà, Vallirana and Sant Vicenç dels Horts. From the early 40s up to 1974 production capacity increased significantly with the building of the kilns for aluminous and Portland cements, which meant an important qualitative leap for the future of the company.

Towards the end of the 70s Cementos Molins clearly became an export company through Hispacement.

In the 80s Cementos Molins began its geographical expansion and diversification of its products, making it the mother Company of a wide group of both national and international companies.

Since 1980 Cementos Molins have been present in Argentina, through Cementos Avellaneda, S.A. in Uruguay since 1986, through Cementos Artigas, S.A., in Mexico since 1988, through the Corporación Moctezuma, S.A. in the cement, concrete and mortar businesses with more than 40 plants. As from 2004 they have been present in Bangladesh and India through Surma Cement. Since 2009 Cementos Molins have also been in Tunis with Sotacib Feriana, manufac-

turer of white cement and Sotacib Kairouan, of grey cement. And from 2013, we are also present in China with the pre-cast concrete business with Precon Linyi, our subsidiary company.

As far as the diversification of the products is concerned, since 1987 we have also participated in the concrete, aggregates, pre-cast concrete, special mortars and adhesive cement businesses in Spain. These lines of business are carried out by Cementos Molins Industrial, S.A, Promotora Mediterránea-2, S.A., Prefabricaciones y Contratas, S.A. y Propamsa, S.A.

In summary, our activity at present is centred around the manufacture and commercialization of Portland, grey, white and aluminous cements, concrete, mortars, aggregates and pre-cast concrete in six different countries.

Our mission is to increase the Company value responding to the needs of the shareholders, collaborators, customers and society in general, maintaining the spirit and culture of the company.

Technological knowledge, competitive production costs, quality products, hard work, the growing of our Group, along with respect for the environment and caring for people are the central pillars which constitute our activity.



Sant Feliu de Llobregat plant. Cementos Molins Industrial





> Chhatak plant, Bangladesh

# GOVERNING BODIES

## BOARD OF DIRECTORS

**Chairman** Casimiro Molins Ribot

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**First Deputy Chairman and Chief Executive Officer** Juan Molins Amat

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**Second Deputy Chairman** Cartera de Inversiones C.M., S.A., represented by Joaquín M<sup>a</sup> Molins Gil

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**Directors** Joaquim Molins Amat  
Joaquín M<sup>a</sup> Molins López-Rodó  
Noumea S.A., represented by Pablo Molins Amat  
Inversora Pedralbes S.A., represented by Ana María Molins López-Rodó  
Miguel del Campo Rodríguez  
Emilio Gutiérrez Fernández de Lienres  
Foro Familiar Molins S.L., represented by Roser Ràfols Vives  
Francisco Javier Fernández Bescós  
Eusebio Díaz -Morera Puig-Sureda

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**Secretary no Director** Jorge Molins Amat

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**Deputy Secretary no Director** Ana M<sup>a</sup> Molins López-Rodó

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## COMMITTEES OF THE BOARD OF DIRECTORS

### Remunerations and Nominations Committee

**Chairman** Emilio Gutiérrez Fernández de Liencres

**Vocals** Joaquim Molins Amat  
Cartera de Inversiones C.M., S.A., represented by Joaquín M<sup>a</sup> Molins Gil  
Foro Familiar Molins S.L., represented by Roser Ràfols Vives  
Joaquín M<sup>a</sup> Molins López-Rodó

**Secretary** Jorge Molins Amat

### Audit Committee

**Chairman** Miguel del Campo Rodríguez

**Vocals** Noumea S.A., represented by Pablo Molins Amat  
Inversora Pedralbes S.A., represented by Ana María Molins López-Rodó  
Eusebio Díaz -Morera Puig-Sureda

**Secretary** Jorge Molins Amat

**Corporate General Manager**

Carlos Martínez Ferrer

**Operations General Manager**

Salvador Fernández Capo

# GEOGRAPHICAL PRESENCE

## CEMENTOS MOLINS GROUP



### Mexico:

Corporación Moctezuma

### Argentina:

Cementos Avellaneda

### Uruguay:

Cementos Artigas

### Spain:

Cementos Molins Industrial

Promotora Mediterránea - 2

Propamsa

Prefabricaciones y Contratas

Portcemen

Escofet

### Tunisia:

Sotacib

Sotacib Kairouan

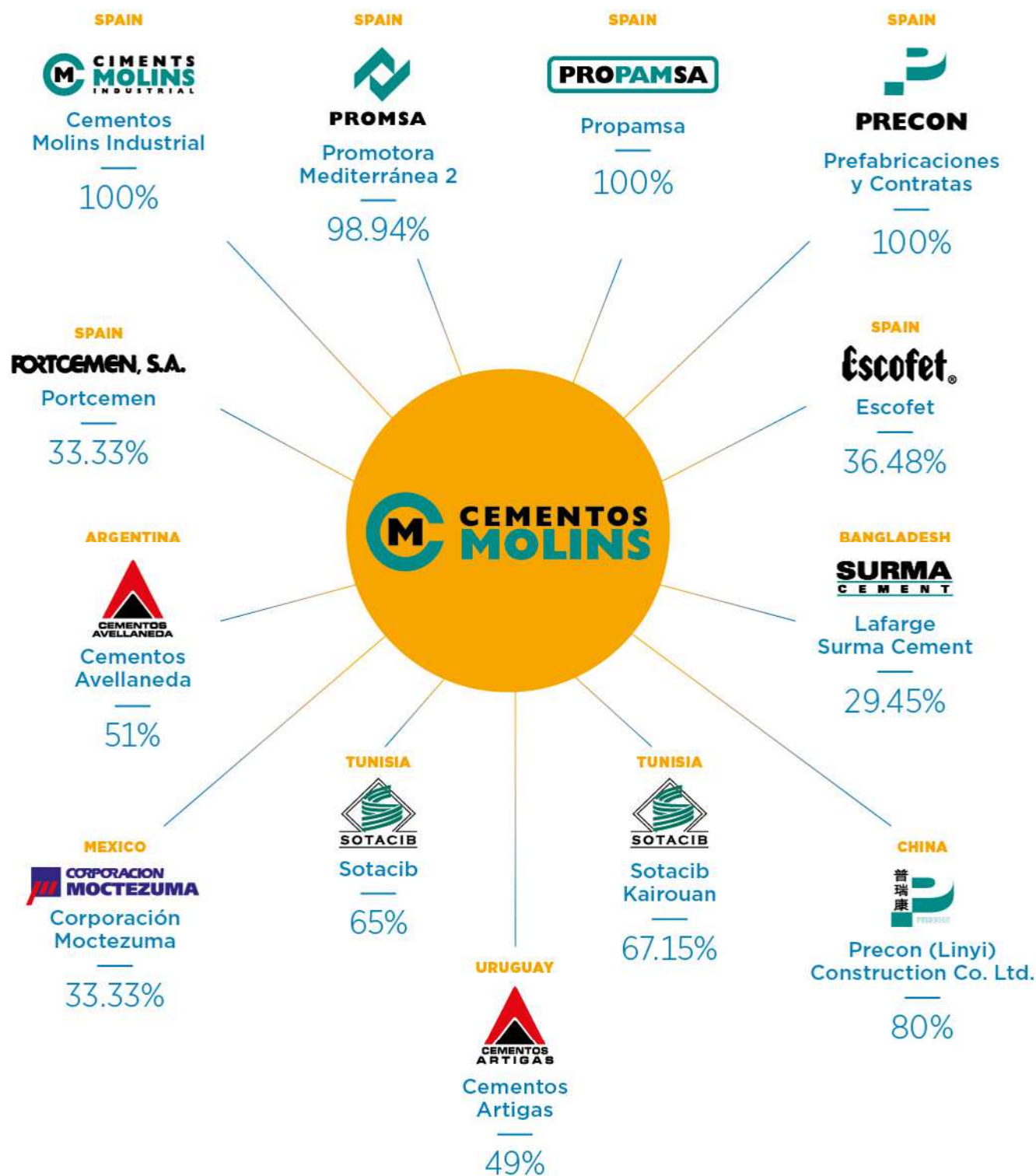
### Bangladesh:

Lafarge Surma Cement

### China:

Precon (Linyi)  
Construction Co. Ltd.

## MAIN GROUP COMPANIES





## RELEVANT GROUP AGGREGATES

Thousands of euros

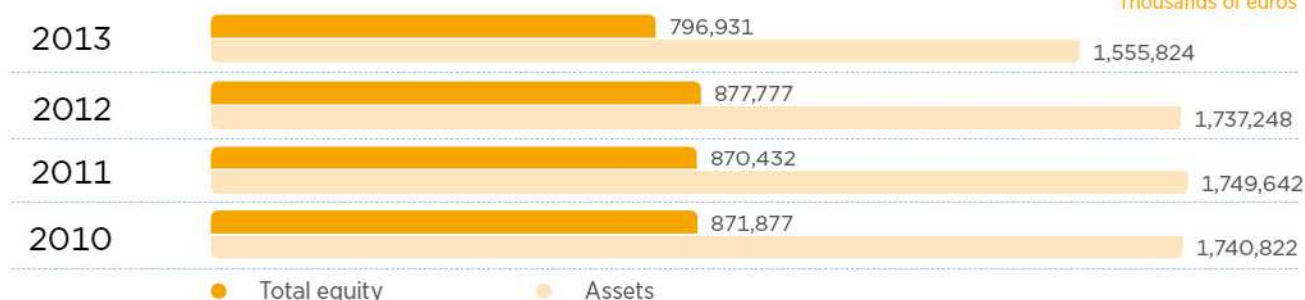
YEAR	2010	2011	2012	2013
Assets	1,740,822	1,749,642	1,737,248	1,555,824
Total equity	871,877	870,432	877,777	796,931
Sales	808,697	830,661	918,120	831,897
EBITDA	166,059	154,217	193,336	158,024
Net profit	65,485	24,300	43,706	10,109
Dividends of the year	13,223	11,240	11,240	9,256

YEARS	2010	2011	2012	2013
<b>Breakdown of sales</b>				
Spanish companies	276,032	214,750	175,264	167,894
Foreign companies	532,665	615,911	742,857	664,003
<b>Breakdown of EBITDA</b>				
Spanish companies	17,406	-959	-22,214	-12,733
Foreign companies	148,653	155,176	215,550	170,757
<b>Breakdown of net profit</b>				
Spanish companies	-21,226	-19,041	-24,642	-46,642
Foreign companies	86,711	43,341	68,348	56,751

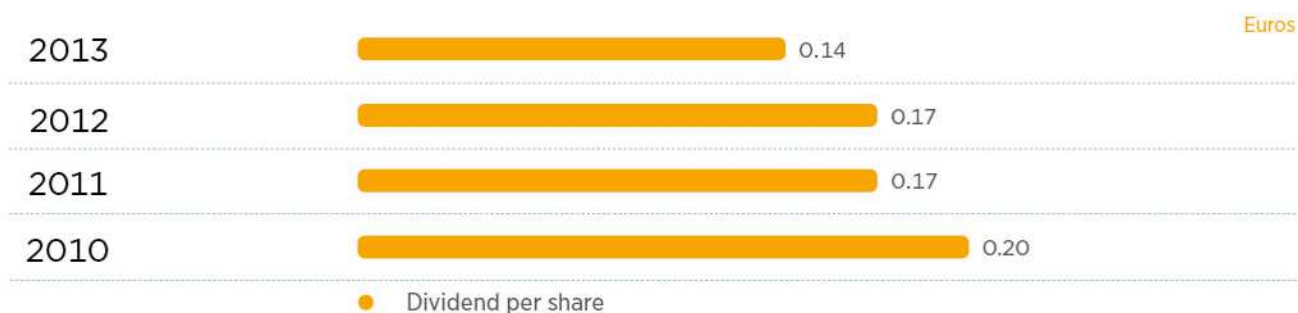
The data have been adapted to International Financial Reporting Standards (IFRSs).

## ASSETS / TOTAL EQUITY

Thousands of euros



## DIVIDEND PER SHARE



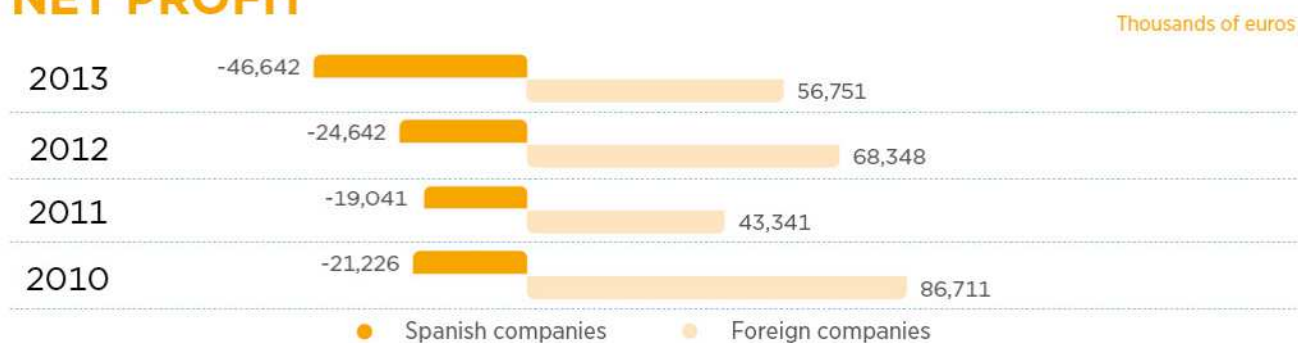
## SALES



## EBITDA



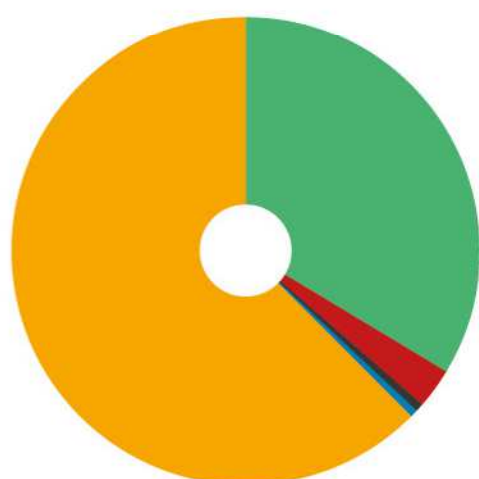
## NET PROFIT



# FINANCIAL SITUATION

at December 31st, 2013

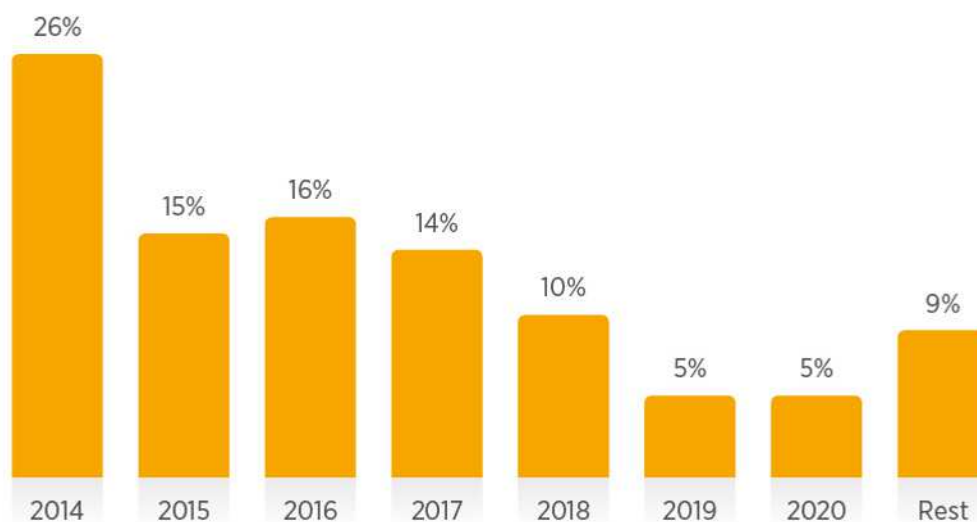
## GROSS DEBT (BY CURRENCY)



● EUR	Euro	<b>62.6%</b>
● TND	Tunisian Dinar	<b>33.6%</b>
● USD	USA Dolar	<b>2.8%</b>
● INR	Indian Rupee	<b>0.5%</b>
● ARS	Argentine Peso	<b>0.3%</b>

	2012	2013
Gross debt	-595,152	-507,964
Long-term deposits	--	12,042
Cash and cash equivalents	279,577	196,708
<b>Net financial position</b>	<b>-315,575</b>	<b>-299,214</b>

## DEBT MATURITY







> Apazapan plant, Mexico.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

Thousands of euros

<b>ASSETS</b>	<b>31/12/2012</b>	<b>31/12/2013</b>
Intangible assets	45,484	43,115
Property, plant and equipment	964,485	863,805
Investment property	6,324	6,327
Non-current financial assets	3,027	14,760
Investments in companies accounted for using the equity method	77,265	68,061
Goodwill	6,598	25,584
Deferred tax assets	43,270	43,976
<b>NON-CURRENT ASSETS</b>	<b>1,146,453</b>	<b>1,065,628</b>
Non-current assets classified as held for sale	3,755	2,915
Inventories	124,321	112,327
Trade and other receivables	183,141	178,246
Current financial assets	104,088	53,680
Cash and cash equivalents	175,490	143,028
<b>CURRENT ASSETS</b>	<b>590,795</b>	<b>490,196</b>
<b>TOTAL ASSETS</b>	<b>1,737,248</b>	<b>1,555,824</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>	<b>707,907</b>	<b>704,219</b>
Share capital	19,835	19,835
Reserves of the Parent	134,907	138,399
Reserves of consolidated companies	519,376	544,471
Net profit attributable to the Parent	43,706	10,109
Interim dividend	(9,917)	(8,595)
Valuation adjustments	(67,818)	(119,193)
<b>EQUITY ATTRIBUTABLE TO THE PARENT</b>	<b>640,089</b>	<b>585,026</b>
<b>EQUITY OF NON-CONTROLLING INTERESTS</b>	<b>237,688</b>	<b>211,905</b>
<b>TOTAL EQUITY</b>	<b>877,777</b>	<b>796,931</b>
Deferred income	2,862	7,872
Non-current bank borrowings	427,464	373,910
Deferred tax liabilities	85,139	73,624
Provisions	19,610	11,098
Other non-current liabilities	2,674	7,052
<b>NON-CURRENT LIABILITIES</b>	<b>537,749</b>	<b>473,556</b>
Current bank borrowings	167,689	134,054
Trade payables	116,346	112,396
Tax payables	16,870	17,864
Other current liabilities	20,817	21,023
<b>CURRENT LIABILITIES</b>	<b>321,722</b>	<b>285,337</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,737,248</b>	<b>1,555,824</b>



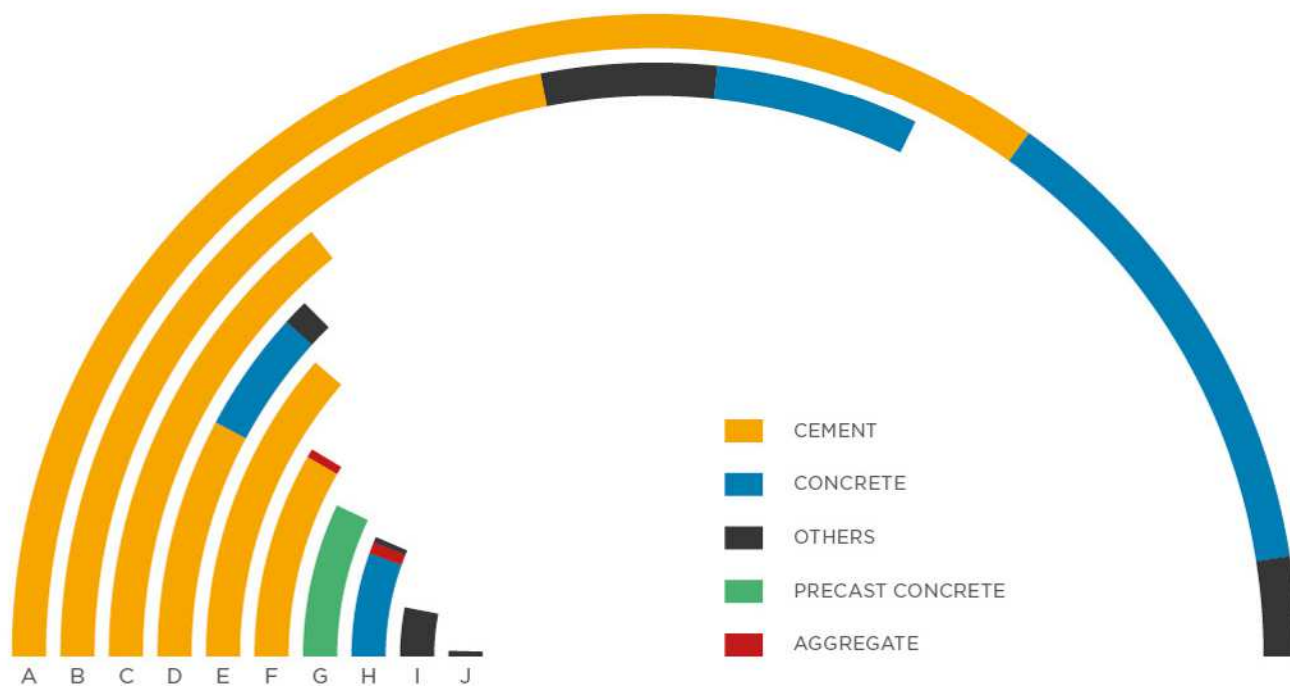
## CONSOLIDATED INCOME STATEMENT

	Thousands of euros	
	2012	2013
Revenue	918,120	831,897
Other income	14,740	9,843
<b>INCOME</b>	<b>932,860</b>	<b>841,740</b>
Procurements	(242,749)	(223,234)
Staff costs	(151,361)	(124,912)
Change in operating provisions and allowances	(6,563)	(7,329)
Other operating expenses	(339,732)	(329,005)
Group work on non-current assets	881	764
<b>OPERATING COSTS</b>	<b>(739,524)</b>	<b>(683,716)</b>
Depreciation and amortisation charge	(76,576)	(69,355)
Impairment and gains or losses on disposals of assets	(23,318)	(3,336)
Other gains and losses	33,724	-
<b>PROFIT FROM OPERATIONS</b>	<b>127,166</b>	<b>85,333</b>
Financial loss	(14,195)	(19,987)
Share of results companies accounted for using the equity method	(62)	11,509
<b>PROFIT BEFORE TAX</b>	<b>112,909</b>	<b>76,855</b>
Income tax	(31,511)	(36,978)
<b>CONSOLIDATED NET PROFIT</b>	<b>81,398</b>	<b>39,877</b>
Net profit of non-controlling interests	37,692	29,768
<b>NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE PARENT</b>	<b>43,706</b>	<b>10,109</b>
Earnings per share in euros	0.66	0.15

## REVENUES

### TOTAL SALES BY COMPANY

(Thousands of euros)

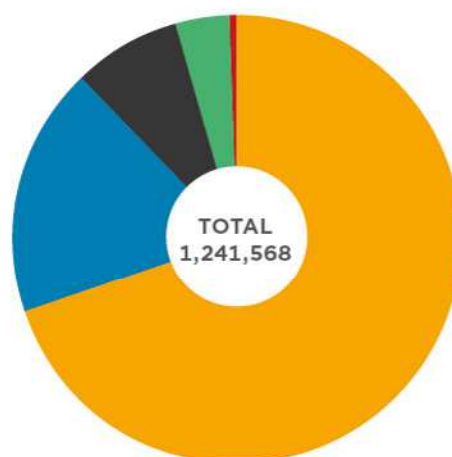


A	CORP. MOCTEZUMA	468,727
B	C. AVELLANEDA	284,620
C	SURMA	109,136
D	C. ARTIGAS	104,299
E	SOTACIB / SOTACIB KAIROUAN	92,944

F	C. MOLINS INDUSTRIAL	67,446
G	PRECON	47,433
H	PROMSA	40,272
I	PROPAMSA	23,949
J	PORTCEMEN	2,742

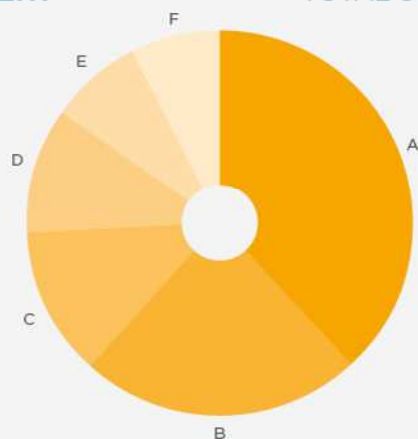
## TOTAL SALES BY PRODUCT

CEMENT	867,991	69.9%
CONCRETE	222,314	17.9%
OTHERS	97,469	7.9%
PRECAST CONCRETE	47,433	3.8%
AGGREGATE	6,360	0.5%



**CEMENT**

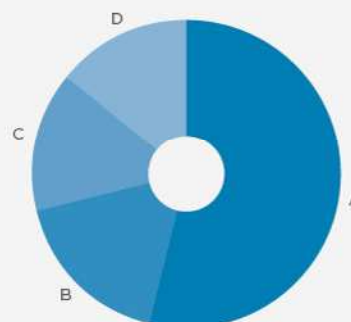
TOTAL 867,991



A	CORP. MOCTEZUMA	331,631
B	C. AVELLANEDA	203,842
C	SURMA	109,136
D	SOTACIB / SOTACIB KAIROUAN	92,944
E	C. MOLINS INDUSTRIAL	66,688
F	C. ARTIGAS	63,751

**CONCRETE**

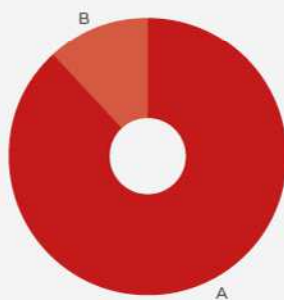
TOTAL 222,314



A	CORP. MOCTEZUMA	120,156
B	C. AVELLANEDA	38,534
C	C. ARTIGAS	32,327
D	PROMSA	31,297

**AGGREGATE**

TOTAL 6,360



A	PROMSA	5,602
B	C. MOLINS INDUSTRIAL	758

**PRECAST CONCRETE**

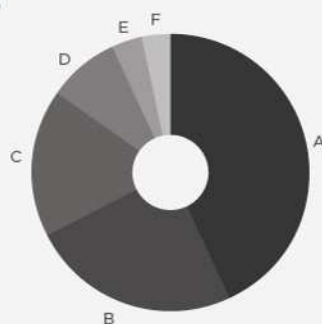
TOTAL 47,433



A	PRECON	47,433
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**OTHERS**

TOTAL 97,469



A	C. AVELLANEDA	42,244
B	PROPAMSA	23,949
C	CORP. MOCTEZUMA	16,940
D	C. ARTIGAS	8,221
E	PROMSA	3,373
F	PORTCEMEN	2,742



# 2013 ACTIVITY REPORT

## CONSOLIDATED GROUP

The performance of the Molins Group in 2013, as in previous years, was different for its business located in Spain and all the businesses located in the international markets where the Group operates.

The slight difference in 2013 compared with 2012 can be found in the fact that, although the results of international investees as a whole were good, they were in fact worse than in 2012 for various reasons, including a contraction in certain local markets, as is the case of Mexico, and the effects of the fall in the value of local currencies, which had a negative impact on the Group's consolidated financial statements.

No less remarkable, and this should be taken into account in any comparison between years of the different headings in the consolidated income statement, is the use of the equity method of accounting for the Uruguayan company Cementos Artigas in 2013, following the sale of ownership interest (12.61%) therein performed in December 2012, as opposed to being fully consolidated in 2012.

Business performance in 2013 is summarised as follows:

- Although the companies located in Spain still face declining markets and decreases in activity, EBITDA improved as a result of increased export activity and the results of the policies aimed at cost containment and the adjustments of their production structure to demand and current activity levels.
- The Group's foreign companies, meanwhile, continued to post good results overall, although the contribution to consolidated profit is lower than in 2012 due primarily to the shrinking market in Mexico and the impact of the currency devaluation in Argentina.

Consolidated revenue amounted to EUR 832 million, down 9.4% on 2012.

- Domestic company sales totalled EUR 168 million in 2013, accounting for 20.2% of the total, which were down 4.2% on 2012 despite a substantial increase in clinker exports. Excluding export sales, the decrease in domestic revenue would stand at 13%.
- The Group's foreign companies accounted for 79.8% of consolidated revenue which, at EUR 664 million, fell by 10.6% with respect to 2012.

On a proportional basis, i.e. incorporating the Group companies in a consolidated amount to which a final percentage of effective ownership in each company is applied, Group revenue would be EUR 614 million, down 5.5% on 2012.

On an aggregate basis in 2013 the Group companies sold a volume of 12.3 million tonnes of Portland cement and clinker, 3% more than in 2012, due to the increase in the volume sold by the companies abroad and exports of clinker from Spain. The exception to this performance is found in Mexico, where the volume of cement sold fell by 9% due to the situation of the local market.

Concrete sales totalled 3.1 million cubic metres, representing a 8.6% decline mainly due to the market situation in Spain, which has shrunk by 35%.

The aggregates business fell back by 30% which, as in the case of concrete, was recorded primarily at the businesses located in Spain. Also, the Group's precast concrete sales of EUR 47 million were down 3% on 2012, due mainly to the impact of civil engineering and railway products.

Consolidated EBITDA for 2013 stood at EUR 158 million, down 18.3% on 2012.

- Despite a 42.7% year-on-year improvement, the EBITDA of the Spanish companies was negative by EUR 12.7 million. This improvement was due mainly to the results of the adjustments to the production structure made in 2012. In 2013 various lines of business continued to adjust their production activities and structures to current demand.
- EBITDA of foreign investees stood at EUR 171 million, down 20.8% on 2012. The non-inclusion of the EBITDA of Cementos Artigas in 2013 as a result of accounting for the company using the equity method, the decrease in the volume of activity in Mexico and the negative impact of the evolution of the exchange rate in Argentina account for this decrease.

On a proportional basis, EBITDA would be EUR 107 million, down 7.8% on 2012.

Following the renewal of the industrial installations at the cement plant of Sant Vicenç del Horts in 2010,



the Group remained committed to its presence in the domestic market with the acquisition in November 2013 of the industrial assets associated with the cement manufacturing plant in Sant Feliu de Llobregat (Barcelona) owned by Cemex Spain, which will enable Cementos Molins to exploit the synergies expected to be generated in both the commercial and the industrial areas. The transaction price was EUR 40 million.

Overall, including the aforementioned transaction, in 2013 investments amounting to EUR 70 million were made at consolidated level.

The Group's net borrowings fell by EUR 16 million to EUR 299 million, representing a ratio of 1.9 times EBITDA.

Consolidated net profit amounted to EUR 10.1 million, 77% lower than in 2012 due to the convergence of the following factors:

- A net gain made on the sale of the ownership interest (12.61%) in Cementos Artigas and the reversal of impairment in 2012 amounting to EUR 20 million, which did not occur in 2013.
- A lower contribution to EBITDA of the foreign companies.

Consolidated equity was EUR 797 million, down EUR 81 million on 2012, due mainly to the impact of negative translation differences resulting from the fall in the exchange rate of local currencies against the US dollar.



## FUNCTIONAL AREAS

### Research, development and innovation

In 2013 the panorama facing the Molins Group companies was complex and demanding. Against this backdrop, the Group companies focused their R&D+i policy on providing themselves with the appropriate tools to set themselves apart and be competitive faced with the challenges posed by the market and the underlying situation in the respective countries.

In this sense, the R&D+i carried out by the Spanish companies focused on strengthening strategies to adapt to a difficult market situation. Promsa, Propamsa and Precon developed products, applications and services that satisfy the new needs of customers and CMI improved product and production process quality. At international

level, Cementos Avellaneda worked on the excellence of its products, on the use of new additions and on consolidating its recent products. Cementos Artigas optimised the design of clinker, thereby achieving improvements in its cement and concrete, and it was involved in the construction of concrete roads. Corporación Moctezuma transformed and renewed the procedures at all its plants with a view to offering its customers personalised products and services. In Bangladesh work focused on products suited to the current construction model, and on the use of alternative fuels. In Tunisia the product range was extended (HRS- and CEM II AL 42.5-type cements) and the optimisation of the production process was actively researched (use of mineralisers).



> Pier view Chhatak plant, Bangladesh



## Product quality and certification

Cementos Molins Industrial renewed its EC Seal and voluntary AENOR N certifications for all the cements produced. In terms of product quality, the improvement in the consistency of the Portland clinker was consolidated and management processes were adapted to the new Construction Products Regulation.

Promsa renewed its aggregates and mortars EC Seals at all its production plants. In addition, Anefhop certification was achieved at all the concrete plants.

In France, Propamsa, presented various tile and single-layer cement products to the CSTB (Scientific and Technical Centre for Building), which is the body that certifies product quality in France, a prerequisite to be able to carry out public works. In response to the change in European regulations declarations of performance were made for all affected products, as well as emission certificates that study the effect on the indoor air quality of buildings.

Precon obtained two new EC certificates, at Venta de Baños for the manufacture of lineal items and at Cambre for the manufacture of slabs for floor systems.

Cementos Avellaneda, S.A. maintained its position of leadership in the quality of all the products made (cement, masonry cement, adhesives and lime). The IRAM Standard for aggregates was finally issued, which enables Avellaneda cements incorporating aggregates with moderate alkali-silica reactivity to be used.

Corporación Moctezuma's Tepetzingo factory renewed ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004 certification through the AENOR certification organisation, product certification under ONNCCE standards (National Agency for Standardisation and Certification of Construction and Building Construction) and laboratory accreditation from the EMA (Mexican Accreditation Entity). At Apazapan product certification under ONNCCE was achieved for the cements currently being manufactured.

As regards concrete, the testing laboratory has a management system accredited under ISO/IEC 17025:2005 (NMX-EC-17025-IMNC-2006). The calibration laboratory achieved accreditation under ISO/IEC 17025:2005 (NMX-EC-17025-IMNC-2006).



► Olavarría plant, Argentina.



## The environment

The environmental initiatives of Cementos Molins Industrial most notably include the reduction of CO<sub>2</sub> emissions. The use of alternative fuels increased with a degree of thermal substitution of over 36% and the meetings of the Sustainability Committee were continued as a channel of communication between local councils, Autonomous Community Governments and neighbourhood associations at locations adjacent to factories.

Since June 2013 Promsa has chaired ANEFHOP's environmental committee. Of note was the celebration of the fifth edition of the "Day of Trees and Aggregates", opening the doors of the "La Falconera" quarry (Sitges) so that local school children could visit and get to know the activity and environmental projects that are performed there. ISO 14021 certification of the PROMSAGREEN products was renewed. Promsa participated in the Aragón Environment Awards 2013 organised by the INAGA and competed for the "Design for Recycling" award organised by the Waste Agency of Catalonia, obtaining in both cases recognition for its involvement in environmental issues.

Precon achieved certification of the Venta de Baños, Alcázar de San Juan and Villagarcía plants.

Propamsa became a member of Spain Green Building Council. This global organisation promotes environmental sustainability.

At Cementos Avellandeda (Argentina) and Cementos Artigas (Uruguay), projects were carried out to increase thermal substitution using alternative fuels. San Luis achieved thermal substitution of 35% and at Minas the degree of thermal substitution increased from 4% in 2012 to more than 7% in 2013.

In relation to the projects related to the United Nations Clean Development Mechanism (CDM), the second verification process of the project based on the substitution of fossil fuels with biomass at San Luis (Argentina) and Minas (Uruguay) continues. Additionally, the first batch of CERs (59,800) of the project based on energy efficiency (Olavarría) was received.

Corporación Moctezuma prepared, developed and presented the programme of the Clean Industry Certificate for the period 2014-2016, at its Tepetzingo and Cerritos factories.





## Human resources

At the end of 2013 the headcount of the companies comprising the Cementos Molins Group was 4,321 employees with 1,165 located in Spain (27%) and 3,156 (73%) at the foreign investees. The distribution by gender was 90% men and 10% women.

There were 15 employees fewer than in 2012 as a result of the decrease of 28 at the foreign investees and an increase of 13 in Spain.

The most relevant data include a reduction of 78 persons at Promsa, an increase of 119 at Precon arising from an increase in activity in the last few months of the year and a reduction of 39 persons at Corporación Moctezuma following the closure of certain concrete plants.

In 2013 there were 16 disabled employees working at the Spanish companies. In order to comply with the provisions of the Law on the Social Integration of the Disabled, under the framework of the authorisations for the adoption of extraordinary measures applicable to most of them, these companies commissioned services from Special Employment Centres and made donations to entities whose objective is to carry out labour market entry and job creation activities for the disabled.

The most significant initiatives in the area of labour relations were as follows:

At Cementos Molins Industrial intense negotiations took place that culminated in the signing of an agreement which ended the period without a collective agreement that began in 2010. The agreement includes a new salary structure and professional groupings.

In June Promsa filed for a collective redundancy procedure as a result of the significant decrease in activity, which was agreed upon with the representatives of the employees and the trade unions and resulted in the termination of 59 contracts that occurred in the following months. Agreement was also reached at certain aggregate mining facilities regarding a temporary collective redundancy procedure in order to comply at all times with the reality of demand.

At Sotacib Kairouan, and mirroring the process of social turmoil in the country, there were several days of strikes which were ultimately resolved with the signing of the company's first collective agreement encompassing, thereafter, the labour relations at the manufacturing centre.

### Number of persons by company at 31 December

	2010	2011	2012	2013
Cementos Molins, S.A.	68	66	61	58
Cementos Molins Industrial, S.A.U.	231	215	196	178
Promotora Mediterránea-2, S.A.	436	397	314	236
Prefabricaciones y Contratas, S.A.U.	715	644	448	567
Propamsa, S.A.U.	137	130	120	113
Rest	15	14	13	13
<b>SPANISH COMPANIES</b>	<b>1,602</b>	<b>1,466</b>	<b>1,152</b>	<b>1,165</b>
Cementos Avellaneda, S.A. (Argentina)	656	700	713	702
Cementos Artigas, S.A. (Uruguay)	212	224	259	249
Corporación Moctezuma (Mexico)	1,133	1,140	1,187	1,148
Surma (Bangladesh)	482	475	487	519
Sotacib (Tunisia)	488	493	538	538
<b>FOREING COMPANIES</b>	<b>2,971</b>	<b>3,032</b>	<b>3,184</b>	<b>3,156</b>
<b>TOTAL GROUP</b>	<b>4,573</b>	<b>4,498</b>	<b>4,336</b>	<b>4,321</b>



As in previous years, in relation to personnel training activities, mention must be made of those carried out in the field of occupational risk prevention and the development of management skills.



> Construction activities in Latinamericana de Concretos, Mexico.

Of particular note at Corporación Moctezuma was the implementation of the code of ethical conduct a strategy whereby 1,040 cement and concrete employees were trained in situ and using virtual media.

The actions in relation to the communities in the environments in which our factories are located were in similar terms to previous years.

As always we emphasise those carried out in the areas surrounding Corporación Moctezuma's factories where once again the now traditional community-oriented HEALTH FAIRS were held, encompassing, among other activities vaccination campaigns, workshops against addictions; a physical activity campaign for elderly people, talks with employees focused on lower consumption of fats and carbohydrates, in-house sports campaigns, a health-orientated Father's Day celebration, etc.

Surma Cement saw the continuation of the usual activities to provide services to the local community around the Chhatak factory (Bangladesh) and the quarry of Meghalaya (India). These programmes most notably included those for education (construction of classrooms, provision of teachers and other means, provision of scholarships), professional development, particularly for women (workshops on home economics, horticulture, poultry farming, sewing, etc.) and training as well as healthcare.



> Social activities around the plant in Chhatak, Bangladesh





► Concrete supply, Pomsa, Spain.

## Occupational risk prevention

The reduction in the number of accidents in absolute terms and, as a consequence, the frequency index, has been highly significant in recent years.

Figures show that in 6 years accidents have been reduced by more than 50%. However, despite the efforts made in training, risk assessments, preventive measures, safety committees, etc., in 2013 it was only possible to maintain the previous values.

Studies to improve the safety culture show that it is necessary to consolidate the activities so that they finally permeate the organisation completely.

Activity plans for 2014 have focused on improving the integration of safety in the organisation and strengthening the activities that have yielded positive results in recent years in order to continue along the path of ongoing improvement.

	Frequency indexes			
	2010	2011	2012	2013
SPANISH COMPANIES	14.9	14.6	10.9	<b>8.0</b>
FOREING COMPANIES	9.2	8.5	7.9	<b>8.7</b>
<b>TOTAL GROUP</b>	<b>10.2</b>	<b>9.6</b>	<b>8.4</b>	<b>8.6</b>

► The Frequency Index shows the number of accidents with loss of working days per million hours worked.



## GEOGRAPHICAL AREAS

### Spain

Following six years of deep economic crisis, 2013 may be -at least from a macroeconomic standpoint- the year in which the adverse economic situation may have begun to reverse. In the second half of the year certain signs of recovery in confidence and a mitigation of the economic and financial turmoil that had been witnessed in prior periods could be seen. GDP grew by 0.1% in the third quarter, which would not be notable except for the fact that it broke nine consecutive quarters of declines, which implies the technical exit from recession.

On the demand side, the slightly positive GDP result for the third quarter was due to increased consumption and investment, and on the supply side, to services linked to the public sector and tourism.

Economic conditions improved over the year, as a result, on the one hand, of the receding European debt crisis, which led to the return of confidence in the Spanish economy and, therefore, a reduction in the risk premium and improved access to external borrowing, thereby ending the state of financial strangulation that had reigned for most of 2012.

Conditions, however, are not as yet so stable that the beginning of a swift and sustained recovery can be considered.

As regards the construction industry, negative growth rates continue to be the norm. For the moment, the emerging signs of recovery in macroeconomic indicators have not been witnessed in the industry, as for yet another year, the public cost containment policies and scant private demand have kept activity at alarmingly low levels, and what is worse, with no apparent signs of recovery.

Cement consumption in Spain ended 2013 down 19% on 2012, according to Oficemen, leaving a consumption of 11 million tonnes. By sector, cement consumption in 2013 for housing stood at 19%, non-residential building construction at 24% and civil engineering work at 57%.

2013 became, therefore, in the sixth year with consecutive falls for the cement industry since the onset of the crisis. Far short of the 56 million tonnes of cement consumed in Spain in 2007. During the period 2008-2013, the drop in consumption was 45 million tonnes, 80% of the market.

In Catalonia, where the Group's cement business in Spain is located, 1.5 million tonnes of cement were consumed, down 20% from 2012. The concrete market in Catalonia also experienced a further decline in 2013, in this case by around 28%.

The year ended with inflation of 0.3%, compared with the 2.9% registered in 2012.

With respect to currency, the euro followed an upward trend against the US dollar in 2013, resulting in a rise of 4.3% with respect to December 2012.



► Floor covering Epoxi. Betopox 92AR. Propamsa, Spain.



► Assembly of structures double T. Precon, Spain.







### CEMENTOS MOLINS INDUSTRIAL, S.A.U.

Cementos Molins Industrial, S.A.U.'s activity is based on the manufacture and sale of both Portland and calcium aluminate cement. Its production plant is located in Sant Vicenç dels Horts (Barcelona).

In 2013 the decrease in Portland cement consumption resulted in the same level of 11 million tonnes in Spain, of which 1.5 million correspond to Catalonia; figures that consolidate decreases of 19.2% and 20.2%, respectively, compared with 2012.

2013 saw a commitment to increasing our presence in the Catalanian market through the acquisition of the plant in Sant Feliu de Llobregat from CEMEX (in the fourth quarter).

The company's objectives during the year were aimed at selling unabsorbed surplus production from the domestic market in foreign markets, thus the highest clinker export and production values and the highest rate of kiln usage in the last five years were recorded.

At the same time a significant effort was made to reduce costs, seeking higher profitability and business efficiency and increasing our competitiveness for greater access to international markets without forgetting the domestic market, where, once again, our own sales outperformed cement market sales in Catalonia.

A turnaround in this regard is not expected in 2014, a year in which the supply of cement in the domestic market will foreseeably remain stable or decrease, while consumption in foreign markets will continue to increase.

Revenue amounted to EUR 67.5 million in 2013, up 5.0% on 2012. In the Spanish domestic market billings amounted to EUR 34.5 million -down on 2012-, whereas sales in the export markets totalled EUR 33.0 million, representing an increase with respect to the preceding year as a result of the significant rise in clinker and calcium aluminate cement sales.



► Sant Vicenç dels Horts plant, Cementos Molins Industrial



The product margins increased during the year, on the one hand, thanks to greater market stability that enabled prices to follow an upward trend and, on the other, a reduction in costs. In this respect mention should be made of the continuous improvement in the cost of our principal raw materials, together with the maintenance of a stable electricity cost in recent years (despite upward pressures on prices) and above all, the efforts made in a short period of time to achieve kiln thermal fuel substitution rates of more than 40%, thanks to the use of alternative fuels (biomass and CSRs) that have significantly reduced our energy cost.

We continued with the policy of seeking cost efficiency in the maintenance of our facilities, reducing this cost to less than half of what it represented in 2009.

Over the course of the year the organisation of the workforce was restructured to adjust it to the current level of activity, the economic impact of which shall not be fully observed until next year.

EBITDA reached EUR 7.3 million in 2012, up 21.7% on 2011.

The result was affected by the application of a EUR 1.9 million sanction stemming from an alleged omission of an electricity interruptibility procedure, the resolution of which has been challenged in administrative proceedings by the Company, and by the termination benefits awarded as a result of the organisational restructuring amounting to EUR 1.5 million.

Thousands of euros

<b>C. MOLINS INDUSTRIAL</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Sales	91,729	75,298	64,240	<b>67,446</b>
EBITDA	19,172	12,913	6,000	<b>7,362</b>

## PROMOTORA MEDITERRÁNEA-2, S.A. (PROMSA)

PROMSA manufactures and markets concrete, aggregates and mortar and has a pavement application division and an environmental division, which engages in the recycling and recovery of waste and manufacture of alternative fuels. The company carries on its business at its more than 45 facilities in Catalonia, Aragon and Valencia.

For the seventh successive year the market remained in recession, with a new fall of almost 28%. In this situation, the industry is undergoing a process of restructuring, concrete prices have recovered slightly, and an active policy of reducing costs has remained in place that has allowed us to improve contribution margins. As a result of the continuous decline in activity in 2013, several manufacturing plants closed and in July the workers' representatives were informed of the initiation of negotiations for the implementation of a collective redundancy procedure, essential to ensure the sustainability

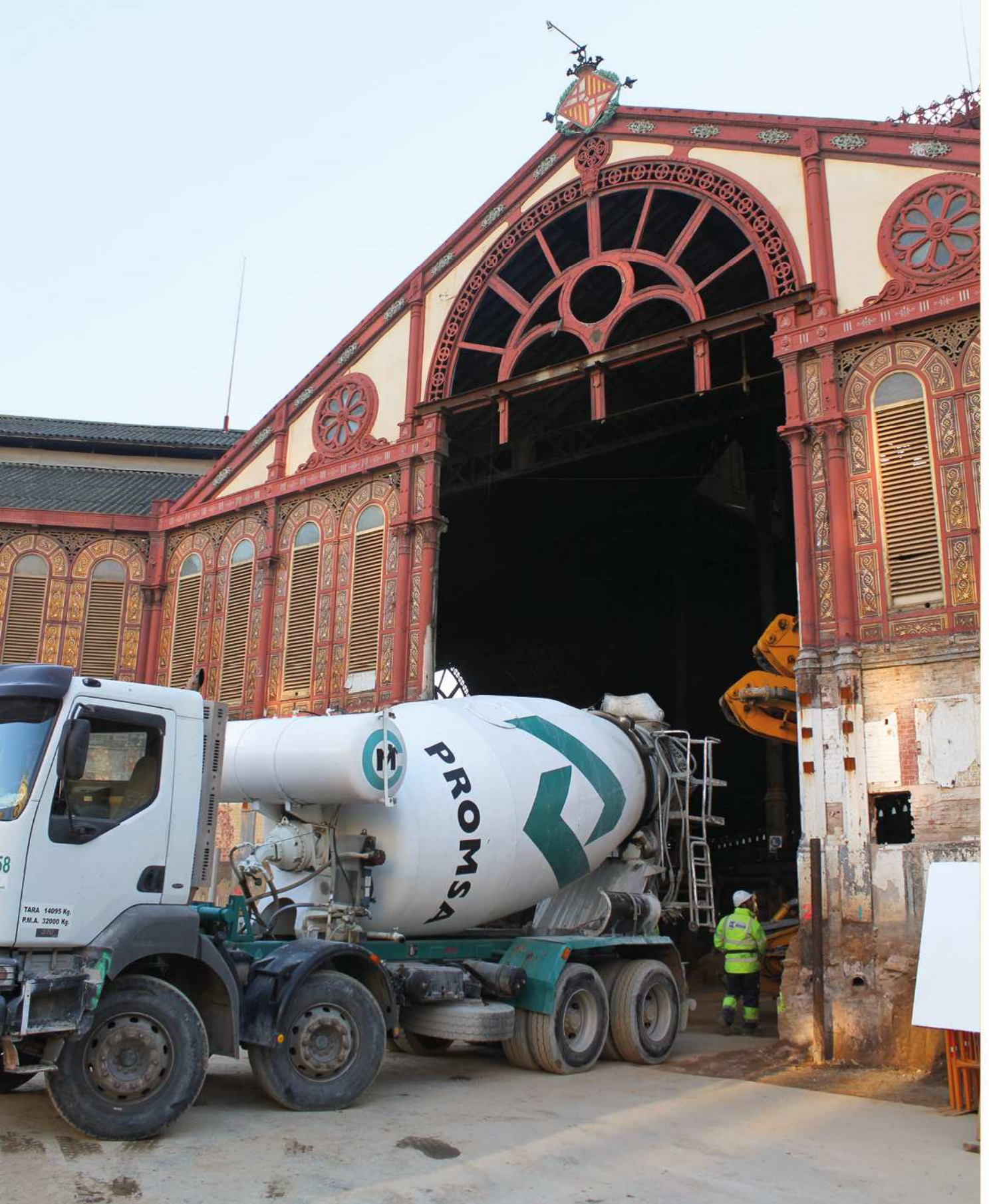
of the company. The procedure culminated in an agreement that was implemented in the months from July to October, and ultimately affected 21% of the workforce.

However, Promsa maintained its presence in the major infrastructure projects undertaken in 2013, in particular those for the Sagrera AVE Station and the major works performed in the Port of Barcelona, such as the Container Terminal (TERCAT) and the extension of the Eastern Seawall.

The Promsa Group's revenue totalled EUR 39 million in 2013, down 25% on 2012. EBITDA reached EUR 9.2 million in 2013, up 9.3% on 2012.

Investment made in 2013 was extremely prudent, resulting in investments of EUR 0.2 million, mostly for maintenance and improving safety conditions at the company's production plants.





> Concrete supply, Promsa, Spain.

Thousands of euros

<b>PROMSA</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Sales	93,219	72,067	52,130	<b>39,201</b>
EBITDA	1,960	-3,828	-10,123	<b>-9,179</b>



## PREFABRICACIONES Y CONTRATAS, S.A.U. (PRECON)

Precon's activity focuses on the customised design, production and sale of a wide range of precast concrete products for general building construction, public works and railway lines. The company centres its production on its eight plants located throughout Spain.

In 2013 the company's revenue amounted to EUR 47.4 million, down 3% on 2012, with uneven performance by business line.

Precon's building activity grew by 60%. Despite the ongoing impact of the economic crisis on this business line, the company managed to increase its sales by continuing with its policy of strengthening ties with and/or attracting private customers, thereby consolidating the growth vector initiated in 2012.

Civil engineering sales fell by 19% with respect to 2012 due to the sharp drop in the volume of execution of public works in 2013, as a result of the measures adopted to contain the budget deficit.

Precon's railway product business decreased by 49% with respect to 2012 due to the sharp drop in the call for tenders and award by ADIF of high-speed train network projects as well as the projects for the renewal and maintenance of traditional tracks.

Selling prices continued to drop in 2013, especially in the building construction line of business. This effect was offset by improved processes and procurement practices, and by reducing costs, as a result, inter alia, of the collective redundancy procedure applied at the end of 2012 and the temporary collective lay off procedure applied from April to December 2013, which led to an increase in the company's operating margins.

EBITDA, although 51% higher than in 2012, was negative by EUR 5.7 million.

The strong negative impact on EBITDA of the insolvency of customers should be noted, which resulted in an allowance of EUR 2.3 million in 2013, compared to EUR 0.5 million in 2012.

Investments in property, plant and equipment and intangible assets amounted to EUR 2.5 million in 2013. They were earmarked mainly for improving the production capacity of the factories, improving product quality, occupational risk prevention and new R&D+i projects.

Revenue in 2014 will foreseeably be slightly lower than in 2013. However, an improvement in margins is expected as the combined effect of the positive evolution of contract prices and costs.



➤ Prefabricated structure of big surface. Precon.

Thousands of euros

PRECON	2010	2011	2012	2013
Sales	87,142	63,624	48,949	47,433
EBITDA	2,990	-3,236	-11,621	-5,661

## PROPAMSA, S.A.U.

Propamsa is the Group company specialising in the manufacture and sale of tile, single-layer and special mortars.

Based on Euroconstruct estimates, output rates in the Spanish market for 2013 fell by 9% in building construction, by 9% in restoration and by 22% in civil engineering. Our estimates with respect to the mortars market point to a fall of around 13%. The high rate of unemployment has constricted consumption, and as a result "private individuals" have failed to make or postponed improvements to their homes. Given this situation and with a downward pressure on selling prices, Propamsa's commercial policy has been to stay focused on searching for value, maintaining its quality positioning and differentiation with new products. In addition Propamsa's participation in the Spanish market, saw a small increase, mainly due to strong support provided to distributors with the technical and commercial management defending products through on site solutions.

Exports held up in the markets nearest to North Africa.

In the French market the initiatives implemented in prior years were consolidated. The company currently has its own sales staff, with increased sales leading to a conso-

lidation of results. Commercial relationships were also nurtured in other EU countries with promising results.

Commercial actions of particular note include product presentations at the Higher Technical School of Architecture, the College of Technical Architects in Barcelona and the Polytechnic University of Madrid. Propamsa participated in the Cevisama trade fair, the ceramics trade fair in Castellón and also featured in Construmat on the Molins Group stand.

We have also given our support to new technologies. A mobile phone app was launched, which makes it possible to gain rapid access to all the Propamsa's technical information, such as product technical specification sheets, catalogues and informative videos on our products and solutions.

Also, the specific Betec product line grew significantly, performing several significant projects, besides meeting the needs of our warehouse customers.

The investments made in 2013 centred on enhanced process aimed at reducing costs.

In 2013 sales totalled EUR 24 million -down 5% on 2012- and EBITDA amounted to EUR 154 thousand.



► Propam® Repair Techno, structural repairing mortar that performs the functions of passivating framework.

Thousands of euros

PROPAMSA	2010	2011	2012	2013
Sales	34,056	30,031	25,203	23,949
EBITDA	2,773	1,883	782	154



## Argentina

2013 in Argentina was a year of moderate growth, with a recovery in the first half of the year driven by the agricultural, automotive and service sectors, although it began to lose impetus from June onwards, with a weakening of key macroeconomic variables being noted, together with a permanent loss of the position of central bank reserves, a growing fiscal deficit, import restrictions, limited access to the currency market and the persistence of rising inflation.

According to data published by the Argentine National Institute of Statistics and Censuses (INDEC), the provisional increase in GDP was a cumulative figure of 5.5% between January and September 2013, with a change of around 4.8% with respect to 2012.

Meanwhile, according to the Synthetic Indicator of Construction Activity (ISAC)\*, the construction industry as a whole accumulated an increase of 4.6% over the first nine months of 2013 with respect to the same period in 2012.

The Argentine cement market achieved an all-time high of 11.7 million tonnes in 2013, representing an increase of 11.8% on 2012. Also, the market for concrete enjoyed an estimated year-on-year increase of 8.6% to a volume of 3.2 million cubic metres.

In 2013 the internal wholesale price index (IPIM) grew by 14.7% compared to 2012. The official consumer price index published by INDEC increased by 10.9%, while that published by the Provincial Directorate of Statistics and Censuses of the Province of San Luis (IPC-SL) recorded at November 2013 growth of 27.8% compared to December 2012, with an estimate of year-on-year growth of 29.5%.

The Central Bank of Argentina continued with its foreign exchange policy of devaluing the Argentine peso, causing it to depreciate by approximately 24.6% against the US dollar in 2013.

(\*) The ISAC shows the evolution of the industry based on the performance of demand for a set of representative inputs. It includes public and private construction at national level.



► Olavarría plant, Argentina.

## CEMENTOS AVELLANEDA, S.A.

Cementos Avellaneda, S.A. is an Argentine company that manufactures and sells Portland cement, mortar, lime, tile cement and concrete. It has two cement plants, one in Olavarría, located in the province of Buenos Aires, and the other at 80 km from the city of San Luis, in the centre of the country in the province of the same name. It also has six operational concrete plants, all located in the province of Buenos Aires, in an area called Greater Buenos Aires, surrounding the Federal Capital. Cementos Molins owns 51% of its shares and the other shareholder is the Brazilian cement company Votorantim.

The Argentine cement market achieved an all-time high of 11.7 million tonnes in 2013, representing an increase of 11.8% on 2012. Per capita consumption in 2013 was 281 kg, representing a recovery of 9.8% on 2012.

In the same period the company's sales volume of all products grew by 16.4%, achieving all-time highs across the range.

Revenue (in euros) increased by 9.9% to EUR 285 million, while EBITDA amounted to EUR 51 million, down 15% on 2012 as a result of translation differences arising from year-on-year falls in the value of the Argentine peso of around 20%, and a net profit of EUR 30.7 million was recorded.

The costs include the 43% increase in the cost of electricity at San Luis in 2013, contrasting with the 21% increase at Olavarría. This due to an additional power transmission charge in the Province of San Luis, decreed by the local government.

Also, the estimated market for concrete based on the shipping of bulk cement to the concrete works in the area of the Autonomous City of Buenos Aires and Greater Buenos Aires, saw a year-on-year increase of 8.6% to reach a volume of 3.2 million cubic metres.

In 2013 the volume of concrete sold by the company increased by 8.3% to an all-time high of 413 thousand cubic metres.

The investments made in 2013 focused mainly on maintaining the operating capacity and improving stone carriage efficiency for improved exploitation of quarries.

Of note, with a view to the future of the Olavarría factory, was the investment in the uncovering of the reserves in the area known as La Cabañita, with more than 2.2 million cubic metres uncovered, and which will culminate in the relocation of the crushing plant from its current location in El Polvorín to the area of San Jacinto.



► Olavarría plant, Argentina.

Thousands of euros

C. AVELLANEDA	2010	2011	2012	2013
Assets	144,907	179,004	195,107	<b>163,738</b>
Equity	91,446	115,387	130,076	<b>112,371</b>
Sales	189,233	233,864	259,052	<b>284,620</b>
EBITDA	52,096	49,334	60,029	<b>51,284</b>
Net profit	29,601	27,420	33,635	<b>30,690</b>



## Uruguay

It is estimated that in 2013 GDP will grow by 3.2%, mainly due to the positive development of service industry activities, according to private sources.

According to information published by the Central Bank, Construction GDP saw a decrease of approximately 2% in the third quarter of 2013 compared to 2012, largely influenced by the completion of the Montes del Plata project. Estimates indicate that the year-on-year decrease could possibly reach 5% in 2013.

There will foreseeably be major development projects in the coming years including most notably energy projects, port developments and the installation of shopping centres.

The consumer price index (CPI) rose by 8.5% in 2013, while the wholesale price index (IPPN) increased by 6.3%.



► Minas plant, Uruguay.

At 31 December 2013, the exchange rate had appreciated by 9.3% to UYP 21.4/USD 1 compared to 31 December 2012.

### CEMENTOS ARTIGAS, S. A.

Cementos Artigas S.A. is a company based in Uruguay. It has a clinker manufacturing plant in Minas, a mill in Sayago and eight concrete production plants, and focuses its activity on the production and sale of Portland cement, mortar, concrete and aggregates. Cementos Molins owns 49% of its shares and the majority shareholder is the Brazilian cement company Votorantim.

Sales of Portland cement grew by 3% in the domestic market with respect to 2012. Revenue, in euros, increased by 7% to EUR 104 million in 2013.

EBITDA amounted to EUR 31.6 million, representing a rise of 20% compared to that obtained in 2012. It should be mentioned that during this period the

Uruguayan peso fell in value against the euro by around 13%.

The volumes of cement, concrete and aggregate sold by the company all fell as a result of the completion of the construction work on the Conchillas pulp mill, which means dismantling the concrete plant known as Montes del Plata and the Chinese plant acquired to serve this major project. The appearance of new concrete competitors in the area of the traditional Montevideo and Maldonado market must also be mentioned.

The investments made in 2013 focused mainly on maintaining the operating capacity and the biomass plant.

Thousands of euros

C. ARTIGAS	2010	2011	2012	2013
Assets	64,151	85,007	90,437	80,964
Equity	52,525	71,141	73,630	62,534
Sales	64,038	85,977	97,423	104,299
EBITDA	17,949	22,647	26,237	31,592
Net profit	15,947	19,829	18,041	26,999

## Mexico

Mexico's growth in 2013 fell far short of expectations. The Mexican economy suffered a decrease in economic activity induced by a slowdown in manufacturing exports. The domestic market performed no better and only certain sectors showed signs of recovery (mainly services). GDP grew by 1.2% in the third quarter.

The construction industry was one of the economic activities most affected by the economic lethargy that began in late 2012 and continued in the first ten months of 2013. In fact, the construction industry suffered the biggest drop in production value (-4.7%) during the period January-October 2013.

In this context, the cement market in Mexico recorded a fall of around 9% in 2013.

The Mexican peso started the year strongly and this trend continued in the first five months of 2013 due to expectations of capital inflows and the adoption of fiscal and energy reforms. From June onwards the exchange rate fluctuated around the MXP 13/USD 1 mark. The Mexican peso performed better against the dollar than its Latin American peers which suffered more severely in 2013.

The year ended with inflation of 4.0%, in line with 2012.



> Cerritos plant, Mexico



## CORPORACIÓN MOCTEZUMA S.A.B. DE C.V.

Located in Mexico, the company engages in the production and sale of cement, concrete and mortar. Cementos Molins owns 33% of its shares and control is shared with the Italian cement company Buzzi Unicem.

Revenue (in euros) fell by 12.5% to EUR 469 million, while EBITDA amounted to EUR 154 million, down 20.6% on 2012, and a net profit of EUR 86 million was recorded.

In the area of costs, in local currency, mention should be made of the 6% decrease in the price of fuel and the 3% increase in electricity tariffs.

The volume of both cement and concrete sold by the company felt the effect of the shrinking construction market, especially in terms of the housing market, the completion of the major construction projects begun at the beginning of 2012 and the entrance in the market of new competitors. Against this backdrop, Corporación Moctezuma remained committed to the quality and variety of its products, the strengthening of its geographical coverage and the provision of commercial back-up and technical advice to its customers and distributors.

In 2013 the aforementioned market trend was to push cement selling prices down. As regards costs, efforts were focused on finding alternative ways to reduce the costs of electricity, fuel and supplies of raw and auxiliary materials necessary for the manufacturing process.

In 2013 a project was begun of major significance due to its size and the volume of cement and concrete that it represents, namely the construction of the road known as "Proyecto Libramiento Guadalajara". To execute this project the company CyM Infraestructura, SAPI, was set up, owned on an equal-footing basis with Comsa Emte Mex, S.A. The

project has suffered several setbacks due to weather problems and the demands of the transport unions.

The main challenge for 2014 is to recover market levels of volume and price. Conditions are expected to improve (since a part of the slowdown in 2013 was due to the governmental transition) as is support for the private construction and development of infrastructure, which all point to good year in our industry, where we will be developing our coverage targets and customer service to capture a larger volume. Our objective for 2014 is not to lose our share of the market.

As regards investment, in the cement area mention should be made of the replacement of a ferrule in one of the cement mills at the Cerritos plant; the construction of the petcoke storage area at Veracruz; the industrial water plant at Tepetzingo and the acquisition of land for a clay conveyor belt.

The area of concrete includes most notably the purchase of concrete mixers and the refurbishment of plants, and in the Libramiento Guadalajara Project 2 concrete batching plants and equipment for the construction of road surface material were acquired.



► Cement mixer of Latinoamericana de Concretos, Mexico.

thousand of euros

C. MOCTEZUMA	2010	2011	2012	2013
Assets	676,336	649,656	618,168	570,477
Equity	557,057	536,648	498,041	455,706
Sales	428,148	471,640	535,466	468,727
EBITDA	154,524	163,307	193,699	153,834
Net profit	85,268	93,799	120,934	85,918



## Bangladesh

2013 was strongly influenced by the political situation in Bangladesh that resulted in the parliamentary elections held on 5 January 2014. From the beginning of the year there were demonstrations, strikes, protests, road blocks and serious riots that left as a result more than 300 dead and doubts about the representativeness of the elections.

Despite this situation, which significantly disrupted goods and passenger transport, particularly in the

fourth quarter, the economy performed well, with overall growth of 6.0%, which by sector saw industry grow by 9.0%, construction by 8.0% and services by 5.7%.

The cement market in 2013 grew to reach 17.5 million tonnes.

Inflation fell to 7.7% and exports contributed effectively to growth. Reserves reached an all-time high at year-end (USD 18 billion) and the exchange rate increased slightly.



> Chhatak plant, Bangladesh



## LAFARGE SURMA CEMENT LIMITED

Based in Bangladesh, Surma Cement engages in the manufacture and sale of cement. The factory is located in Bangladesh and the limestone quarry in India, connected by a conveyor belt. Cementos Molins and Lafarge jointly own 60% of the share capital, while the rest is owned almost entirely by local shareholders. The company is listed on the Dhaka and Chittagong stock exchanges.

This was the fourth complete and peaceful year for the Company since 2007 and the second after obtaining the quarrying permit in India in 2011. However, certain conditions remain to be fulfilled by the Indian government, with which we maintain regular contact in order to expedite such fulfilment.

The cement market in 2013 grew to reach 17.5 million tonnes. The price remained stable due to both clinker port-price stability and the entry into production of new extensions and mills that forced down the logical evolution of prices.

Consequently, the company ended 2013 with a production of 2 million tonnes of limestone and 1.3 million tonnes of clinker, with sales of 1.3 million tonnes of cement (down 0.9% on 2012) and 535 thousand tonnes of clinker (up 35.5% on 2012). Our average prices followed the market and were in line with 2012.

There were no investments worthy of note except for those arising from the maintenance and enhancement of procedures.



> Chhatak plant, Bangladesh

thousand of euros

<b>SURMA CEMENT</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Assets	194,441	189,484	176,041	<b>177,452</b>
Equity	37,914	69,812	76,272	<b>99,690</b>
Sales	61,421	58,485	100,694	<b>109,136</b>
EBITDA	-6,075	3,679	32,730	<b>44,144</b>
Net profit	-18,177	-18,939	5,607	<b>24,524</b>

## Tunisia

In its third year, the as yet unfinished political transition continues to affect the return-to-normal of economic activity. The Tunisian economy faces serious difficulties: insufficient growth, shrinking investment, high rates of unemployment and inflation, weakness of external borrowing and a sharp decline in reserves.

The way out of this situation is increasingly dependent on the restoration of confidence and the resolution of the political crisis. It seems that with the new gover-

ment and the completion of the drafting of the new constitutional framework, economic and social stability can be expected in 2014.

GDP growth increased slightly although below the values recorded in 2012, while inflation stood at 6.1% - a few tenths higher than in 2012.

The Tunisian dinar depreciated by 9.7% against the euro in 2013.

### SOCIÉTÉ TUNISO ANDALOUSE DE CIMENT BLANC "SOTACIB"

The Cementos Molins Group has operated in Tunisia since 2007 through SOTACIB which has a factory located in the city of Feriana, close to the border with Algeria, which engages in the production and sale of white cement.

SOTACIB is a company of around 350 employees that sells its products in the region (Algeria, Libya and Morocco) and also exports to Europe and the rest of Africa.

SOTACIB's production and sales activity in 2013 continued to improve, but continues to be conditioned by post-revolution socio-political developments in the country and the region.

Tunisia continued to experience episodes of social and political instability in 2013 that cause difficulties in product distribution and marketing although to a lesser extent than in 2012.

The freezing of the increase in prices in the local market by the Tunisian government eroded our profitability in 2013.

Also, in September 2012 the Algerian government imposed a de facto import tax of 15% on white cement from Tunisia, which remained in place until November 2013.

Since the summer of 2013 the Tunisian government has been voicing its intention of withdrawing subsidies on the prices of energy products (gas, electricity, etc.). This decision is due to the difficulties in financing the deficit of the State "welfare fund". The Tunisian government has been asked to implement this policy progressively and defer it over time to enable the company to undertake the necessary changes in the production process to consume petcoke and thereby limit its impact.

The liberalisation of selling prices will also allow the financial situation of the company to be eased.

thousand of euros

SOTACIB	2010	2011	2012	2013
Assets	107,990	99,696	101,570	86,021
Equity	39,798	29,987	32,954	23,826
Sales	35,586	31,156	33,238	39,001
EBITDA	5,554	1,115	3,181	3,252
Net profit	-3,106	-7,847	-163	-5,942



## SOTACIB KAIROUAN

SOTACIB Kairouan has a grey cement factory in the municipality of Jebel Rouissat (Kairouan, Tunisia) that has been in operation since the beginning of 2012. The factory has 170 employees.

Of particular note in 2013 was the consolidation of the factory, which began commercial operations in April 2012.

The social turmoil in the context of the labour relations of SOTACIB KAIROUAN led to several strikes that were ultimately resolved in mid-2013 with the signature of the company's first collective agreement that enshrines these relations.

SOTACIB KAIROUAN's average share of the Tunisian market increased from 9% in 2012 to 12% in 2013.

Selling prices for cement remained at the same level, frozen by the government throughout 2013.

In 2013 SOTACIB KAIROUAN's exports were affected by the imposition of export quotas by the Tunisian government. The quotas, which apply across the industry, were put in place to ensure the supply in the domestic market.

In 2014 the capacity of the Tunisian cement industry will be altered by the volume contributed to the market by new competitors. This will logically lead to a reorganisation of demand. Exports will also feel the effect of this change.

The mention made earlier of the elimination of the energy subsidy in relation to SOTACIB, obviously also applies to SOTACIB KAIROUAN.

In negotiations with the Association of cement manufacturers, the government undertook to liberalise the domestic price of cement and the release exports. On 7 February 2014, selling prices were liberalised and it is expected that exports will be freed up shortly.

2014 should see the consolidation of SOTACIB KAIROUAN's production, market and economic position.



► Kairouan plant, Tunisia.

thousand of euros

SOTACIB KAIROUAN	2011	2012	2013
Assets	209,088	220,938	208,557
Equity	90,187	84,728	76,542
Sales	-	36,506	51,199
EBITDA	-1,390	13,542	17,798
Net profit	-538	380	481



## China

### PRECON (LINYI) CONSTRUCTION CO. LTD.

Precon (Linyi) Construction Co. Ltd. was incorporated in mid-2011 in the People's Republic of China (PRC) and began the process of obtaining land and the construction of its first precast concrete products manufacturing plant for the construction industry.

The company is owned by Precon-Spain, which holds 80%, and the other 20% is held by Spanish shareholders established in China, ISH.

The facilities are located in Linyi, in Shandong Province. Linyi has a population of around 11 million inhabitants and the province close to 100 million. It is located on the axis Beijing-Shanghai, almost equidistant (600 km) between the two cities and around 100 km from the eastern seaboard.

China's markets show great dynamism, albeit with

different patterns than the European ones, with an increasing urban population and industrial development across the country. The Committee for Economic Development of the Linyi Zone considered the Precon Project to be of great interest, and decided to give it its full support and authorised them to form a WFOE (Wholly Foreign-Owned Enterprise).

Simultaneously to the construction of the production facility (completed in 2013) the various certificates and licences, rights to the land, the complete project centre with five large industrial buildings and adjoining areas, the certification of the laboratory, and lastly the manufacture and sales licence were all processed. Now that the process of forming the company has been completed, the first projects to begin industrial and commercial operations are being negotiated.



► Linyi factory. Precon (Linyi) China.





> Detail of the conveyor belt 17 km that connects the quarry situated in Meghalaya, India, with the plant located in Chhatak, Bangladesh





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