



ANNUAL  
REPORT  
CEMENTOS  
MOLINS

2014





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## LETTER FROM THE CHAIRMAN

Dear Shareholders,

In 2014 the Spanish economy grew 1.4% for the first time in the last six years which would confirm that the worst of the crisis seems to be over and a modest recovery is underway. The progressive decline in the construction sector in Spain has slowed down and with the improvement of business in the countries where the Cementos Molins Group operates we are able to present positive overall results.

The companies located in Spain improved their results in 2014 as a result of the increased export activity, the expense restraint policies and adjustments to the production structure that have been adapted to the level of demand.

On the subject of investments, we would highlight the start of construction of a second production line in the Apazapan factory in Mexico, which will double its current capacity - operation planned for 2017.

Likewise, we would highlight the launch of a project in Bolivia through the Itacamba Cement Society which currently operates a cement mill in the German Busch province and has begun construction of a cement plant with a production capacity of 2,000 t / clinker per day. Completion is scheduled for the beginning of 2017.

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 shareholder who, year after year, renew their trust in Cementos Molins and who deserve our utmost recognition.



**Casimiro Molins Ribot**  
Chairman



> Sant Vicenc dels Horts plant,  
Cementos Molins Industrial, Spain.



# PRESENTATION

## CEMENTOS MOLINS GROUP

GROW ON A SUSTAINED BASIS, MANUFACTURING AND MARKETING CEMENT AND OTHER PRODUCTS AND SERVICES DIRECTLY OR INDIRECTLY RELATED TO THE CONSTRUCTION, ALWAYS ENSURING PROPER RESPECT FOR PEOPLE AND THE ENVIRONMENT.

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, manufacturer 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. Finally, this tax year Cementos Molins is present in Bolivia through Itacamba Cement Company, which operates a mill and has begun the project of constructing a grey cement factory.

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 CementosMolins Industrial, S.A, Promotora Mediterránea-2, S.A., Prefabricaciones y Contratas, S.A. and 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 nine different countries.

The Group makes a major effort to develop a business model based on sustainability, which creates value and which meets the expectations of stakeholders.

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, production at competitive costs, the quality of our products, culture of work and effort, the growth of our Group, as well as respect for the environment, the integration of sustainability in all the processes and appropriate care for people are the central concepts on which our business is built.



Works at the factory of Itacamba Cementos. Bolivia.

# 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 Chair** 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 Liencres  
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** Miguel del Campo Rodríguez

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**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  
 Emilio Gutiérrez Fernández de Liencres  
 Eusebio Díaz -Morera Puig-Sureda

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**Secretary** Jorge Molins Amat

### Audit Committee

**Chairman** Eusebio Díaz -Morera Puig-Sureda

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**Vocals** Noumea S.A., represented by Pablo Molins Amat  
 Inversora Pedralbes S.A., represented by Ana María Molins López-Rodó  
 Miguel del Campo Rodríguez

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**Secretary** Jorge Molins Amat

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Corporate General Manager Carlos Martínez Ferrer  
 Operations General Manager Salvador Fernández Capó

# GEOGRAPHICAL PRESENCE

## CEMENTOS MOLINS GROUP



### **Mexico:**

Corporación Moctezuma

### **Argentina:**

Cementos Avellaneda

### **Uruguay:**

Cementos Artigas

### **Bolivia:**

Itacamba Cemento S.A.

### **Spain:**

Cementos Molins Industrial

Promotora Mediterránea - 2

Propamsa

Prefabricaciones y Contratas

Portcemen

Escofet

### **Tunisia:**

Sotacib

Sotacib Kairouan

### **Bangladesh:**

Lafarge Surma Cement

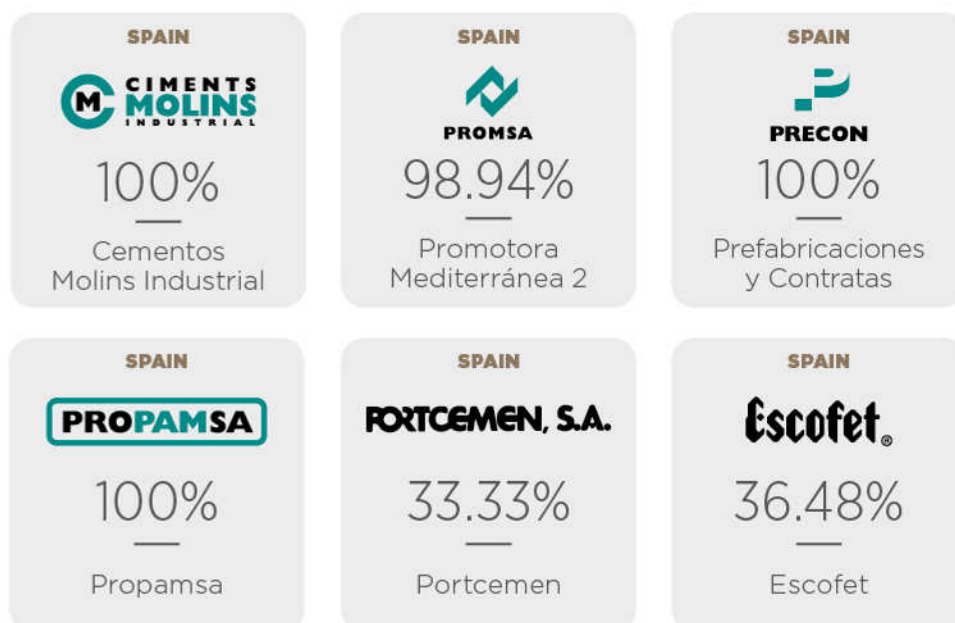
### **China:**

Precon (Linyi)

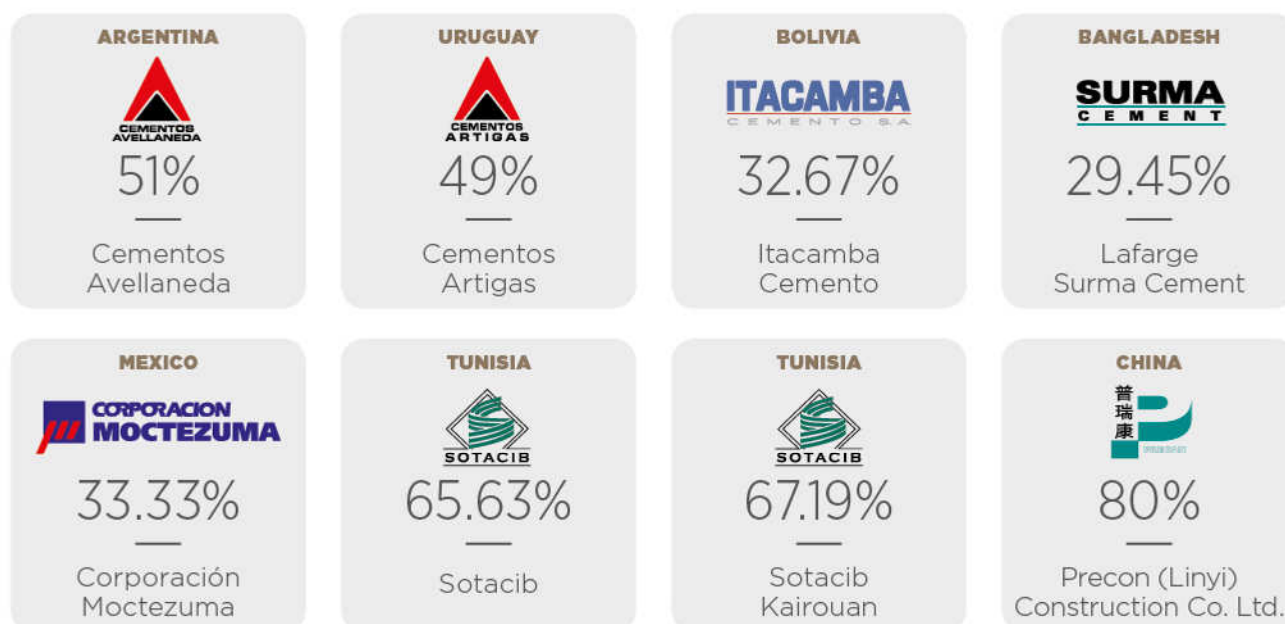
## MAIN GROUP COMPANIES

final % ownership

### National Group



### International Group



# 2014 CONSOLIDATED DIRECTORS' REPORT

## CONSOLIDATED ECONOMIC REPORT

The **Cementos Molins Group's** core business is the manufacture and marketing of cement, concrete, mortars, aggregates and precast concrete products, and it has production facilities in Spain, Argentina, Uruguay, Mexico, Bolivia, India, Bangladesh, Tunisia and China.

In general terms, the Molins Group performed well in 2014 with respect to prior years due to the improvement observed in the results of the Spanish companies, which, although they showed a loss, indicated a return to profit from operations, and the sound performance of the foreign businesses, in spite of the fact that the performance of exchange rates had a negative impact on the Group's consolidated financial statements.

**Consolidated revenue** fell 2.2% on 2013, achieving a total of EUR 527.7 million. Domestic companies increased their income by 14.1%, bolstered by a greater volume of activity in the export of clinker and an improvement in the precast concrete industry, whereas the revenue of the international companies fell on aggregate by 9.3%, affected by the adverse impact of exchange rates in Argentina.

**Profit from operations** reached EUR 10.9 million, EUR 7.1 million more than in 2013 due to the general improvement in the domestic companies. In terms of the International Group, profit from operations was EUR 27.4 million, EUR 11 million down on that recognised in 2013 due to the EUR 8.6 million impairment loss recognised at year-end on the assets of Sotacib (Tunisia) and decrease in the Argentinean subsidiary's contribution.

**Profit from companies accounted for using the equity** stood at EUR 55.6 million, up 15.6% on 2013. The Group uses this method to consolidate the result of the businesses in Mexico (Corporación Moctezuma), Uruguay (Cementos Artigas), Bangladesh (Surma Cement) and Bolivia (Itacamba Cementos).

**Consolidated net profit** was EUR 30.8 million, representing a threefold increase on net profit for 2013. Group domestic companies continued to report net losses, although a 40.6% improvement was observed compared with 2013, whereas international companies reported a net profit of EUR 58.5 million, up 3.1% on 2013. If we exclude the impairment in relation to Sotacib's

Thousand of euros

	2011	2012	2013	2014
<b>ASSETS</b>	1,523,278	1,526,412	1,358,123	<b>1,302,415</b>
<b>TOTAL EQUITY</b>	765,912	781,012	699,690	<b>715,335</b>
<b>CONSOLIDATED NET PROFIT</b>	24,300	43,706	10,109	<b>30,811</b>
Spanish companies	-19,041	-24,642	-46,628	<b>-27,675</b>
Foreign companies	43,341	68,348	56,738	<b>58,486</b>
<b>DIVIDENDS FOR THE YEAR</b>	11,240	11,240	9,256	<b>10,579</b>
<b>DIVIDENDS PER SHARE</b>	0.17	0.17	0.14	<b>0.16</b>

assets, the improvement observed in the international companies would be of around 13%.

The Group's consolidated net borrowings fell by EUR 53 million to EUR 267 million.

Investments included most notably the commencement of the construction of a second 3,000 tonne/day clinker production line at the Apazapan plant in Mexico, which will double the plant's current capacity. The forecast investment is USD 190 million and it is expected to come into operation in 2017. As a result of this expansion, Corporación Moctezuma will have two production lines in operation at each of its three plants: Tepetzingo, Cerritos and Apazapan.

On 31 July 2014, the Cementos Molins Group entered into an agreement with the Brazilian company

Votorantim for the incorporation of Yacuces, S.L., a joint venture for the start-up of a project in Bolivia, whereby on 3 September 2014, Yacuces, S.L. purchased 66.7% of the Bolivian company Itacamba Cemento, S.A. The purchase price for the ownership interest was USD 18.6 million.

By means of this transaction the Molins Group gained a foothold in the Bolivian market through Itacamba Cemento which currently operates a cement grinding facility in the Germán Busch province and has commenced the construction of an integral cement factory with a production capacity of 2,000 tonnes/clinker per day. The forecast investment is USD 216 million and it is expected to come into operation in 2017.

**Consolidated equity** was EUR 715 million, up EUR 15.6 million on 2013.



# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

	Thousand of euros	
<b>ASSETS</b>	<b>31/12/2013</b>	<b>31/12/2014</b>
Intangible assets	35,857	28,812
Property, plant and equipment	622,438	585,288
Investment property	2,272	5,090
Non-current financial assets	14,738	7,916
Investments in companies accounted for using the equity method	253,030	283,718
Goodwill on consolidation	24,239	23,922
Deferred tax assets	40,420	38,445
<b>NON-CURRENT ASSETS</b>	<b>992,994</b>	<b>973,191</b>
Non-current assets classified as held for sale	2,915	--
Inventories	82,467	83,058
Trade and other receivables	118,250	112,537
Current financial assets	50,802	22,407
Cash and cash equivalents	110,695	111,222
<b>CURRENT ASSETS</b>	<b>365,129</b>	<b>329,224</b>
<b>TOTAL ASSETS</b>	<b>1,358,123</b>	<b>1,302,415</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>704,219</b>	<b>723,433</b>
Share capital	19,835	19,835
Reserves of the Parent	138,399	151,374
Reserves of consolidated companies	544,471	531,330
Net profit attributable to the Parent	10,109	30,811
Interim dividend	(8,595)	(9,917)
Valuation adjustments	(119,193)	(121,154)
<b>EQUITY ATTRIBUTABLE TO THE PARENT</b>	<b>585,026</b>	<b>602,279</b>
<b>EQUITY OF NON-CONTROLLING INTERESTS</b>	<b>114,664</b>	<b>113,056</b>
<b>TOTAL EQUITY</b>	<b>699,690</b>	<b>715,335</b>
Deferred income	7,872	10,740
Non-current bank borrowings	370,912	351,625
Deferred tax liabilities	31,256	23,853
Provisions	9,954	11,214
Other non-current liabilities	6,427	535
<b>NON-CURRENT LIABILITIES</b>	<b>426,421</b>	<b>397,967</b>
Current financial payables	122,934	54,201
Trade payables	82,116	89,276
Tax payables	10,451	21,159
Other current liabilities	16,511	24,477
<b>CURRENT LIABILITIES</b>	<b>232,012</b>	<b>189,113</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,358,123</b>	<b>1,302,415</b>



## CONSOLIDATED INCOME STATEMENT

	Thousand of euros	
	2013	2014
Revenue	539,302	527,667
Other income	8,800	9,845
<b>INCOME</b>	<b>548,102</b>	<b>537,512</b>
Procurements	(169,714)	(174,255)
Staff costs	(108,016)	(97,588)
Change in operating allowances	(5,428)	(3,872)
Other operating expenses	(206,899)	(194,316)
In-house work on non-current assets	692	441
<b>OPERATING COSTS</b>	<b>(489,365)</b>	<b>(469,590)</b>
Depreciation and amortisation charge	(51,579)	(46,163)
Impairment and gains or losses on disposals of assets	(3,319)	(10,836)
<b>PROFIT FROM OPERATIONS</b>	<b>3,839</b>	<b>10,923</b>
Financial loss	(17,970)	(14,811)
Share of profit (loss) of companies accounted for using the equity method	48,072	55,572
<b>PROFIT BEFORE TAX</b>	<b>33,941</b>	<b>51,684</b>
Income tax	(13,827)	(14,011)
<b>NET CONSOLIDATED PROFIT</b>	<b>20,114</b>	<b>37,673</b>
Net profit of non-controlling interests	10,005	6,862
<b>NET PROFIT FOR THE YEAR ATTRIBUTABLE TO THE PARENT</b>	<b>10,109</b>	<b>30,811</b>
Earnings per share in euros	0.15	0.47

# MANAGEMENT INFORMATION

## Consolidated Economic Report

The Consolidated Financial Statements of the Cementos Molins Group were affected by the entry into force on 1 January 2014 of new international accounting standards, more specifically, IFRS 11, Joint Arrangements, which eliminates the option of proportionate consolidation for joint ventures, and, accordingly, the ownership interests held in Corporación Moctezuma (Mexico) and Surma Cement (Bangladesh) over which management and

control is shared with another shareholder, are now accounted for using the equity method.

However, for internal monitoring and management purposes the Group applies a proportionality criteria in the method for consolidation of its investees, i.e., the final percentage of ownership held in each and every investee. The following aggregates are provided with the aim of facilitating the monitoring of Group performance:

	Thousand of euros			
	2011	2012	2013	2014
<b>REVENUE</b>	<b>607,909</b>	<b>649,914</b>	<b>613,988</b>	<b>635,310</b>
Spanish companies	216,256	176,932	170,065	192,959
Foreign companies	391,653	472,983	443,923	442,351
<b>EBITDA</b>	<b>98,837</b>	<b>117,985</b>	<b>107,014</b>	<b>127,434</b>
Spanish companies	-565	-21,897	-12,469	6,076
Foreign companies	99,402	139,882	119,483	121,358

Consolidation of the companies in proportion to final % of ownership.

Contribution to Revenue, EBITDA and Net Profit:

	Thousand of euros					
	REVENUE		EBITDA		NET PROFIT (LOSS)	
	DEC. 2014	DEC. 2013	DEC. 2014	DEC. 2013	DEC. 2014	DEC. 2013
<b>SPANISH COMPANIES</b>	<b>192,959</b>	<b>170,065</b>	<b>6,076</b>	<b>(12,469)</b>	<b>(27,675)</b>	<b>(46,628)</b>
Cementos Avellaneda (Argentina); 51%	127,612	144,570	21,453	26,119	12,219	13,024
Cementos Artigas (Uruguay); 49%	43,233	51,107	11,702	15,480	8,765	11,570
Corporación Moctezuma (Mexico); 33.33%	176,325	156,227	61,836	51,239	38,303	28,758
Surma Cement (Bangladesh); 29.45%	33,267	32,141	12,521	12,966	7,932	7,753
Sotacib (Túnez); 65.63%	24,044	25,514	1,345	2,082	(9,221)	(4,238)
Sotacib Kairouan (Túnez), 67.19%	35,269	34,365	12,726	11,946	494	402
Other companies	2,600	--	(226)	(350)	(5)	(532)
<b>INTERNATIONAL COMPANIES</b>	<b>442,351</b>	<b>443,923</b>	<b>121,358</b>	<b>119,483</b>	<b>58,486</b>	<b>56,738</b>
<b>TOTAL GROUP</b>	<b>635,310</b>	<b>613,988</b>	<b>127,434</b>	<b>107,014</b>	<b>30,811</b>	<b>10,109</b>

Consolidation of the companies in proportion to final % of ownership.

Applying a proportionality criteria, Group Revenue amounted to EUR 635.3 million, up 3.5% on 2013. In Spain, the improved clinker exports in Cementos Molins Industrial and the increased activity in the precast concrete industry, resulted in a 13.5% increase in revenue to EUR 193 million. In terms of the international Companies, the good performance in Mexico was offset by the drop in sales in Argentina and a slump in the Uruguayan market.

On aggregate in 2014 the Group companies sold a combined volume of 12.9 million tonnes of Portland cement and clinker, 5.2% more than in 2013, due mainly to the increase in the volume sold in Mexico and exports of clinker from Spain.

A total of 3 million cubic meters of concrete were sold, down slightly on that recognised in 2013 due to the worsening in the performance in the Uruguayan and Argentinean markets.

Sales volumes recognised in the aggregates lines of business were in line with 2013, with the increases in volumes achieved in Spain being offset by a decrease in Uruguay. Also, the Group's precast concrete sales of EUR 62.7 million were up 32% on 2013, due mainly to the impact of railway and civil engineering products.

EBITDA (defined as profit from operations before the depreciation and amortisation charge, impairment losses and gains and losses on disposals of non-current asset) reached EUR 127.4 million up 19.1% on 2013; an improvement founded on the Spanish companies that indicate a return to positive aggregate EBITDA levels, reversing the negative situation in prior years. The results of the adjustments made to the manufacturing structures and cost-saving policies in prior years were beginning to materialise in a market which is currently at an all-time low.

The international business contributed EBITDA of EUR 121.3 million, a 1.6% improvement on 2013. Despite the substantial increase in Mexico, EBITDA suffered as a result of the reduction in the contribution of the Argentinean company and the slump in the Uruguayan market.

Net profit was EUR 30.8 million, an increase of EUR 20.7 million with respect to that obtained in 2013.

At 31 December 2014, the Group's net borrowings amounted to EUR 194 million, a reduction of EUR 60.8 million on 2013.

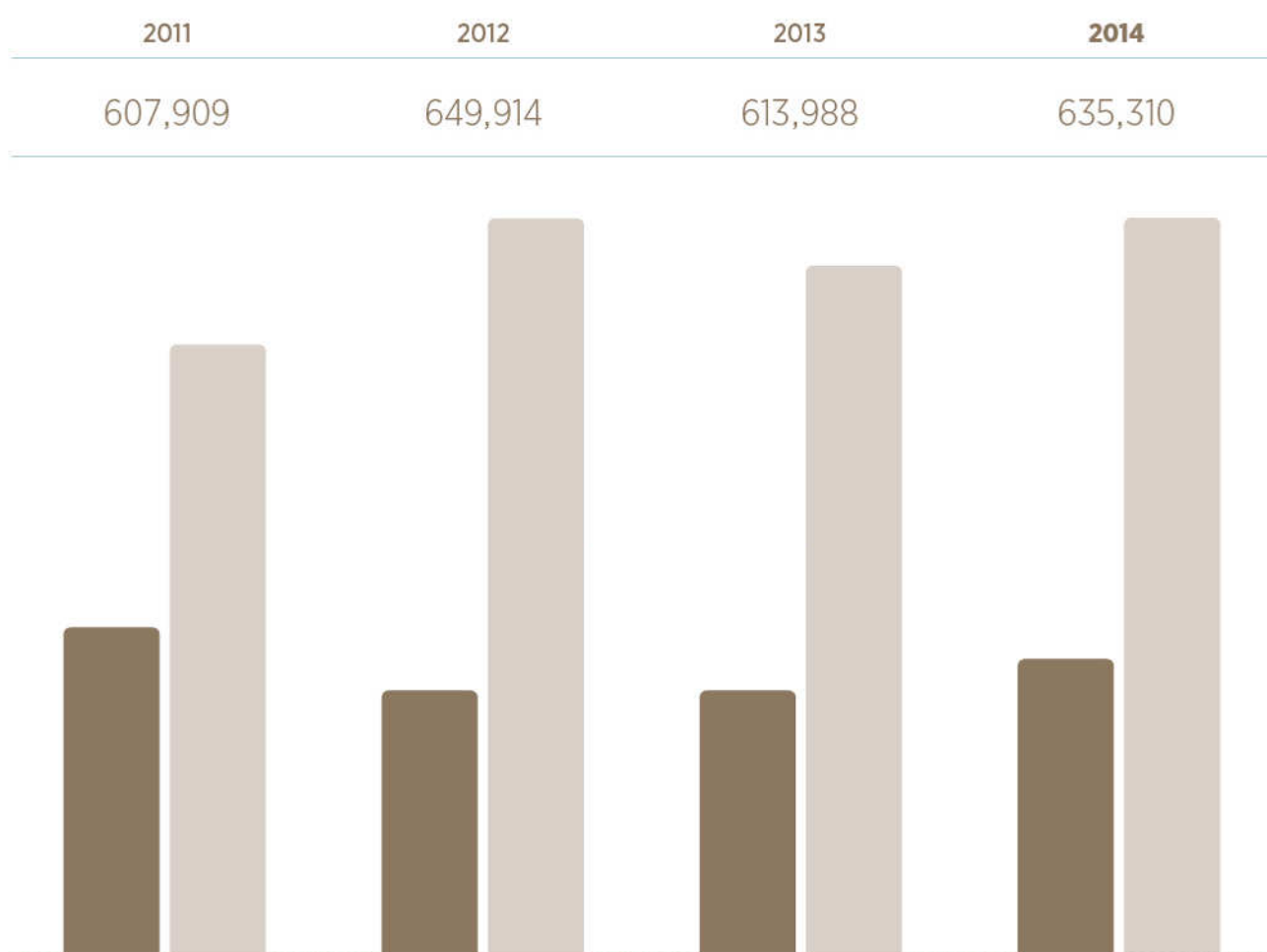


► Supply of concrete. La Sagrera Station. Promsa. Spain.

## RELEVANT GROUP AGGREGATES

### SALES (Thousands of euros)

● Spanish companies ● Foreign companies



	2011	2012	2013	2014
Spanish companies	216,256	176,932	170,065	192,959
Foreign companies	391,653	472,983	443,923	442,351
Total Sales	607,909	649,914	613,988	635,310

*Consolidation of the companies in proportion to final % of ownership.*

## EBITDA (Thousands of euros)

● Spanish companies ● Foreign companies

	2011	2012	2013	2014
	98,837	117,985	107,014	127,434



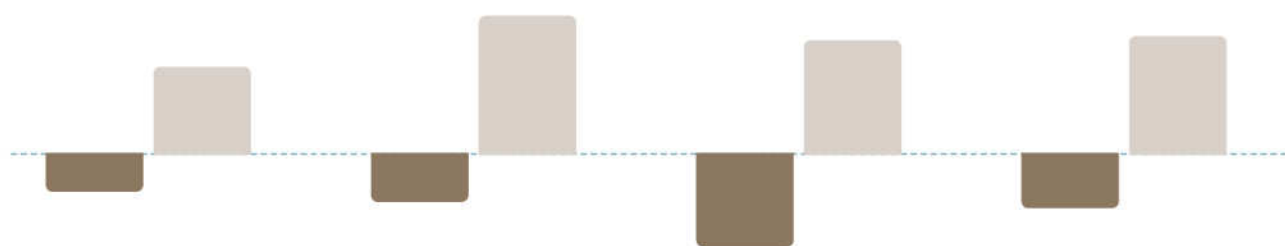
	2011	2012	2013	2014
Spanish companies	-565	-21,897	-12,469	6,076
Foreign companies	99,402	139,882	119,483	121,358
<b>Total EBITDA</b>	<b>98,837</b>	<b>117,985</b>	<b>107,014</b>	<b>127,434</b>

Consolidation of the companies in proportion to final % of ownership.

## NET PROFIT (Thousands of euros)

● Spanish companies ● Foreign companies

	2011	2012	2013	2014
	24,300	43,706	10,109	30,811

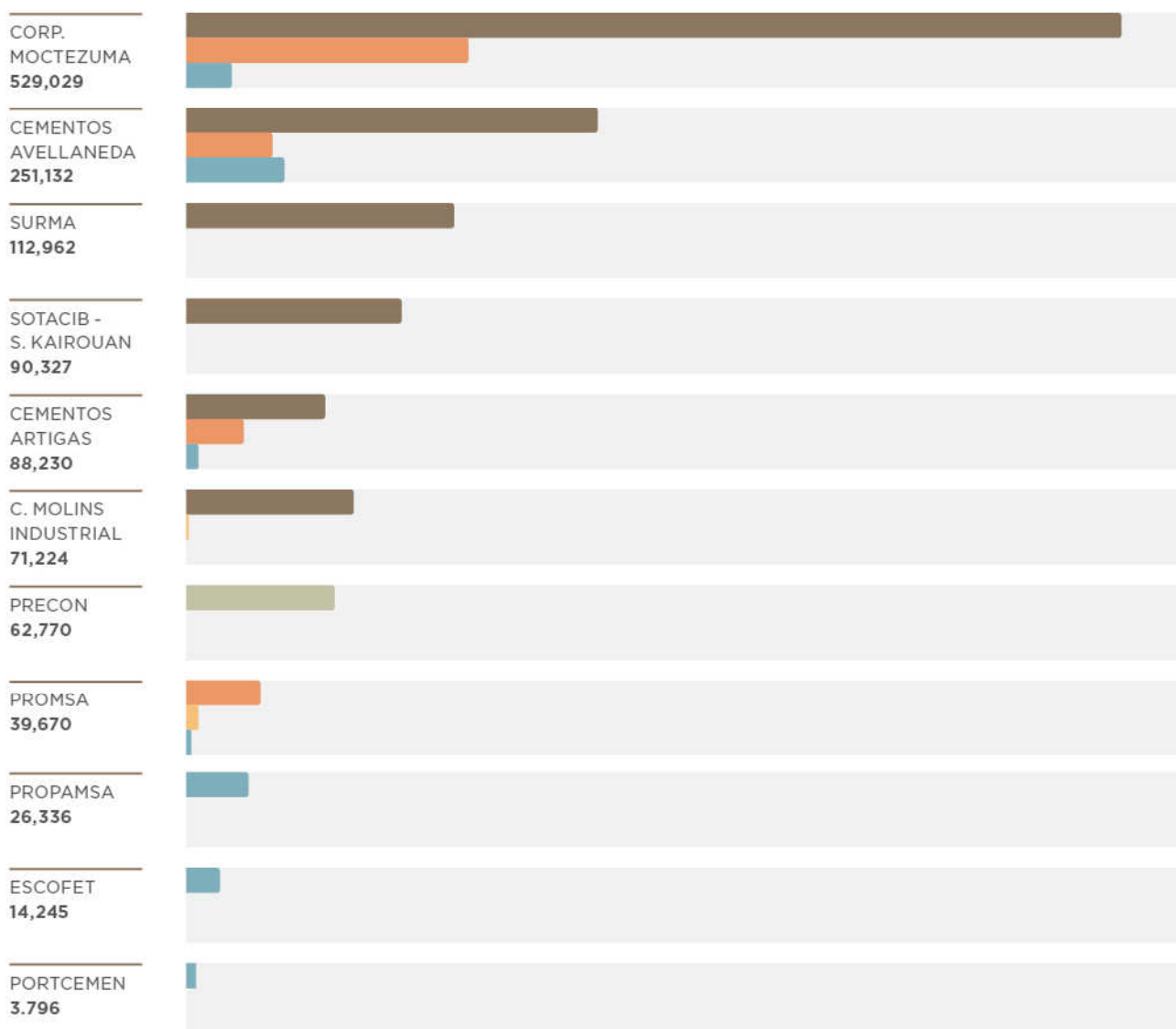


	2011	2012	2013	2014
Spanish companies	-19,041	-24,642	-46,628	-27,675
Foreign companies	43,341	68,348	56,738	58,486
<b>Total Net Profit</b>	<b>24,300</b>	<b>43,706</b>	<b>10,109</b>	<b>30,811</b>

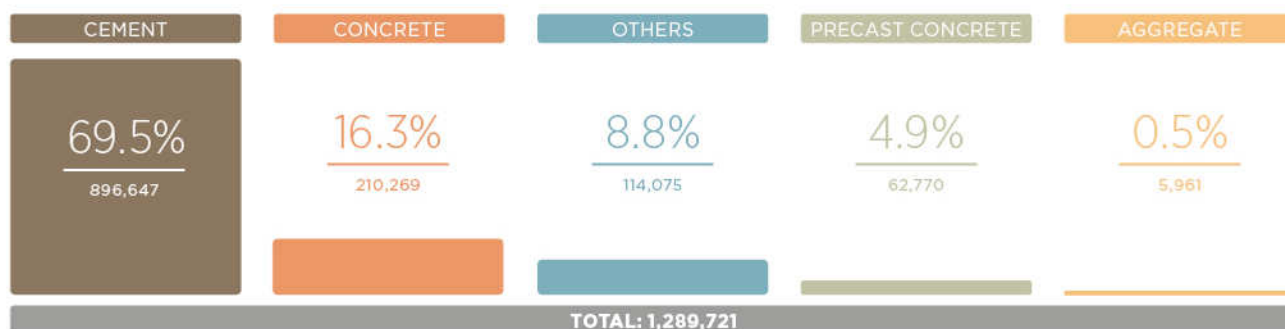
## REVENUES

### TOTAL SALES BY COMPANY

(Thousands of euros)

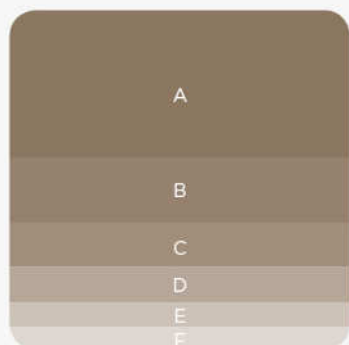


### TOTAL SALES BY PRODUCT



**CEMENT**

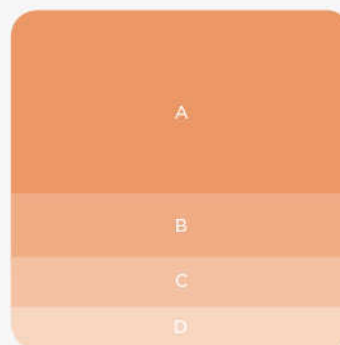
TOTAL 896,647



A	CORP. MOCTEZUMA	<b>391,696</b>
B	C. AVELLANEDA	<b>172,581</b>
C	SURMA	<b>112,962</b>
D	SOTACIB / SOTACIB KAIROUAN	<b>90,327</b>
E	C. MOLINS INDUSTRIAL	<b>70,827</b>
F	C. ARTIGAS	<b>58,254</b>

**CONCRETE**

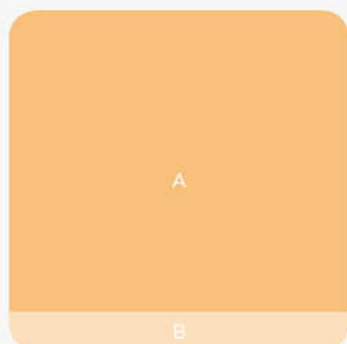
TOTAL 210,269



A	CORP. MOCTEZUMA	<b>118,152</b>
B	C. AVELLANEDA	<b>36,576</b>
C	PROMSA	<b>31,333</b>
D	C. ARTIGAS	<b>24,208</b>

**AGGREGATE**

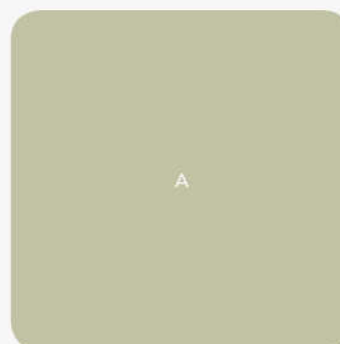
TOTAL 5,961



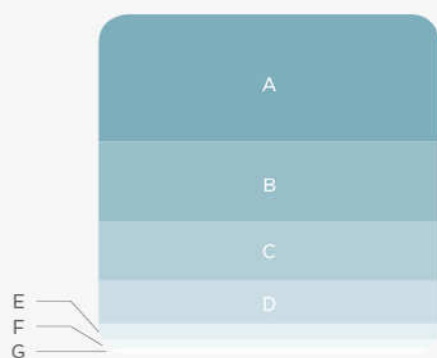
A	PROMSA	<b>5,564</b>
B	C. MOLINS INDUSTRIAL	<b>397</b>

**PRECAST CONCRETE**

TOTAL 62,770



A	PRECON	<b>62,770</b>
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**OTHERS**

TOTAL 114,075

A	C. AVELLANEDA	<b>41,975</b>
B	PROPAMSA	<b>26,336</b>
C	CORP. MOCTEZUMA	<b>19,181</b>
D	ESCOFET	<b>14,245</b>
E	C. ARTIGAS	<b>5,769</b>
F	PORTCEMEN	<b>3,796</b>
G	PROMSA	<b>2,773</b>

## COMMITMENT TO SUSTAINABILITY

The Cementos Molins Group wishes to promote its commitment to sustainability and afford greater visibility to the actions and initiatives carried out by the company within the sphere of corporate responsibility.

In this regard, it should be mentioned that the Group's companies are implementing processes promoting dialogue with their stakeholders in order to ascertain their expectations and foster cooperation projects that may facilitate the development of a strategy based on

generation of "shared value" with the environment, in other words that will contribute to the sustainable development of the communities in which it operates.

The Cementos Molins Group, realising the importance of integrating sustainability in all its production processes and business units, has decided to take yet another step forward and develop the contents of Corporate Social Responsibility in the current edition of the Company Report for 2014.

### Stakeholders and dialogue channels

The Cementos Molins Group's activity generates demands and expectations among the different stakeholders that participate directly or indirectly in its operations and coexist in the vicinity of its installations or simply have a legitimate interest in the company's evolution. The Group maintains a stable relationship with its stakeholders through different dialogue channels, the purpose being to develop proactive communication with these groups in order to have greater knowledge of the needs, demands and expectations of the environment and thus be able to define its sustainability strategies better. In addition to this, the group companies have also implemented specific instruments to channel external and internal requests for information.

The group's companies participate regularly, and sometimes even play a leading role, in the different sector-specific associations through which informative and dissemination actions are carried out in the sector, as well as environmental projects, the promotion of good practices and the holding of open-days. These open-days at the group's plants and installations are intended to inform the people living near the plants and have them participate, showing them the activities performed in the plants, particularly with regard to environmental management and safety matters.

It also organises collaboration efforts with the local environment that take the form of special work centres, professional education centres and universities and research centres to promote a commitment

to the territory and the contribution of value by the companies in and to the surrounding communities.

For Cementos Molins Industrial, the Sustainability Committee constituted in the year 2008 has become the main instrument for permanent dialogue with the environment. The residents' associations and local and autonomous administrations participate on this committee. In the course of 2014, greater involvement of stakeholders was promoted in the Sustainability Committee, which acts as a forum for debating the plant's environmental behaviour and the use of new forms of alternative fuels in cement manufacture.

Promsa promotes numerous environmental dissemination initiatives about the projects involving the restoration of quarries and the conservation of biodiversity. These projects make it possible to bring the company's activities closer to the local community and thus foster dialogue and transparency. The company's high degree of commitment to the local environment is mirrored in several awards, several of which are related to the quarry restoration projects.

On the one hand, Precon promotes the participation of workers in improving the occupational risk prevention policies by means of a points-based assessment system, and also fosters productivity by rewarding the most active collaborators.

In Uruguay, since 2005 Cementos Artigas has been holding open-days specifically targeting schools and public and civil society institutions. As the most



relevant action with regard to accountability to the community, mention must be made of the fact that in the year 2014 the company published its first sustainability report, according to the criteria of the Global Reporting Initiative (GRI), the international reference in sustainability reports. The document is expected to be published every two years.

In Cementos Avellaneda Argentina, mention must be made of a project intended to improve communication with clients and suppliers, which is called the Customer Service Centre (CSC). In November and December 2014, a pilot project was performed to evaluate the scope that may be given to the project and its future expansion. Another relevant action is the publication of the company's sustainability report every two years, which reports on Corporate Social Responsibility actions.

In Mexico, Corporación Moctezuma intends to promote greater worker participation, and more specifically is working to organise talks in educational centres with a view to attracting new talent and also promoting the occupational guidance of the students targeted by them. It also has the Moctezuma Reporting Channel - a medium of communication to report any conduct that may affect the company's prestige - as well as the Ethics Committee - a body that deals with creating and furthering awareness and monitoring improper conduct and, as applicable, punishing it. Moreover, the company publishes a Sustainability Report every year targeting the stakeholders in which different Corporate Social Responsibility initiatives are addressed.

Surma Cement has performed a study on the fingerprint left by the company's socio-economic activity that will allow it to evaluate the effectiveness of the actions implemented and to determine whether the Corporate Social Responsibility policies actually cater to the real needs of the environment. Also worthy of mention is the Community Development Centre (CDC), the cornerstone of all the Corporate Social Responsibility activities implemented by the company. This centre provides medical, education and professional development activities, through which the company interacts with the environment

by delivering solutions that meet the needs of the population living in the vicinity of the plant.

In China, Precon (Linyi) Construction Co. Ltd holds open-days to facilitate knowledge of the factory and the area's main social and economic agents.

In Bolivia, Itacamba Cemento is working on the building of a local CSR Committee. In the course of 2014, a diagnosis of the social environment was made that identified the stakeholders' expectations based on the region's socio-economic indicators. Within the framework of the CSR strategic plan, the company also intends to carry out two short- and long-term sustainability studies involving local agents and international cooperation agencies.

The company also has a strategic communication plan that will support and disseminate the CSR actions.



> Concrete production facilities. Argentina.

## Research, development and innovation

The common denominator among the Molins Group companies was their focus on the R&D+i policy as means of equipping themselves with the appropriate tools to set themselves apart and be competitive in the face of the challenges posed by the various markets in the respective countries.

In this context, the Spanish companies focused on improving and optimising the manufacturing processes in concrete production, increasing the performance of the various concretes and innovating and expanding the catalogue of products in the adhesive and precast cement area, as well as providing customers with advice and assistance in the form of specific projects and products tailored to meet their requirements.

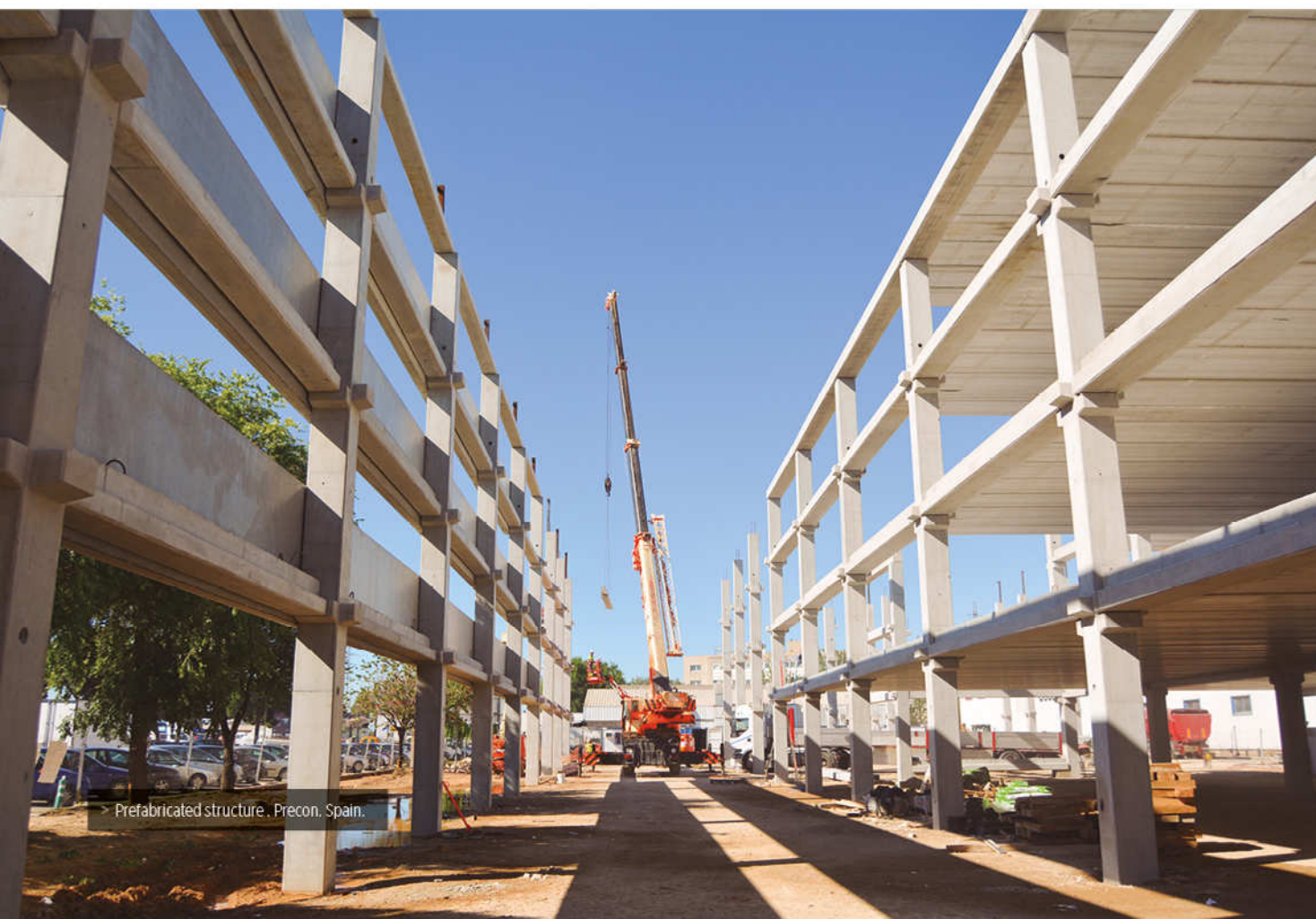
Hence, Cementos Molins Industrial is in the process of developing a new calcium aluminate clinker kiln, having completed the theoretical study and initiated pilot plant trials with satisfactory results. PROMSA continued to improve the performance of the various concretes addressing the specific needs of the works. PRECON

concluded the alternative design projects for recycled concrete sleepers and a new precast conduit for cables also made of recycled concrete. Also work continued on the execution of the pre-design project of sleepers for dynamic transitions for high-speed and goods rail tracks. PROPAMSA expanded its pavement lines with new products, epoxy resin in adhesives for ceramics and concrete had achieved substantial improvements in workability.

In Argentina, Cementos Avellaneda developed high-strength concretes, and Cementos Artigas, in Uruguay, developed a water resistant adhesive cement.

Corporación Moctezuma in Mexico installed a concrete laboratory at the Tepetzingo cement plant in order to assess the behaviour of the cement produced at the three plants and optimise design.

In Bangladesh, Surma Cement made progress with the optimisation of its manufacturing system, achieving substantial increases in the clinker production output.



Prefabricated structure. Precon, Spain.

## Product quality and certification

The quality policy adopted by the Group companies consisted of maintaining and increasing the certifications endorsing the quality of our products and processes to customers, as well as maintaining and improving the performance of the products we offer the market.

Cementos Molins Industrial renewed its EC Seal and voluntary AENOR N certifications for all the cements produced, as well as the AENOR's ISO 9001 Quality Management System certification. PROMSA renewed its aggregates and mortars EC Seals at all its production plants. PROPAMSA, achieved new certifications from the CSTB (French Scientific and Technical Centre for Building) for both the adhesive and single-layer cement lines of products. PRECON underwent a successful audit at the plants already holding the EC seal, renewed the ISO 9001 Quality Management System certification which includes all of its plants and performed the follow-up of the Integrated Management System for Quality and the Environment (SIG) by means of the corresponding annual internal and external audits.

Of note in the international area, was the work performed by Cementos Avellaneda and Cementos Artigas in the field of technical services and quality, mainly, in the relation to the dosing of concrete railway sleepers. With regard to cement, aggregates and concrete, they also participated in the areas of regulation and dissemination and worked with the committees of the Argentinean Portland Cement Institute (ICPA) on the preparation of a Concrete Paving Manual.

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

The Cerritos plant implemented the ISO 9001:2008-based management system and obtained product certification under ONNCCE standards for the cements currently being manufactured. The Apazapan facilities maintained the product certification under ONNCCE standards for the cements currently being manufactured. In terms of the concrete division, ten of the plants hold ISO 9001:2008 certification and efforts were made to implement this Quality Management System in the 24 plants in regions outside the metropolitan area.



> Cerritos plant, Mexico.

## The environment

In 2014 the Group companies continued to implement policies which comprise our commitment to environmental protection. Noteworthy in this regard is the Corporate Social Responsibility project initiated by Cementos Molins Group with the professional advice of Institut Cerdà.

Noteworthy at Cementos Molins Industrial was the audit to renew the certification of the environmental management system under the UNE-ISO 14001:2004 standard, the adaptation of the environmental authorisation to the requirements pursuant to the new Directive on industrial emissions (DIE) and the obtainment of approval to assess the energy recovery of shredded scrap tyres. The Sustainability Committee meetings were continued as a channel of communication between local councils, Autonomous Community Governments and resident associations. PROMSA retained the certification under the ISO 14001 standard which applies to the main manufacturing plants and the head offices. PRECON renewed the Environmental Management System certificate pursuant to the ISO 14001 standard for the Venta de Baños, Alcázar de San Juan and Vilanoviña plants.

In Argentina, Cementos Avellaneda continued with the development of alternative fuels as a fundamental part of the company's environment policy. In relation to the projects associated with the Clean Development Mechanism (CDM), the verification process of the project for the substitution of fossil fuels with peanut shell biomass at San Luis plant (Argentina) was completed. Furthermore, environmental management systems under the ISO 14001:2004 standard continued to be implemented and maintained. Events were organised with institutions associated with climate change: in cooperation with the Argentinean Institute for Corporate Social Responsibility (IARSE) the company adhered to the national campaign for the purpose of preparing an action which is simple, specific and easy to apply.

Cementos Artigas, in Uruguay, maintained, audited and certified the environmental management systems under the ISO 14001:2004 standard at the cement and concrete plants. In relation to the projects associated with the Clean Development Mechanism (CDM), it should be noted that the second verification process of the project for the substitution of fossil fuels with rice hull biomass at the Minas plant by TÜV Rheinland continued. In relation to the use of alternative fuels, in 2014 trials continued into the use of alternative fuels generated from local industry waste.

In Mexico, Corporación Moctezuma also took many actions. At the Tepetzingo plant the Clean Industry Environmental Diagnostic Report for the period from 2014-2016 was ACCEPTED. At the Cerritos plant it should be noted that the Federal Prosecutor's Office for Environmental Protection (PROFEPA) issued the approved Clean Industry Certificate to the Cementos Moctezuma CRT Planta. At Apazapan the most noteworthy event of an environmental nature was the Clean Industry certification process which is granted by PROFEPA.

Surma Cement, Bangladesh, obtained certification under the ISO 14001:2004 standard. Also a pilot study project was launched to reduce the noise made by the conveyor belt which transports raw material from our quarry in India to the plant located in Bangladesh. 1,000 trees of various species were planted along the boundary road to enhance the environment in the surrounding communities. The company located in India, LUMPL, was awarded first prize by the Directorate-General of Mines and Safety (DGMS) and the Indian Bureau of Mines (IBM) both in the mining safety event and the environment and conservation competition held in 2014. This was the third consecutive year in which these prizes were awarded to the company.



> Installation of a prefabricated structure. Precon, Spain.

## Human resources

At the end of December 2014, the headcount of the Cementos Molins Group was 4,315 employees, six less than the headcount at 31 December 2013.

The headcount of the international companies increased 3.4% to 3,262 employees due to the incorporation of employees as a result of the start-up of activities in China and the acquisition of Itacamba Cementos in Bolivia. Also noteworthy was the decrease of 43 employees in Mexico and the increase of 43 employee in Tunisia.

On aggregate the headcount of the Spanish companies decreased by 112 employees (9.6%) basically due to the effect of the decrease of 98 employees at PRECON, representing a 17% decrease in this company's headcount.

Noteworthy was the incorporation of a Group administrative services company, Cemolins Servicios Compartidos, made up of employees from the various Group companies in Spain.

As regards labour relations, no incidents arose in Spain although it should be noted that we are in the final phase of the restructuring process initiated a few years earlier. Also at 31 December the collective agreement of Cementos Molins Industrial expired and new negotiations will commence shortly.

In March 2014 PRECON filed a collective redundancy procedure to adapt the workplaces suffering fluctuations in work load. The collective procedure was entered into with the agreement of the workers' representatives in relation to the entire headcount of the plants. In the end only three workplaces were affected.

Total number of employees per company at 31 December

	2011	2012	2013	2014
Cementos Molins S.A.	66	61	58	31
Cementos Molins Industrial	215	196	178	169
Group Promsa	397	314	236	220
Precon	644	448	567	469
Propamsa	130	120	113	114
Cemolins Servicios Compartidos	-	-	-	37
Rest	14	13	13	13
<b>SPANISH COMPANIES</b>	<b>1,466</b>	<b>1,152</b>	<b>1,165</b>	<b>1,053</b>
Cementos Avellaneda	700	713	702	720
Cementos Artigas	224	259	249	239
Corporacion Moctezuma	1,140	1,187	1,148	1,105
Surma	475	487	519	519
Group Sotacib	493	538	538	581
Itacamba Cementos	-	-	-	68
Precon Linyi	-	-	-	30
<b>FOREIGN COMPANIES</b>	<b>3,032</b>	<b>3,184</b>	<b>3,156</b>	<b>3,262</b>
<b>TOTAL GROUP</b>	<b>4,498</b>	<b>4,336</b>	<b>4,321</b>	<b>4,315</b>

The number of employees relates in full to the headcount of each company.

At the investees, the trend remained the same with the exception of Tunisia where negotiations, characteristic of the process currently being experienced in this country, never end.

Our investee in Bangladesh carried out its first ever employee satisfaction survey and an action plan to implement measures aimed at resolving the main demands expressed by the employees.

We also underline that our investee Corporación Moctezuma was awarded the Great Place to Work

(GPTW) certificate, as one of the 100 best companies to work for in Mexico.

As in previous years, in relation to personnel training activities, mention must be made of those carried out at PROMSA which included 96% of the workforce.

In relation to the reserve quota of the workforce for employees with disabilities, which in Spain affects companies with more than 50 employees, 16 job positions were occupied. In addition services amounting to more than EUR 120 thousand were contracted to special employment centres.



Works in the new line in Apazapan, Mexico.

## Occupational risk prevention

Throughout 2014 each of the Group companies took the actions defined in their individual preventive action plans. Overall accident figures were similar to those in 2013.

Although the accident rates of the international companies had improved, the Spanish companies did not follow the trend achieved in recent years.

It is noteworthy that three of the Group companies reached the end of 2014 with no accidents resulting in the loss of working days on the part of their employees. This indicates that a zero accident rate

is possible and that maintaining the organisation's commitment and encouraging improvements to the safety systems will enable us to reverse this situation in the coming year.

For this purpose, plans and objectives were reinforced with new training and communication activities, safety observations and inspections and reinforcement of healthy practices. These actions will help those entities that have already achieved a zero accident rate to maintain it and help the rest to continue reducing the number of occupational accidents suffered.



	Frequency indexes			
	2011	2012	2013	2014
SPANISH COMPANIES	14.6	10.9	8.0	<b>14.6</b>
FOREIGN COMPANIES	8.5	7.9	8.7	<b>7.6</b>
<b>TOTAL GROUP</b>	<b>9.6</b>	<b>8.4</b>	<b>8.6</b>	<b>8.9</b>

The Frequency Index shows the number of accidents with loss of working days per million hours worked (including own employees and subcontractors).

## Social Projects

The Cementos Molins Group feels jointly responsible for the development of the communities it is part of. To this end, it participates in numerous social projects with the following main objectives: contribute to satisfying the needs of the populations in the vicinity of its production plants, support the socio-economic development of the communities and live up to its stakeholders' different expectations.

Cementos Molins Industrial engages in different partnerships with the town and city councils in the communities near the factory, and also participates in numerous projects that seek to stimulate the local economy. Mention should also be made of the cooperation work with local special work centres through which services or people with a certain degree of disability are contracted, and agreements are signed with research centres and universities to promote cultural, recreational, social or scientific investigation initiatives. Finally, there are the social benefits for workers derived from the improvement of collective agreements in matters of medical care, insurance, financing, etc.

Promsa develops research products intended to improve the environment and optimise certain products and processes. In order to develop these projects, Promsa collaborates with academic or research centres. The company also collaborates with local special work centres to render certain services in the company. Finally, there is the recently-initiated corporate volunteer work project that aims to engage all the company personnel to collect funds to finance social projects.

Precon has collaborated with special employment centres in the rendering of services, prioritising partnerships whose work is focused on the social integration of people with disability, thus promoting their social and occupational integration.

In Propamsa, in social matters, particular mention should be made of the agreement signed with profes-

sional schools, such as the INS Joan Oró of Martorell secondary school, through which the company offers work experience programmes.

In Uruguay, Cementos Artigas has provided support to the "Flood Campaign" by making an important donation to the Red Cross. It has also continued to engage in joint participation initiatives with workers and families, not to mention its donations of materials to schools.

Cementos Avellaneda continues to perform a wide variety of initiatives, including educational projects and support to palaeontological research, besides other projects related to the cultivation of vegetable gardens in depressed areas. The company also participates in the organisation of literary festivals and competitions that address different social problems. Finally, it also carries out initiatives to support the elderly.

Corporación Moctezuma has a series of programs for the communities where its plants are sited that cover essential aspects such as: health (health fairs), sports activities (sports support programs to avoid practices that are bad for health), school activities (scholarships and the donation of school material), as well as improvements in local infrastructures (the refurbishing of schools and social facilities and amenities). Mention should also be made of the implementation of skill-building programs for employment and to promote self-employment among women in the region.

Surma Cement has implemented the Community Development Centres (CDC) in the territory to render services to the towns in the vicinity of its plants. Some of these centres have a primary school that provides free education, a medical centre and a learning centre where men and women are given the support they need to get by in the job world.

Precon (Linyi) provides its workers with a dining-room service, while also offering them flexible working hours for the purpose of travel in special circumstances and to help its workers achieve a good work-life balance.

Itacamba Cemento is running the corporate volunteer work project called "Alliance for life", which consists of health brigades in the community of Yacuses, and the "Sport is unity and health" initiative, which seeks to involve the personnel in the company's CSR projects. Other relevant activities include the infrastructure rehabilitation projects to attend to the needs of the population of Yacuses.



Social activities around the plant in Chattak, Bangladesh.





> Tepeztingo plant, Mexico

## DIRECTORS' REPORT BY GEOGRAPHIC SEGMENT

### Spain

ECONOMIC RECOVERY IS BECOMING A REALITY IF WE CONSIDER THE 1.4% GROWTH OBSERVED IN THE SPANISH ECONOMY IN 2014, WHICH WOULD BE THE FIRST ANNUAL UPTURN IN GROSS DOMESTIC PRODUCT (GDP) FOLLOWING SIX YEARS WITHOUT GROWTH.

The data published by Spain's National Statistics Institute would confirm that the worst of the crisis is behind us and modest recovery has begun.

On this occasion, domestic consumption rather than exports has been the main driving force behind this recovery. The recovery in public confidence is observed by the increase in domestic demand and consumption following the downward trend in recent years.

The rate of year-on-year growth in the Spanish economy was 2% in the fourth quarter, up 0.4%

on the third quarter. This implies that the upturn in the economy, which began at the end of 2013, has gained momentum in recent months enabling growth of around 2% to be achieved, the traditional minimum threshold for the creation of net employment in Spain.

The result of this five-year crisis in the performance of the GDP in Spain has been, inter alia, to increase the unemployment rate to 23.7%, with almost 5.5 million people unemployed despite the slight improvement in recent months.

**SALES INFORMATION, EBITDA AND EMPLOYEES**

193

SALES (M. €)

6

EBITDA (M. €)

1,053

NO. OF EMPLOYEES

### GEOGRAPHICAL PRESENCE



**Cementos Molins Industrial**  
• 2 cement factories

**PROMSA**  
• 22 concrete plants  
• 7 aggregate plants  
• 6 environmental plants  
• 2 mortar plants

**PROPAMSA**  
• 5 tile cement and mortar plants

**PRECON**  
• 8 precast concrete plants

In 2014 inflation in Spain was -1%; the first time in 50 years that inflation at year end was negative, mainly due to cheaper fuel prices.

Cement consumption increased by 0.4% in 2014, representing the first annual increase since 2007. Despite this, cement consumption rates remained at all-time lows with a consumption volume of 10.78 million tonnes, according to Oficemen, which was well below the consumption of 56 million tonnes reported

In Catalonia, the main area of Spanish Group's operations, cement consumption saw a cumulative 10.7% decrease in 2014, to stand at 1.3 million tonnes, far from the 8 million tonnes consumed in 2007.

seven years ago. In this period the cement industry suffered a drastic fall of 80%.

In Catalonia, the main area of Spanish Group's operations, cement consumption saw a cumulative 10.7% decrease in 2014, to stand at 1.3 million tonnes, although the market began to show signs of stability in the last quarter of the year.

Cement consumption in Catalonia has declined continuously since 2007, when it totalled 8 million tonnes, with the clinker and cement export activities acting as a lifeline for the Industry.

### 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).

The slump in the Catalanian market further enhanced the orientation toward foreign markets where it was intended to sell the entire unabsorbed surplus production from the domestic market, with the result that figures for clinker exports reached an all-time high. At the same time significant efforts continued to be 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, in the same way as in the last two years, our own sales outperformed cement market sales in Catalonia.

Taking the year as a whole, Portland cement production was 14.7% down on that in 2013, however, sales of clinker for export were up 15.4%. The outlook for 2015 is an increase in supply of cement in the domestic market and foreign market consumption is expected to remain stable (thanks to the envisaged increase in clinker production).

In 2014, revenue was EUR 71.2 million, representing a 5.6% increase year-on-year. It is noteworthy that for the first time billings in the export market (EUR 37.5 million) exceeded those in the domestic market (EUR 33.7 million) as a result of the substantial increase in clinker sales.

The variable product margins stabilised with respect to 2013. Prices remained in line with those at 2013 year-end as a result of strong competition in the domestic market, while, despite the slump



> Sant Vicenç dels Horts plant, Cementos Molins Industrial. Spain.

in export prices (USD/t), prices in the foreign market benefited from the depreciation of the euro, in particular in the last quarter of the year, to achieve final selling prices that were on average slightly higher than those in 2013. With respect to costs we continued to achieve an overall improvement; in particular mention should be made of the maintenance of a stable electricity cost in recent years (despite upward pressures on prices due to the reduction in the fourth quarter of 2014 in the interruptibility service compensation) and above all due to the improvements in production performance and electricity consumption achieved by the cement mills, increased productivity and improved heat consumption achieved by smelting furnaces and maintenance of high fuel thermal substitution rates (28.3%). We also continued with the policy seeking cost efficiency in the maintenance of our facilities, maintaining the cost reduction achieved in this connection.

Consequently, our financial statements present an increase in EBITDA of 41.4% on the prior year to EUR 10.4 million.

Investment in 2014 totalled EUR 0.75 million, and included most notably the replacement of the X-Ray Fluorescence (XRF) equipment in the robotics laboratory, the installation of a second dispenser for alternative fuel feed, an additional combustion gas cooling system prior to entering the furnace filter and a new carbon burner in one of the calcium aluminate cement furnaces.

In Corporate Social Responsibility (CSR) activities, mention should be made of the collaborations

with the special work centres, more specifically the Escuela Iris, the FEMAREC association and the local economy development projects, such as the initiative to promote the creation of employment in the municipality of Sant Vicenç dels Horts. The Company also has agreements with vocational training schools such as the Salesians de Sant Vicenç dels Horts, through which CMI offers work-experience programs for students.

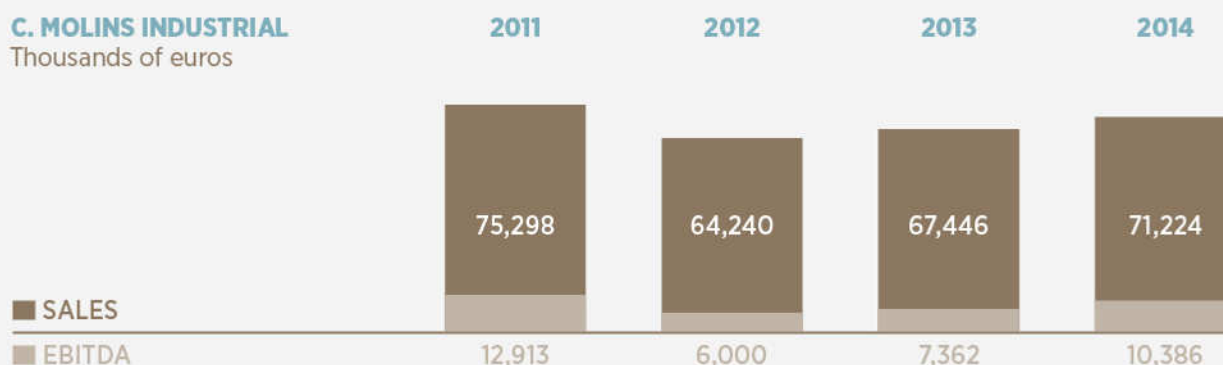
CMI has participated in numerous research projects in partnership with different universities in several areas, such as the environmental restoration of degraded spaces, the restoration of quarries, the monitoring of emissions and waste recycling.

Moreover, CMI is a member of the voluntary agreement between the Department of the Territory and Sustainability of the Government of Catalonia and the Ciment Català Employers' Organisation for the prevention and control of contamination in the cement industry. Moreover, an agreement with this department of the Administration was signed in 2014, establishing an action protocol with which the company helps to minimise emissions in the event of environmental contamination outbreaks in the area of Barcelona.

CMI continues to participate on the prevention and environmental committees of the Oficemen Spanish Employers' Organisation. In this framework, in the course of 2014 the EPDs (Environmental Product Declaration) were developed for all cements, and a psychosocial risk study for workers has been coordinated.

### C. MOLINS INDUSTRIAL

Thousands of euros



## 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 37 facilities in Catalonia.

In 2014 the decrease in the Catalanian concrete market slowed as compared to prior years, with a decrease of around 10%. The market appeared to bottom out in the second half of the year, stabilising at its all-time low. Everything points towards 2014 being the industry's last bad year and a period of recovery is expected to follow enabling modest growth, although this will depend on the structural imbalances in the industry.

As in recent years, the Industry continued to progress with its restructuring process as supply continues to exceed market requirements. In this context PROMSA continued with its policy to actively reduce costs which led to the closure of certain production plants located in non-strategic markets.

However, in 2014 PROMSA's business activities recovered in relation to 2013, maintaining an active presence in the most relevant works in the market, in particular the works in relation to the Sagrera high-speed train station (AVE) in Barcelona, the BEST container terminal in the port of Barcelona and MANGO'S logistics centre in Lliçà del Vallés.

The PROMSA Group's revenue totalled EUR 38.6 million in 2014, up 4.8% on 2013. The Group had negative EBITDA of EUR 1.5 million in 2014, an improvement of EUR 7.4 million. The recovery of prices and margins, as well as the reduction in fixed costs and overheads were the main reasons for the improvement in results.

Investment in 2014 related mainly to the maintenance and improvement of environmental conditions and safety conditions at the Company's facilities.

Throughout 2014 work on establishing our products was intensified with the active participation of our technicians in conferences at universities and professional associations. Noteworthy was the presentation of HALF® (light, self-com-

pacting concrete with fibres) at the REHABEND 2014 Congress and at the Col·legi d'Enginyers de Camins de Barcelona (College of Civil Road Engineers of Barcelona).

In the sphere of CSR, mention should be made of the continuity of the partnerships with the Talita Foundation (engaged in the social and labour integration of children and young people with disability) and with the Tegar company (a special work centre through which restoration activities are performed in the quarry of Garraf). In the course of this same year, open days have been held continually in the quarries, as well as the Tree and Aggregates Day initiative, promoted by the Asociación Nacional de Empresarios Fabricantes de Áridos [National Association of Aggregate Manufacturers] (ANEFA), that helps to create awareness of the aggregate extraction activity, and instils the importance of looking after and respecting the environment in children.



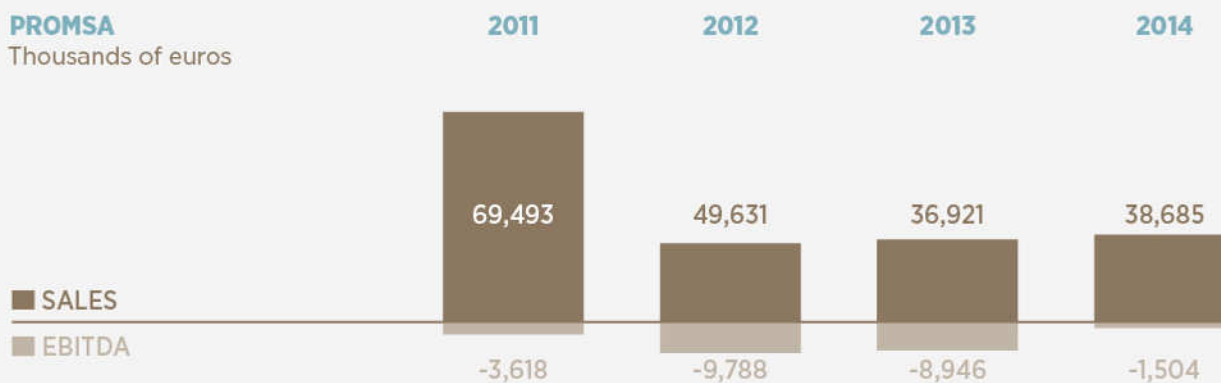
> Supply of concrete. Promsa. Spain.

Also noteworthy is the corporate volunteer project, a burgeoning initiative that allowed workers to participate in the 2014 Inter-Company Games. The company also subscribed, through the Aggregates Guild of Catalonia,

a cooperation agreement with the Department of Agriculture of the Government of Catalonia for the promotion and safeguarding of protected species in the sphere of aggregate extraction activities.

## PROMSA

Thousands of euros



> Consolidation of PROMSA Group companies in proportion to final percentage of ownership.

## 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 2014 the company's revenue amounted to EUR 62.8 million, up 32% on 2013, with uneven performance by business line as a result of the performance in the construction industry.

Building construction in PRECON dropped 7% following a peak in 2013 due to the works for IKEA in Alfafar (Valencia). Despite the ongoing impact of the economic crisis on this business line, the

company managed to consolidate its sales as a result of its policy of strengthening ties with and/or attracting private customers initiated in 2012.

Building construction includes most notably the construction of Mango's new Logistics Centre in Lliçà d' Amunt (Barcelona), the works on the new office building for the Inditex - Pull & Bear Group in Narón (A Coruña), the completion of the new logistics centre for the Inditex - Zara and Massimo Dutti Group in Cabanillas del Campo (Guadalajara) and of the new IKEA store in Alfafar (Valencia), the cover for the entrance to the Sagrera Station in Barcelona, the construction of an industrial building for Tavail-Indebe in San Jaume de Llierca (Gerona) and the precast structure and façade for Mercabarna's car park (Barcelona), the extension to Pasaia (Guipúzcoa) fish market, the warehouse and various precast buildings for Iberdrola, as well as the construction or extension of industrial warehouses in Vigo (Pontevedra), Tudela (Navarra) and Olivares (Seville).



> Prefabricated structure. Precon. Spain.

Civil engineering sales increased by 13% with respect to 2013 due to the recovery in the execution volume of public works in 2014, although within the general context of the measures adopted to contain the budget deficit. The emblematic works include most notably the bridges on the Unquera - Pendueles

section of the A-8 motorway (Asturias), on the section of the la Plata A-66 motorway between Benavente and Zamora, on the A-54 motorway for the section from the Palas link road - Guntín link road (Lugo), on Corridor CG-2.2 Sarria - Monforte Treito II (Lugo), on the La Encina - Torrelavega (Cantabria) section of the A-8 motorway and on the SE-40 motorway for the section from the SE 649 Almensilla - Espartina (Seville) link road, as well as the works for the Autovía A-15 Medinaceli - Radona (Soria) section of the A-15 motorway, for the LO-20 motorway Recajo link road (La Rioja), for the Llevant MA-19 motorway at Molinar (Palma de Mallorca), the viaducts of the AVE for the stretch from Orihuela - Colada de la Buena Vida (Murcia), the viaduct over the river Arlanzón on the Villalbilla de Burgos and Quintanadueñas section of the BU-30 Burgos bypass and the covers for Sabadell's underground tunnel (Barcelona).

PRECON's railway product business increased by 171% with respect to 2013 due to the strong boost in the call for tenders and award by ADIF of high-speed train network projects, Mediterranean Corridor projects as well as the other railway lines with mixed gauge sleepers.

2014 was characterised by sales prices remaining at low levels. Offset of this effect was possible due to improvements in processes and procurements, and the decrease in staff costs, as a result of the temporary collective redundancy procedure applied in 2014, the gradual implementation of measures to enhance work flexibility and sporadic workforce adjustments, which contributed positively giving rise to an increase in operating margins.

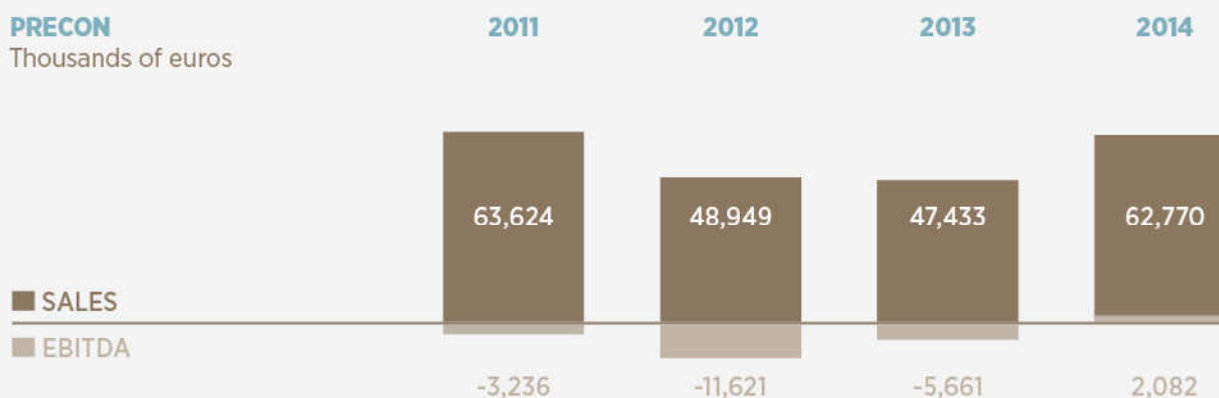
As a result, EBITDA was EUR 2.1 million in 2014, following three years of negative EBITDA values.

The important positive impact of the reduction in provisions for doubtful trade receivables is noteworthy, due to the risk control measures implemented by the company, which resulted in the recognition of an allowance for impairment of trade receivables of EUR 0.1 million in 2014, compared to EUR 2.3 million 2013.

Investment in property, plant and equipment and intangible assets amounted to EUR 1.5 million in 2014. They were earmarked mainly for improving the production capacity of the factories, improving occupation risk prevention and product quality as well as R&D+i projects.

In the sphere of CSR, particular mention must be made of the company's commitment to improving its personnel's working conditions; to this end major investments have been made in safety in the facilities over the last few years. In 2014, training at Precon increased by 19% over the previous year, thus reflecting the company's commitment to training its personnel as a tool to achieve professional versatility. Parallel to this, Precon has increased the number of educational cooperation agreements between Universities and companies by increasing the number of students that have been given the opportunity to have an initial contact with the business world.

Some other outstanding projects include those related to cement recycling, performed in partnership with the Centro para el Desarrollo Tecnológico Industrial [Industrial technological Development Centre], and the possibility of developing, in the coming years, product environmental certifications with the collaboration of the Asociación Nacional de la Industria del Prefabricado de Hormigón [National Association of the Prefabricated Cement Industry] (ANDECE).



## PROPAMSA, S.A.U.

PROPAMSA is the Cementos Molins Group company specialising in the manufacture and sale of industrial mortar through three main product lines: mortars or adhesive cement, single-layer mortar and special mortars.

PROPAMSA business activities are centred on meeting the needs of the construction industry dedicated both to new construction and restoration: ceramic installation, cladding of façades and interiors, thermal and acoustic insulation of exteriors, sealing systems, floor levelling, repair and strengthening of concrete structures and special mortar for anchorage and mountings.

To serve Spanish market customers PROPAMSA has five plants located in Barcelona, Guadalajara, Seville, Pontevedra and Valencia, which produce the material distributed by the distribution channels, the

most noteworthy due to its importance being that for construction material warehouses. It also has two distribution channels of its own, in Palma de Mallorca and Vizcaya, which complete its rollout in the domestic market.

Since 2013 PROPAMSA serves customers in Southern France, being present in the Languedoc - Roussillon region, and since September 2014 it is also present in Northern Portugal to serve customers in that area.

In 2014 the Spanish market experienced a slight improvement, but continued to be one of the markets with the lowest figures. New construction saw the completion of 45,000 housing units and some improvement was observed in the restoration line. From the third quarter the upturn in activity was more evident particularly in in the small works and renovations market.



> Borada EPOLUXE. Propamsa product. Spain.



PROPAMSA continued its commercial policy to seek value through differentiation with new products and customer services, while maintaining its quality positioning. PROPAMSA's participation in the Spanish market was maintained mainly due to strong support provided to distributors with the technical and commercial management defending our products through on-site solutions and advice.

In the French market the commercial plan continued to be developed, resulting in an increase in our market share and consolidation of customers, while commercial actions in other EU member states were maintained with good results, especially in Portugal.

In terms of exports, PROPAMSA was present in North and Central African markets. It should be noted that the volume of sales outside Spain represented 5% of the Company's total sales.

In the area of product promotion and presentation, the company made presentations at various technical colleges, schools of architecture and associations. With regard to trade fairs, the company participated in Cevisama, International Ceramics Trade Fair in Valencia and the Swimming Pool Trade Fair, in addition to other trade fairs for professionals in the construction industry at local level.

In accordance with the policy to promote the use of our products, more than 150 formative events were held, which were attended by around 3,000 users and customers.

Investment in 2014 centred on enhanced processes aimed at reducing costs. Noteworthy in this connection was the system for dustless addition of cement in the mixer at the Guadassuar plant.

As a result of the change in trend, which reached its turning point in the fourth quarter of 2013, sales grew by 10% in 2014 to EUR 26.3 million. The afore-

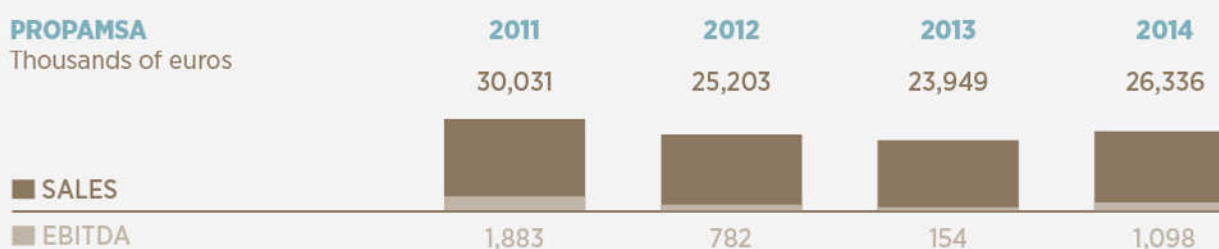
mentioned sales and the improved mix of products sold led to a substantial improvement in results in 2014 achieving EBITDA of EUR 1.1 million.

With regard to CSR activities in 2014, new products were created to minimise the effects on health of the operators that use them, as is the case of the Compact range that promotes the reduction in the emission of powder into the atmosphere during product handling and which, at the same time, also yields substantial environmental gains. On the other hand, the design of products and formats also focuses on reducing weights during manual load carrying.

Propamsa is developing product certification projects for compliance with different sustainability criteria, more particularly with regard to demands on permitted levels of volatile organic compounds. It is also working on the implementation and certification of an environmental management system based on the ISO 14.001 standard at all the organisation's sites.

In parallel, the company has deployed a project to promote a policy of certifications that provide for the carbon footprint and the life-cycle analysis of products, and more particularly the company is associated voluntarily with the Green Build Council (GBC), an organisation that promotes sustainability in building design, construction and operation.

Moreover, the company is committed to providing continuity to training programs targeting the specific needs of each worker, as well as the organisation's overall needs in matters of occupational risk prevention. Mention should also be made of the organisation's commitment to the constant improvement of its workers' working conditions by making continual investments into safety at all its sites. As a result of the implementation of this policy, the company has continued to maintain a zero rate of occupational accidents leading to sick leave over a period of more than 2 years.



## Argentina

PRODUCTION STAGNATED IN THE ARGENTINE ECONOMY IN 2014 AGAINST A BACKDROP OF HIGH REAL INFLATION AND DETERIORATION OF THE REMAINING MACROECONOMIC VARIABLES.

In January 2014 a substantial adjustment was made to the exchange rate and was subsequently followed by a policy for gradual management of the devaluation rate, resulting in a year-on-year devaluation in the Argentine peso of 31% against the US dollar.

The exchange rate adjustment was accompanied by an increase in interest rates which appeared to indicate the initiation of a stabilisation programme, however, events in recent months and the continuous increase in public spending to all-time highs, resulted in even higher inflation rates, which offset the improvement in competitiveness achieved by the exchange rate adjustment. This was

The Argentine cement market achieved sales of 11.3 million tonnes in 2014, representing a decrease of 3.5% on the all-time high in 2013.

particularly challenging for the export industry which was also hampered by the fall in the price of commodities.

The most significant issue in 2014 was the ruling by the US Supreme Court, whereby the appeal filed by the Argentinian state was not taken into consideration in the claim for payment of the sovereign debt holdouts. As a result, and in an attempt to avoid triggering the Rights Upon Future Offers (RUFO) clause that would benefit the holdout creditors, it defaulted on its debt payment, which further exacerbated the economic cycle, with greater volatility in financial markets and increased the prospect of devaluation.

SALES  
INFORMATION,  
EBITDA AND  
EMPLOYEES

251

SALES (M. €)

41

EBITDA (M. €)



720

NO. OF EMPLOYEES

### GEOGRAPHICAL PRESENCE



#### Cementos Avellaneda, S.A.

-  Olavarria Factory
-  San Luis Factory
- 6 concrete plants

Beyond the particular factors which affected specific sectors, activity was affected by domestic demand, mainly to do the drop in real wages and the tightening of credit conditions.

From an external demand standpoint, the downturn in activity in Brazil, and to a lesser extent China's slowdown, had an impact on business activities. In terms of supply, import restrictions affected the production volumes of many industries.

According to data published by the Argentine National Institute of Statistics and Censuses (INDEC), the provisional increase in GDP was a cumulative figure of 0.4%

between January and September 2014, with a change of around -0.8% with respect to 2013. In 2014 this figure is expected to indicate a decrease in GDP of around 2% compared to 2013.

In relation to the construction industry, the official index, the Synthetic Indicator of Construction Activity (ISAC), indicates that the construction industry as a whole accumulated a decrease of 1.2% over the first nine months of 2014 with respect to the same period in 2013.

In 2014 the internal wholesale price index (IPIM) grew by 28.3% compared to 2013, while the official consumer price index (CPI) prepared by INDEC rose by 23.9%.



► Olavarría plant, Argentina

## CEMENTOS AVELLANEDA, S.A.

Cementos Avellaneda, S.A. is an Argentine company that manufactures and sells Portland cement, mortar, lime, adhesive 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 sales of 11.3 million tonnes in 2014, representing a decrease of 3.5% on the all-time high in 2013. Per capita consumption in 2014 fell 5.3% compared to 2013, to 267 kg, per inhabitant.

Also, the estimated market for concrete based on the bulk shipping of cement to the concrete works in the area of the Autonomous City of Buenos Aires and Greater Buenos Aires, saw a year-on-year decrease of 13.8% to reach a volume of 2.8 million cubic metres.

In relation to commercial management, it should be noted that 2014 saw the sixth consecutive year of growth in market share, the company having been the provider of the most important road works executed in 2014.

Profits decreased with respect to 2013. EBITDA was EUR 41.2 million, representing a 19.6% decrease with respect to 2013, mainly due to the decrease in sales volume, the fall in the average exchange rate for the Argentine peso against the euro of approximately

32% compared to 2013 and the increased operating expenses of the new quarry.

Investment in 2014 centred basically on growth, most notably on the extension of the lime plant, the roof of the blending bed and completion of the Krupp crusher's relocation to a site nearer to the quarry under operation, which also enhances stone carriage efficiency for improved exploitation of the quarry.

In the sphere of CSR, mention should be made of participation in the Environment-Sustainability Committee of the Asociación de Fabricantes de Cemento Portland and the consolidation of work on cement sector sustainability indicators.

It also plays a relevant role in FICEM (Federación Interamericana de Cemento [Inter-American Cement Federation]), which comprises the main cement manufacturers of Latin America, through the Getting The Numbers Right project, an initiative to develop an inventory for the region and provide a standard methodology for the industry regarding the estimation of carbon dioxide emissions and power consumption.

In the course of 2014, Cementos Avellanda has participated and spearheaded conferences and exhibitions in educational organisations that specialise in technical training. Similarly, the company has proceeded with its paleontological dissemination activities, such as the interactive exhibition with the "La Cabañita" quarry, conceived for students and visitors in general to learn about the quarry's paleontological heritage. Finally, special mention must be made of the continuity of the Pro-Huerta [Pro-Vegetable Garden] project, and participation in festivals addressing different social problems.

Thousands of euros

C. AVELLANEDA	2011	2012	2013	2014
Assets	179,004	195,107	163,738	<b>184,414</b>
Shareholders' equity	115,387	130,076	112,371	<b>125,041</b>
Sales	233,864	259,052	284,620	<b>251,132</b>
EBITDA	49,334	60,029	51,284	<b>41,215</b>
Net profit	27,420	33,635	30,690	<b>26,466</b>

## Uruguay

ACCORDING TO PRIVATE SOURCES, IT IS ESTIMATED THAT IN 2014 GDP WILL GROW BY 3.2% WITHIN THE FRAMEWORK OF A WIDESPREAD SLOWDOWN AT INDUSTRY LEVEL AND IN A MORE ADVERSE EXTERNAL ENVIRONMENT.

According to the information published by the Uruguayan Central Bank, construction GDP reported a decrease of around 3.2% in the third quarter of 2014 with respect to the same period in 2013. According to private sources, estimates indicate that the year-on-year decrease could reach 4.3% in 2014.

The cement market in Uruguay reached 820 thousand tonnes in 2014, down around 3.8% on 2013.

The consumer price index (CPI) rose by 8.3% in 2014, while the wholesale price index (IPPN) increased by 10.6%.

At 31 December 2014, the Uruguayan peso exchange rate had depreciated by 12% to UYP 24.3/USD 1 compared to 31 December 2013.

### SALES INFORMATION, EBITDA AND EMPLOYEES

88

SALES (M. €)

24

EBITDA (M. €)

239

NO. OF EMPLOYEES

### GEOGRAPHICAL PRESENCE



## 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 centres 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.

The cement market in Uruguay reached 820 thousand tonnes in 2014, down around 3.8% on 2013, while the concrete market suffered a 1.2% decrease to 604 thousand cubic metres, as a result of the completion of the construction work on the Conchillas pulp mill.

Overall cement dispatches were in line with 2013 while concrete dispatches decreased 15.9% largely influenced by the completion of the Montes del Plata project in Conchillas.

Measured profits decreased with respect to 2013. EBITDA was EUR 23.9 million, indicating a 24.4%

decrease compared to 2013, largely due to the decrease in volume of clinker sales and to the market share lost in the cement mixing business.

Investment in 2014 focused mainly on growth, most notably on the performance of the last phase of the facilities for the use of sawdust as biomass, the start of the installation of a new mortar plant and the replacement of the drive rim and pinion at the company's sole cement grinding facility.

The CSR actions feature the preparation of the Company's first sustainability report according to the Global Reporting Initiative (GRI) requirements, and will be published every two years in the future. The open-days organised in schools and other public and civil society institutions are also worthy of mention, as are the family activity programmes, the environmental restoration projects at the Minas and Sayago plants and material donations made to schools.

Thousands of euros

C. ARTIGAS	2011	2012	2013	2014
Assets	85,007	90,437	80,964	77,658
Shareholders' equity	71,141	73,630	62,534	58,573
Sales	85,977	97,423	104,299	88,230
EBITDA	22,647	26,237	31,595	23,881
Net profit	19,829	18,041	26,999	20,134



> Supply of concrete. Cementos Artigas. Uruguay.

## Mexico

DESPITE THE STRUCTURAL REFORMS, MEXICO SAW IN 2014 A YEAR OF LIMITED GROWTH.

In the midst of a weak economy and still suffering the impact of the new taxes implemented in the tax reform, Mexico yet again saw a year of limited growth despite the structural reforms.

The year 2014 was characterized by the complicated scenario in the industry in the first half of the year due to public spending policies and the tax reform. In the second half of the year, signs of recovery were seen in some of the macroeconomic indicators.

legislation to the energy and telecommunications reforms postponed the entry of foreign direct investment in productive investments and, for that matter, greater economic growth.

Private investment showed little movement, reflecting the slow adjustment to the tax reforms; in turn, consumption and investment remained low throughout 2014. The delay in the approval of secondary

Exports increased in the automotive industry, although fuel sales (main export commodity) fell due to the drop in production, in addition to the fall international crude oil prices in the fourth quarter of 2014.

SALES  
INFORMATION,  
EBITDA AND  
EMPLOYEES

529

SALES (M. €)

188

EBITDA (M. €)

1.105

NO. OF EMPLOYEES

### GEOGRAPHICAL PRESENCE



#### Corporación Moctezuma S.A.B.

- 📍 Tepeztingo Factory
- 📍 Cerritos Factory
- 📍 Apazapan Factory
- 40 concrete plants

In relation to public spending, despite the announcement of the National Infrastructure Plan 2014-2018, important tender processes are yet to be called and their implementation will take several months and, consequently, their impact will not be seen until the end of 2015.

The uncertainty generated by social developments and public security issues in Mexico during the year also affected economic activity.

In this context, it is estimated that in 2014 GDP will grow by 2.2% with inflation closing at 4.1%. In June the construction industry halted the negative trend

followed since the end of 2012, reporting positive figures in the second half of year and 2% growth is estimated in this industry.

The Mexican peso reached its lowest point in 30 months on 2 December, sparking its free fall due to breaking the 14 currency units per dollar barrier. The currency, together with the rest of the exchange market, continued to make losses as a result of further speculation in relation to the US Federal Reserve System (FED), monetary policy announcements by the European Central Bank and the Bank of Mexico, and the decrease in crude oil prices.



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.

Company revenue increased by 12.9% to EUR 529 million, while EBITDA amounted to EUR 188 million, up 22.2% on 2013, giving rise to net profit of EUR 115 million up 33.9% on 2013.

In 2014 the Cement business line was characterised by the complicated ongoing scenario in the industry in the first half of the year due to public-spending policies and the tax reform, together with the social and political unrest in Mexico which reduced purchasing power and eroded consumer confidence. Towards the second half of the year, signs of recovery were seen in some of the macroeconomic indicators and this recovery was reflected, albeit still very slow, in industries such as the construction industry which permitted an improvement in our results with respect to 2013.

As regards prices, annualised inflation at 2014 year-end was 4% although given the strong competition in our market cement and concrete prices could not be increased to this level.

Due to the adverse economic situation, since 2012 the Company has adopted a series of measures aimed at reducing cost structure and optimising working capital. The company also strengthened its customer relations with a commitment to long-term cooperation and launched a new image for its cement sacks. In addition, a significant investment was made in the petcoke warehouse in Veracruz, in operation since September 2014 and which supports the logistics of the operations in south east Mexico.

The Concrete business line in 2014 saw the continuation of the restructuring process initiated in 2013 to streamline our geographical presence by focusing on the most strategic locations with the plants that add the greatest value to operations.



Steps are taken continuously to improve products. The quality area was restructured, placing greater emphasis on preventive actions such as raw material analysis, with the resulting improvement in our product. The company is also implementing new production processes aimed at improving our aggregates.

In 2014 in the central plant located in Mexico City, a building was inaugurated which houses a new quality laboratory equipped with cutting-edge equipment.

In 2014 we supplied works of great importance in terms of the country's development, including most notably: the Guadalajara bypass, the Project Ethylene XXI petrochemical facility, extension to the port of Veracruz, the Altamira port in the state of Tamaulipas, modernisation of the Manzanillo port in the state of Colima, and the construction of a series of emblematic skyscrapers on Avenida Paseo de la Reforma in Mexico City.

As regards investment, in the cement area mention should be made of the start of construction work on the second line at the Apazapan plant, which will make it possible to double the plant's current output, for an estimated investment of USD 190 million. When completed, we will have two production lines at each of the three plants.

Other noteworthy investments included the completion of the petcoke warehouse in Veracruz, the construction of a limestone screening facility and the acquisition of land for access to Apazapan's clay quarry and other land in Tepetzingo.

Noteworthy in the concrete business line was the acquisition of land in Naucalpan, the acquisition of 20 concrete mixers, the acquisition of machinery and civil engineering work for the La Plancha aggregates plant and an aggregates production line in Apazapan. In relation to the company CyM Infraestructura, for the construction of the Project Guadalajara Beltway

motorway, supply remained slow due to difficulties in the release of sections, transport syndicates and aggregate availability. The second half of the year saw the renegotiation of the supply agreement which, together with the envisaged upturn in activity, will permit an improvement in results.

With regard to the most relevant CSR activities performed in 2014, mention should be made of the graduation of the first year of the Moctezuma University, and this company initiative is intended to prepare workers for professional advancement inside and outside the company. Mention must also be made of the work performed to obtain the Great Place to Work recognition, an initiative that rates aspects of the working environment, conditions, business culture, etc., and thus creates a classification of the best companies to work in.

Similarly, projects supporting educational initiatives are still ongoing, as are the health fairs intended for local communities and the skill-building programs for internal personnel and also for the communities located around the plants.



> Cement bags storage facility, Mexico

Thousands of euros

<b>C. MOCTEZUMA</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Assets	649,656	618,168	570,477	<b>597,534</b>
Shareholders' equity	536,648	498,041	455,706	<b>473,847</b>
Sales	471,640	535,466	468,727	<b>529,029</b>
EBITDA	163,307	193,699	153,834	<b>188,001</b>
Net profit	93,799	120,934	85,918	<b>114,985</b>

## Bangladesh

2014 WAS A GENERAL ELECTION YEAR. LONG-AWAITED ELECTIONS WERE HELD WHICH, CONTRARY TO PREDICTIONS, WERE CONDUCTED WITHOUT INCIDENT. AS A RESULT, IN GENERAL TERMS THE ECONOMY PERFORMED WELL WITH EXCEPTIONAL GROWTH IN CERTAIN INDUSTRIES SUCH AS THE CONSTRUCTION MATERIALS INDUSTRY.

Bangladesh continues to be the world's second largest manufacturer for the textile industry and 80% of exports are associated with this industry.

GDP grew by 6.2%, in line with the last three years. Construction industry GDP, however, grew by 8.6%, up six decimal points on 2013.

Inflation was 7.4%, down on the 10.6% recorded in 2012, but in line with that in 2013.

The cement market grew by 17.3% compared to 2013.

Central bank reserves exceeded USD 22 billion at the end of August, representing more than six months of the country's total imports, thanks in part to the continued increase in currency remittances from overseas workers.

Bangladeshi taka/US dollar exchange rate was stable although it appreciated against the euro due partially to the strength of the USD dollar against the EUR. In this connection 2014 closed with a rate of 94.6 EUR/BDT compared to 107.2 EUR/BDT for 2013.

**SALES  
INFORMATION,  
EBITDA AND  
EMPLOYEES**

113

SALES (M. €)

43

EBITDA (M. €)

519

NO. OF EMPLOYEES

### GEOGRAPHICAL PRESENCE



#### Lafarge Surma Cement Limited

- 📍 Chhatak Factory
- 📍 Meghalaya (India) Quarry

## 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.

The cement market grew by 17.3% compared to 2013. Economic stability combined with the fact that there were numerous episodes of instability in 2013 resulted in a year of double-digit market growth and the growth in all the cement-consuming segments. The strong market growth was followed aggressively by the main local mills such as Shah, Bashundara, Seven Circle and Crown, some of which also made investments to increase the capacity of their facilities thereby enhancing their ability to capture the market growth. On the other hand, the main multinational companies were unable to follow the rhythm of growth shown by the market. Surma Cement managed to position itself between local mills and the large multinationals.

Sales grew by 3.5% compared to 2013. The investment in marketing and communication bolstering the brand image, specific trade marketing activities such as promotions both at distributor and retailer level, and the dedication of the sales force contributed in part to this growth.

However, all these improvements were also possible thanks to the outstanding performance of our production facilities, which broke the annual production records achieved in both the cement and clinker business lines since their start-up.

The priority to continue following the market growth in terms of volume put a lot of pressure on prices which remained stable and even decreased slightly. This gave rise to a modest 3.3% decrease in EBITDA to EUR 42.7 million although this was thanks, inter alia, to the reduction in net borrowings, which implied a reduction the financial burden. This decrease was offset at net profit level which amounted to EUR 27.5 million, up 12.1% on 2013.

In the area of CSR, in the course of 2014 more than 500 children benefited from the scholarships awarded by the company to continue with their education. Parallel to this, an average of more than 7500 people enjoyed access to the mobile unit health services, which perform check-ups and also dispense medicine. Similarly, the company participated in the celebration of the Environment Day by organising environmental awareness-raising and tree-planting activities.

Another landmark in 2014 was the corporate volunteer campaign, in which 500 workers dedicated part of their time to social projects in the area, amounting to a total of 3,180 hours as opposed to the 1500 hours set as the target.



> Meghalaya's quarry facilities. India.

Thousands of euros

SURMA CEMENT	2011	2012	2013	2014
Assets	189,484	176,041	177,452	<b>211,287</b>
Shareholders' equity	69,812	76,272	99,690	<b>136,311</b>
Sales	58,485	100,694	109,136	<b>112,962</b>
EBITDA	3,679	32,730	44,144	<b>42,695</b>
Net profit	-18,939	5,607	24,524	<b>27,500</b>

## Tunisia

THE POLITICAL SITUATION IN TUNISIA IN 2014 WAS CHARACTERISED BY THE CONSTITUTION CREATION PROCESS. ON 26 JANUARY 2014, THE CONSTITUTION WAS SIGNED, MARKING THE CULMINATION OF A PROCESS OF POLITICAL CONSENSUS WHICH WILL ENABLE IT TO ESTABLISH RIGHTS AND OBLIGATIONS WITHIN A DEMOCRATIC POLITICAL FRAMEWORK.

This historic milestone in a nation of Islamic influence will determine the countries near future.

Legislative elections were held on 26 October, resulting in the democratic handover as a result of a political rotation in the Tunisian Government.

In November and December presidential elections were held with the election of a new president of the Republic. To some extent, this interim political situation may condition the country's economic development. Inflation was

GDP grew by 2.3% while domestic cement demand stagnated.

around 5% at the end of 2014 and unemployment remained at 15%.

GDP grew by 2.3% while grey cement demand stagnated. Given the structural deficits suffered by Tunisia in terms of energy and external accounts, the Government decided to implement a new energy (thermal and electricity) pricing policy aimed at passing on the changes in costs since January 2014 to the price. This political decision provoked uneven increases in our production costs in our two companies in Tunisia.

**SALES  
INFORMATION,  
EBITDA AND  
EMPLOYEES**

90

SALES (M. €)

21

EBITDA (M. €)

581

NO. OF EMPLOYEES

### GEOGRAPHICAL PRESENCE



- 📍 **Sotacib**
  - Feriana Factory
- 📍 **Sotacib Kairouan**
  - Kairouan Factory

## 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 (Tunisia, Algeria and Libya) and also exports to Europe and the rest of Africa.

The political decision taken to progressively increase electricity and gas prices gave rise to increases in production costs. The Ferina plant does not have fuel grinding facilities thus giving rise to the need to continue consuming gas until the related investment is made. This process of investment definition and provider selection was carried out in 2014. The project will be fulfilled this year and is expected to come into operation by the end of 2015.

Selling prices in the domestic market continued to be controlled by the Ministry of Trade and the high proportion of the company's activity earmarked

for export should also be taken into consideration, despite the political turmoil and security problems experienced in Libya and the decline in the French market in 2014. Our sales fell in Algeria due to strong competition from a local manufacturer, further exacerbated by the customs duty levied on imports of white cement.

These circumstances led the company to recognise EBITDA of EUR 2.2 million, down 33.6% compared to 2013.

Lastly, the TND 35 million capital increase performed at Sotacib in 2014 is noteworthy.

With regard to the CSR actions carried out in 2014, a series of social benefits were introduced, namely disability insurance plans and worker health coverage. Sotacib is also implementing restoration projects in quarries, and improvements have been made to the collection systems in order to reduce powder emissions. Building material donations were also made, more specifically of white cement.

Thousands of euros

SOTACIB	2011	2012	2013	2014
Assets	99,696	101,570	86,021	<b>83,078</b>
Shareholders' equity	29,987	32,954	23,826	<b>34,280</b>
Sales	31,156	33,238	39,001	<b>35,958</b>
EBITDA	1,115	3,181	3,252	<b>2,159</b>
Net profit	-7,847	-163	-5,942	<b>-4,875</b>

## 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.

The application of the new electricity tariff represented a highly substantial increase in the

company's costs. To counterbalance this, the government approved the deregulation of cement selling price setting for the Tunisian market from 1 July 2014 onwards.

As a result EBITDA reached EUR 18.9 million, representing an increase of 6.4% compared to 2013.

Mention should be made of the strong competition from the various manufacturers in the second half of the year given the surplus output in relation to demand, as well as the start-up of the Carthage Cement plants and the extension at Ciments de Bizerte.

This surplus output should enable an increase in Tunisia's volume of exports to the adjacent markets of Algeria and Libya.

Noteworthy at our plant was the start-up of the new palletising and baling system enabling us to improve

our dispatch service and to offer packaging in line with our customers' needs.

With regard to the CSR actions in 2014, a series of social benefits were introduced, such as disability insurance plans and worker health coverage.

Sotacib Kairouan also makes donations of grey cement and economic aid to poor families in the area with children, as well as assistance in financing the purchase of livestock and for celebrating religious holidays.

Thousands of euros

SOTACIB KAIROUAN	2011	2012	2013	2014
Assets	209,088	220,938	208,557	<b>198,234</b>
Shareholders' equity	90,187	84,728	76,542	<b>77,087</b>
Sales	-	36,506	51,199	<b>52,673</b>
EBITDA	-1,390	13,542	17,798	<b>18,940</b>
Net profit	-538	380	481	<b>776</b>



> Kairouan plant, Tunisia.

## China

CHINA IS THE WORLD'S LEADING EXPORTER AND HOLDS THE GREATEST FOREIGN RESERVE ASSETS IN THE WORLD. THE GLOBAL RECESSION IN 2009 STALLED CHINA'S PREVIOUSLY CONTINUOUS RATE OF GROWTH AND DEMONSTRATED THE LIMITATIONS OF BASICALLY EXPORT-FOCUSED GROWTH.

As a result of the global economic downturn and the fall in trade, China's growth slowed to 7.6% in 2013, its lowest level since the 1990s. Growth was expected to remain stable around 7.5% in 2014 thanks to strong internal demand.

To boost the economy, the Chinese Government approved tax exemptions and invested in infrastructure. In 2013 a new free trade area was created east of Shanghai, where the activities of foreign companies were authorised albeit under certain restrictions. Borrowing regulations were removed although interest rates are still being set by the state.

At the end of 2013 the Communist Party Central Committee (PCC) announced its programme of reforms until 2020 which contemplates political advances such as the closure of centres of forced labour; giving greater independence to Courts of Justice at local level; an easing of the single child policy; the "hukou" reform governing citizens' mobility and access to public services; the reform of access to landed property to facilitate farmers

cession of agricultural land; deregulation of interest rates and progressive acceptance of financial operations; and the reform of state-owned companies.

The highly diversified Chinese economy is dominated by the manufacturing and agricultural industries. The manufacturing and construction industries account for almost half of China's GDP. China has been one of the favourite destinations for the transfer of global manufacturing units due to its low labour cost, although this on the rise. The economic crisis basically coincided with the development of a competitive manufacturing industry focused on exports. More than half of China's exports are made by companies with foreign capital. The state industry still contributed approximately 40% of GDP.

Estimated inflation for 2014 remained stable at 2.4%, in line with prior years. As regards the currency, a marked appreciation of almost 22% of the Renminbi against the euro was seen, partially as a result of the devaluation of the euro against the US dollar.

### GEOGRAPHICAL PRESENCE



- 📍 **PRECON (Linyi) CONSTRUCTION.**
- Linyi Plant

## 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 and the province close to 100 million. It is located on the Beijing-Shanghai axis, almost equidistant (600 km) between the two cities and around 100 km from the eastern seaboard.

At the beginning of 2014 the company was completing the initial phase of its plant, adapting the precast concrete products plant to climatic conditions and extending the industrial building in Feralla by around 600 square metres.

Concurrently, a more active market survey was initiated. It was concluded that precast concrete products were largely underdeveloped in China and that this offered an attractive solution with obvious advantages. Many contacts were made and work meetings have been held with engineer-

ring, construction and industrial companies to study potential projects.

However, given the innovative nature of the precast concrete systems it is envisaged that their uptake by the market will be slow and complicated.

In May a preliminary agreement was reached with the first customer, consisting of the first phase of a large project for two buildings with a total of around 18,000 square metres. In July the agreement was signed for a present value of around EUR 2 million. In accordance with the agreement, the established advance will be paid and production work will commence once it has been formally approved by the related authorities.

The technical authorities concerned are very interested in monitoring the works, supervising our solutions. At the end of 2014 approval of specific innovative aspects with which local technicians were unfamiliar was still pending in order to finalise the project.

The most relevant CSR activities carried out in 2014 include the holding of open-days involving the participation of the provincial government authorities and the local authorities. Work to improve and adapt installations used for social purposes was also performed, such as the dining room, and the number of green areas in the plant was increased.



> Linyi plant, China.



# Bolivia

THE BOLIVIAN ECONOMY IS FOCUSED MAINLY ON THE EXTRACTION AND EXPORT OF RAW MATERIALS.

In recent years, average GDP growth was 4.7%, achieving a fiscal surplus (for the first time since 1940) and a current account surplus due mainly to policies for the nationalisation of natural resources (hydrocarbons and minerals) and other industries such as telecommunications and energy, which enabled an important increase

in government revenue and, therefore, important public spending (four times higher in 2010 than prior to 2006). A slight increase in private investment was also achieved.

Inflation at 2014 year-end was 5.2% and the year-end exchange rate was BOB 6.9/USD.

## GEOGRAPHICAL PRESENCE

- 📍 **Itacamba Cemento, S.A.**
  - Puerto Suárez factory



### ITACAMBA CEMENTO, S.A.

Itacamba Cemento, S.A. is a company based in Bolivia. Its registered office is located in Santa Cruz de la Sierra, and its company object is to supply Bolivia's largest cement consumption market.

It has a cement mill in Puerto Suarez, on the border with Brazil, 580 km from Santa Cruz. Cementos Molins owns 49% of the shares of Yacuces, S.L. (majority shareholder of Itacamba Cementos) and the majority shareholder is the Brazilian cement company Votorantim.

The Bolivian cement market amounted to 3.5 million tonnes in 2014, up 8.7% on 2013. It should be noted that the market in the Santa Cruz region represents approximately a third of Bolivia's total market.

Overall cement dispatches were in line with those in 2013, since they are limited by the mill's output of 200 thousand tonnes per year. Economic results indicated sales of EUR 14.8 million and EBITDA amounted to EUR 2.4 million.

In 2014 preliminary investment commenced in the YACUCES project, which consisted of the construction of a full-scale plant with a gas-fuelled clinker kiln with an output of 2,000 tonnes/day, which will have its own electricity power plant. Operations are expected to commence in 2017.

In the course of 2014, as part of Itacamba Cemento's corporate responsibility programme, an agreement was signed with the municipalities of Puerto Suárez and Yacuces to equip this region's hospital infrastructure. Free healthcare was also provided to communities with a brigade of doctors from different specialities, sports activities were promoted and toys were distributed among the children in the communities around the plants at Christmas.

Informative talks about CSR were also organised for workers in order to secure their engagement and participation in social and community development projects.

Complete financial information  
at the following web address:

**[www.cemolins.es/en/informes-financieros](http://www.cemolins.es/en/informes-financieros)**

