

# TITAN CEMENT

## 2008 INTERIM RESULTS

### FINANCIALS

Group turnover during the first half of 2008 reached €765m, up by 1% as compared to the first half of 2007. EBITDA was 14% down, reaching €191m. Group Net Profit after Taxes reached €116m, 7% lower.

These lower financial results are primarily due to the deep crisis being faced by the housing market in the USA and the unprecedented rise in fuel and electricity prices, and to a lesser extent by the general slow down in the Greek market.

Moreover, the results for the 1st half of 2008 were negatively affected by the Euro's continued strong performance against the Dollar and Egyptian Pound. At fixed exchange rates, Group turnover would have risen by 6% and EBITDA would have dropped by 11%.

<i>€m</i>	<u>Q2 2008</u>	<u>Q2 2007</u>	<u>% change</u>	<u>1H 2008</u>	<u>1H 2007</u>	<u>% change</u>
Turnover	425	415	2%	765	757	1%
EBITDA	115	133	(14%)	191	222	(14%)
Pre tax profits	77	99	(23%)	122	162	(24%)
Net profit after taxes and minority interest	73	74	(1%)	116	125	(7%)

The particularly low tax rate in the period is due to the proportionately lower participation in group profitability of countries with high tax rates.

In Greece the reduced consumption of construction materials compared to the high levels noted in the 1st half of 2007 resulted in a slowdown in demand for our products. At the same time, solid fuel prices also rose to unprecedented levels. However, their impact on cost was partly mitigated by the continuing investments made in more efficient energy management. EBITDA dropped by 12% compared to the same period last year and stood at €91m.

In the USA, the ongoing housing market crisis had an intense negative impact on demand for building materials. Moreover, the increasing cost of energy reduced margins. Operating profits dropped by 58% (52% in USD) and stood at €26m.

In a positive turn of events, US Federal Court of Appeals in Atlanta issued a ruling on the 9<sup>th</sup> of May 2008, which removed the ban on mineral extraction at Lakebelt, Miami which had been imposed by the District Court of South Florida in July 2007.

In Southeastern Europe, market conditions improved further especially in Bulgaria and, to a certain extent in Serbia, and despite the increased energy costs operating results rose by 19% to €51m.

Finally, developments in Egypt led to significant improvements in Eastern Mediterranean financial results. Operating profits rose by 66% to €23m. The primary reasons for this increase in profits were the growing Egyptian market and acquisition on May 6 2008 of the remaining 50% in the Egyptian joint venture which owns the Beni Suef Cement Company and the Alexandria Portland Cement Company. Proportional consolidation of the group's new operations in Turkey from 17.4.2008 also made a smaller, but positive contribution.

## **BUSINESS DEVELOPMENT**

During the first half, the group invested €567m for business development and modernisation. Capex reached €97m while acquisition spending was €470m.

More specifically, during the second quarter the group concluded two important acquisitions in emerging markets with strong macroeconomic and demographic potential: 50% of Adocim Cimento in Turkey, and the remaining 50% of the Egyptian joint venture which owns the Beni Suef Cement Company and the Alexandria Portland Cement Company, and consequently the two plants of the same names, with an annual production capacity of 3.3m MT.

The most important projects currently under development are the construction of a new plant in Albania with a production capacity of 1.5 million tonnes per year, and the construction of an additional new production line at the Beni Suef plant in Egypt (also with a production capacity of 1.5 million tonnes) both of which are expected to be completed at the end of 2009.

These important investments, which were made during the 1st half of 2008 resulted in an increase in group net debt from €565 million to €1,058 million..

## **PROSPECTS FOR THE 2nd HALF OF 2008**

The prospects for the balance of 2008 are expected to be affected by the slow down in global economic growth and the marked decoupling between developing and mature markets. Although emerging markets are likely to continue to grow, the prevalent view is of a possible recession in the US and a slow down in Europe's economies.

Demand for the group's products in Greece is expected to be moderately lower than the high levels of 2007 despite the expected increase in infrastructure projects as the high levels of housing stock depress construction activity

The allocation of CO2 emission trading rights by the Ministry of the Environment, Planning & Public Works for the period 2008-2012 has not yet been announced and consequently it is not yet feasible to calculate its impact. It is possible that the final allocation will lead to a reduction in cement production in Greece over that period.

In the USA the Portland Cement Association (PCA) predicts a further reduction in cement consumption. The positive developments on the Lakebelt issue are expected to have a positive impact on the performance of the USA for the remainder of the year.

It should be noted that, the USA Army Corps of Engineers recently announced that it now expects to publish the Supplementary Environmental Impact Study between September and December 2008. Furthermore, the matter will be re-examined by the Florida District Court, to which the case was referred back by Appeals Court.

In Southeastern Europe the markets are expected to continue to grow, provided there is no political instability in the Western Balkans.

Prospects for Egypt are also encouraging while we have limited visibility with regard to short term developments in Turkey.

The use of solid fuels has partly cushioned the impact of the unprecedented cost increases to date but for the remainder of the year the impact on production costs will be more pronounced.

### **COMPANY FINANCIAL RESULTS**

At parent company level, turnover reached €272m 2% up, while EBITDA reached €77m, 10% lower. Net profit after tax and minorities grew 7% to €65m. With a view to long term value creation for its shareholders Titan bought back, during the first half of 2008, 1,148,117 own shares, at a total cost of €33m.

*Titan is an independent cement and building materials producer with over 100 years of industry experience. Based in Greece, the Group operates in 7 countries, owning 12 cement plants. Throughout its history Titan has aimed to combine operational excellence with respect for people, society and the environment.*

*In 2007, the Group sold over 15.5 m. tonnes of cement and cementitious materials, 5.9 m. m<sup>3</sup> of ready mixed concrete, 20 m. tonnes of aggregates and various other building materials like concrete blocks, dry mortars etc.*

*Detailed financial and other information is available on Titan Group website: [www.titan-cement.com](http://www.titan-cement.com)*

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