

## Financial Results First Half 2016

TITAN Group delivered an improved set of results in the first half of 2016, primarily due to the increased contribution from US operations as well as the improved results generated in Egypt. Consolidated turnover reached €723.8m, posting a 7.6% increase compared to the first half of 2015. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) increased by 13.5% reaching €119.5m. Net profit after minority interests and the provision for taxes stood at €9.2m compared to €24.2m in the same period the previous year. Bottom line results were negatively impacted by foreign exchange translation effects, particularly those resulting from the devaluation of the Egyptian pound against the Euro by 16%.

Group turnover for the second quarter of 2016 declined marginally by 0.8% reaching €386m, while EBITDA declined by 7.2% to €76.2m. Net profit after minority interests and the provision for taxes increased by 58.4% reaching €27.8m versus €17.6m in the second quarter of 2015.

€ m.	Q2 2016	Q2 2015	% Change	H1 2016	H1 2015	% Change
Turnover	386.0	389.0	(0.8%)	723.8	672.8	7.6%
EBITDA	76.2	82.1	(7.2%)	119.5	105.3	13.5%
Profit before tax	32.3	23.3	38.6%	7.4	30.9	(76.1%)
Net profit*	27.8	17.6	58.4%	9.2	24.2	(62.0%)

\*after minority interests and the provision for taxes

### REVIEW OF OPERATIONS

Construction activity in the US continues to record healthy growth rates, more evidently so on the East coast where Titan is present. The marked increase in demand coupled with the benefits accrued from the extensive investments undertaken by the Group, have resulted in a significant improvement in results.

Group turnover in the US for the first half of 2016, increased by 18.8% reaching €372.6m while EBITDA increased by 24% to €52.2m.

Second quarter results were negatively impacted by the scheduled lengthy maintenance period undertaken at the Florida plant.

In Greece, demand for building materials in the first half came mostly from public works since private construction continues to be penalized by the financial crisis and recording declines. It should be noted, that sales volumes to the Greek market correspond to less than 7% of Group sales.

Exports, which continue to absorb more than 2/3 of the production of Greek plants, mitigate to a certain extent the decline in demand in the domestic market.

Group turnover in region Greece and Western Europe in the first half of the year, declined by 9.1% and stood at €133.4m. EBITDA declined by 29.7% compared to the first half of 2015 and stood at €19.7m.

The markets of Southeastern Europe provided a mixed picture. Demand in the region as a whole posted an increase compared to 2015 activity levels. Group turnover for the first half increased by 6.7% and stood at €97m while EBITDA increased by 3.9% to €26.2m.

In Egypt, demand increased in the first half of 2016. Group plant production levels have reverted to levels similar of the pre-fuel crisis years. Investments in solid fuels mills on both lines at the Beni Suef plant have been concluded since the end of March, thereby allowing for a gradual decrease in costs. Work on



ensuring the energy self-sufficiency of the Alexandria plant is currently under way and should be concluded within 2016. Results in Egypt in the first half recorded a significant improvement, despite the devaluation of the Egyptian pound in March 2016. Group turnover in the first half recorded an 11.7% increase in local currency, but a marginal decline of 0.6% in Euro-terms, reaching €120.9m. EBITDA stood at €21.4m more than doubling over the corresponding period in 2015 (€10m).

In Turkey, results at Adocim (in which TITAN Group holds a 50% stake) were better than those of the previous year, contributing € 2.2m to Titan earnings.

Capital expenditure in the first half of 2016, reached €61.1m, €20.5m lower than that of the corresponding period in 2015. Most of the investments pertained to development activities in the US and to securing the energy self-sufficiency of the plants in Egypt.

In June 2016, TITAN GLOBAL FINANCE Plc issued a 5-year, €300m bond, with a coupon of 3.5%. €109m from the proceeds were used to purchase outstanding Guaranteed Notes due in January 2017 pursuant to the tender offer memorandum dated 6<sup>th</sup> June, 2016. The balance of the proceeds will be used to redeem the remaining 2017 Notes at maturity and for general corporate purposes of the Group.

Group operating cash flow in the first half of 2016, reached €67m, versus an outflow of €21m in the same period the previous year, owing to the improved profitability of the Group, the considerable decline in working capital requirements and the overall lower level of investments undertaken. As such, Group net debt as at 30<sup>th</sup> June, 2016, stood at €578m, €44m lower compared to 31<sup>st</sup> December, 2015 levels.

On 7<sup>th</sup> June, 2016, rating agency Standard & Poor's affirmed Titan's 'BB' ratings, maintaining its positive outlook, focusing on the Group's strong liquidity position.

## **2016 OUTLOOK**

The 2016 outlook for the Group is positive, despite the considerable uncertainties and challenges. At this point in time, the recovering US market is the main motor of growth and profitability for Titan, while an improvement is also evident in Egypt, due to the smoother and more competitive operation of the plants.

The recovery of the construction industry in the US is expected to continue during the current year and beyond. Considering the market's growth rates and positive prospects, the Group has been undertaking an extensive investment program in the last two years, aiming at strengthening its competitive position and further improving operational performance.

Demand in Greece should improve marginally for the year as a whole, with the second half of the year expected to outperform last year's trough, but will still remain at extremely low levels. With demand for building materials at this juncture almost solely dependent on public works, it is important that their funding by national and European sources continues uninterrupted. Greek cement production is expected, once again in 2016, to be largely geared towards exports.

In Southeastern Europe, economic recovery is still being affected by the economic weakness of Eurozone neighbours, which are the region's main trading and investment partners. Nevertheless, signs of a timid recovery from the low levels of construction activity in recent years are emerging.

In Egypt, demand for building materials is projected to continue to grow. The Group continues with its investments for the utilization of solid and alternative fuels at the group's plants so as to ensure fuel self-sufficiency and improve the plants' cost competitiveness. Having already concluded works at the Beni Suef plant, the work which will allow for the utilization of solid fuels at the Alexandria plant as well should be concluded in the fourth quarter of 2016. It should be noted however, that macroeconomic imbalances and foreign exchange limitations continue to pose risks for the short-term.



With respect to Turkey, recent developments have increased uncertainty, although it is too early to assess the impact on the market.

**PARENT COMPANY TITAN S.A. RESULTS**

Turnover at parent company Titan Cement S.A. for the first half of 2016 declined by 9.8% and stood at €131m while EBITDA reached €18.7m versus €21.7m in the first half of 2015. Net profit after tax reached €19.1m versus €1.6m in the same period in 2015. Compared to 2015, net profit after tax for 2016 includes €20.6m received in the form of dividends from subsidiaries abroad.

*TITAN is an independent cement and building materials producer with over 110 years of industry experience. Based in Greece, the Group owns cement plants in nine countries and is organized in four geographic regions: Greece & Western Europe, the USA, Southeastern Europe and the Eastern Mediterranean. Throughout its history TITAN has aimed to combine operational excellence with respect for people, society and the environment.*

*In 2015 the Group sold 16.5m tonnes of cement and cementitious materials 4.3m m3 of ready mixed concrete, 14m tonnes of aggregates and various other building materials like concrete blocks, dry mortars etc.*

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

*The above announcement was communicated to the ASE and the HCMC, and was also posted on the website of the Athens Stock Exchange.*