

TITAN CEMENT GROUP

Nine Month 2019 Results for Titan Cement International SA

Financial performance improved across the board for TITAN Group in the third quarter of 2019 compared to the same period the previous year. Consolidated turnover increased by 8.7%, EBITDA was up by 15.4% and net profit grew by 25.7%, owing to a better performance delivered in all of the Group's regions, with the exception of the Eastern Mediterranean. This solid performance of the third quarter contributed favourably to the nine month results. Consolidated turnover increased by 9.7% reaching €1,208.5 m while EBITDA grew by 5.8% to €208.4 m. Net profit after minority interests and the provision for taxes declined by 9.9% to €45.3 m, largely owing to higher depreciation charges, partly due to IFRS 16 adoption and partly due to the first time consolidation of Turkey in full in 2019.

The momentum displayed by construction activity in the Southeastern USA in the current year, coupled with the continued recovery of markets in Southeastern Europe and the relative improvement of the situation in Greece, have all resulted in an improvement in consolidated results, counterbalancing the soft performance in Egypt and Turkey.

€ m	Q3:19	Q3:18	% Change	Nine months 2019	Nine months 2018	% Change
Turnover	423.1	389.4	8.7%	1,208.5	1,101.9	9.7%
EBITDA	86.2	74.7	15.4%	208.4	196.9	5.8%
NPAT	31.9	25.4	25.7%	45.3	50.2	(9.9%)

Following a successful tender offer and completion of a squeeze out exercise, Titan Cement International S.A. ("TCI") acquired 100% of the ordinary and preference shares of Titan Cement Company S.A. ("Titan S.A."). This transaction was a reorganisation of the Group and has not changed the substance of the reporting Group. The consolidated financial statements of TCI are presented using the values derived from the consolidated financial statements of Titan S.A.

REVIEW OF OPERATIONS

In the USA, third quarter results recorded growth, reflecting the strong momentum of the construction sector. Within the broader framework of economic growth, favourable macroeconomic indicators such as consumer confidence, low unemployment, as well as low interest rates, all support the residential market which constitutes the backbone of demand in Florida. Virginia and the Carolinas also benefitted from better weather patterns this year compared to what had been a very wet third quarter in 2018. Following the course of the market, TITAN America recorded an increase in sales in 2019 across all product lines with the exception of fly ash which continued to be in short supply in the market. Profitability growth rates did not move in tandem, affected as they were by increased cement import and distribution costs and the loss of revenue from the fly ash business. Turnover in the USA in the nine months of 2019 increased by 12.9% to €721.6 m (a 6.3% change in \$-terms) and EBITDA grew by 7.1% (or by 1,2% in \$-terms) reaching €137 m.

In Greece, demand posted a modest increase stemming from private construction and tourism development which was however partly counterbalanced by the delay in the realization of new major projects. Within a more upbeat economic sentiment, the construction confidence index recorded a mild increase compared to December 2018. The strengthening of the US\$ aided results in the exports segment since these are by-and-large

billed in US\$. Total Group turnover for the nine months of 2019 in region Greece and Western Europe increased by 6.8% to €185.2 m while EBITDA grew by 45.1% to €15.5 m.

The continued economic recovery of the countries in Southeastern Europe, fed into the pick-up of construction. An increase in selling prices witnessed during the year, coupled with higher plant utilization rates to meet the increased demand, have resulted in a substantial improvement in the region's results. Turnover in the nine months of 2019 in region Southeastern Europe increased by 11.2% to €194.7 m, and EBITDA recorded a 32.6% increase and stood at €59 m.

In the Eastern Mediterranean, markets continue to face challenges. In Egypt, despite the economic growth, which is forecast to move above 5% this year and the attendant needs generated by demographic growth, cement demand in the nine months of 2019 recorded a decline of approximately 6%. The existing capacity surplus has only been accentuated by the operation of the army's gigantic plant. Prices having remained stagnant at low levels further compressed the profitability of our operations and that of the sector as a whole. In Turkey, the sharp decline in the demand for building materials, which characterised the last twelve months, has gradually slowed down with the market recording signs of stabilization in the third quarter. While prices have increased in local currency, this was not sufficient to cover for inflation and the depreciation of the Turkish Lira. Total turnover for the region Eastern Mediterranean in the nine months of 2019 including Turkey reached €107 m recording a 6.1% decline, while on the EBITDA line the Group recorded a €3 m loss, compared to €13.9 m in profits, the corresponding period in 2018.

In Brazil, sales at Apodi (the joint venture in which the Group holds 50%) were higher, reflecting the improved market conditions this year.

FINANCING AND INVESTMENTS

Capital expenditure for the Group in the nine months of 2019, reached €76 m, remaining at roughly the same levels as in the corresponding period in 2018 and to their greatest part involved investments in the Group's activities in the USA.

Group net debt as at 30/9/2019 reached €891 m increased by €119 m against closing of 31/12/2018. It should be noted that, €59 m of the increase stem from the impact of adoption IFRS 16 and another €53 m as a result of the acquisition of TITAN Cement S.A. shares during the squeeze out period as well as listing expenses relating to the listing of the Group's parent company, Titan Cement International SA, on the Euronext in Brussels and Paris as well as the Athens Exchange in the third quarter of 2019.

As part of the reorganization and relisting process, shareholders tendered 2,190,215 shares in exchange for cash. As a result, the total number of TCI shares outstanding (including treasury stock) was 82,447,868 as of 30/9/2019, compared to a total number of 84,632,528 shares of Titan SA outstanding on 30/6/2019.

2019 OUTLOOK

The outlook for the rest of the year is favourable for most of the markets in which the Group is active. The market in the USA demonstrated demand growth; markets in Southeastern Europe have the potential to grow further, while expectations for Greece and Brazil are also positive. Countering these trends, challenges in Egypt are expected to continue while there is reserved optimism regarding the gradual stabilisation of Turkey.

In the USA, construction trends remain favourable in the regions where the Group is active. The Portland Cement Association (PCA) forecast that cement consumption will increase by 2.4% in 2019 and by approximately 2% per annum over the period 2019-2024. TITAN Group is well positioned to take advantage of this growth, having a strong presence in the Southeastern coasts of the Atlantic and the operating leverage to meet demand.

In Greece, the gradual positive trend is expected to continue. Restart of major projects, now expected to take place in the coming year, sustains expectations of a medium-term pickup in construction activity. The rise in private consumption should also maintain its positive evolution. All in all, there are signs of optimism that the market is gradually entering into a recovery phase.

In the countries of Southeastern Europe, continuing economic growth is having a positive effect on construction activity. Consumption of cement has increased and profitability margins have improved. The Group's plants can increase their output by utilizing excess capacity to cover additional demand.

In Egypt, demand is expected to post a moderate decline for 2019. A meaningful improvement in prices is not imminent and therefore operations should remain loss making, at least in the short-term.

In Turkey, the economic recession appears to soften and the second half of the year will offer more favourable comparatives in terms of cement demand. The market should stabilise in the short term while the longer-term prospects of the construction sector remain attractive. Adocim enjoys an advantageous competitive position owing to its low gearing, modern asset base, and competitive cost structure.

Last, in Brazil, the gradual macroeconomic improvement increases expectations for growth in construction and an uplift in the cement market. Cement demand in Northeastern Brazil where the Group is present, is showing positive prospects which are driven by demographic growth and private building activity.

This press release may be consulted on the website of Titan Cement International SA via this link <https://ir.titan-cement.com>.

For further information, please contact Investor Relations at +30 210 2591 257

About Titan Cement International SA

Titan Cement International SA, parent company of Titan Cement Group, is a multiregional cement and building materials producer. Business activities cover the production, transportation and distribution of cement, concrete, aggregates, fly ash, mortars and other building materials. The Group employs about 5,500 people and is present in 15 countries, operating cement plants in 10 of them, the USA, Greece, Albania, Bulgaria, North Macedonia, Kosovo, Serbia, Egypt, Turkey and Brazil. Throughout its history the Group has aspired to serve the needs of society, while contributing to sustainable growth with responsibility and integrity.