



# **Titan Group**

## **Financial Results – First Half 2007**

**Analysts Conference Call**  
**Athens – 26<sup>th</sup> July 2007**



## **Agenda**

- Highlights
- Market Overviews
- Group Financial Results
- Lake Belt
- Albania
- Outlook



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# Highlights- Performance

## 1<sup>st</sup> Half 2007



- Turnover down -1% to €757,3m (+1,9% excluding translation impact)
- EBITDA up 3,4% to € 221,8m (+5,4% excluding translation impact)
- Net Profit after Tax and minorities growth of 3,5% to € 124,6m
- Continued weakness in the USA, especially pronounced in Florida
- Demand in Greece recedes from recent record levels
- Strong performance in South East Europe
- Minor ready mix concrete acquisitions in Greece and the USA
- July 13<sup>th</sup>, unfavourable ruling on Florida Lake Belt
- July 25<sup>th</sup>, permits received and turn-key contract for greenfield cement plant in Albania



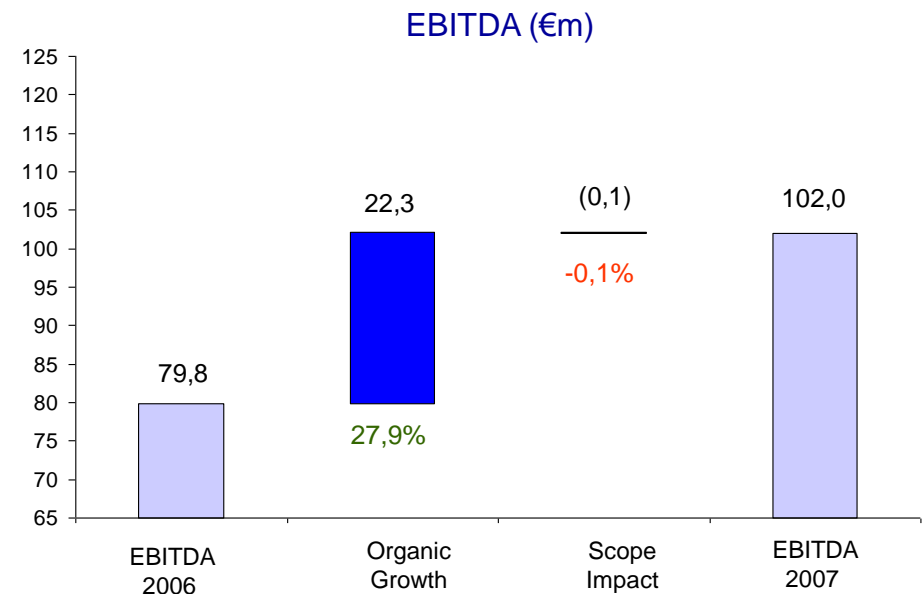
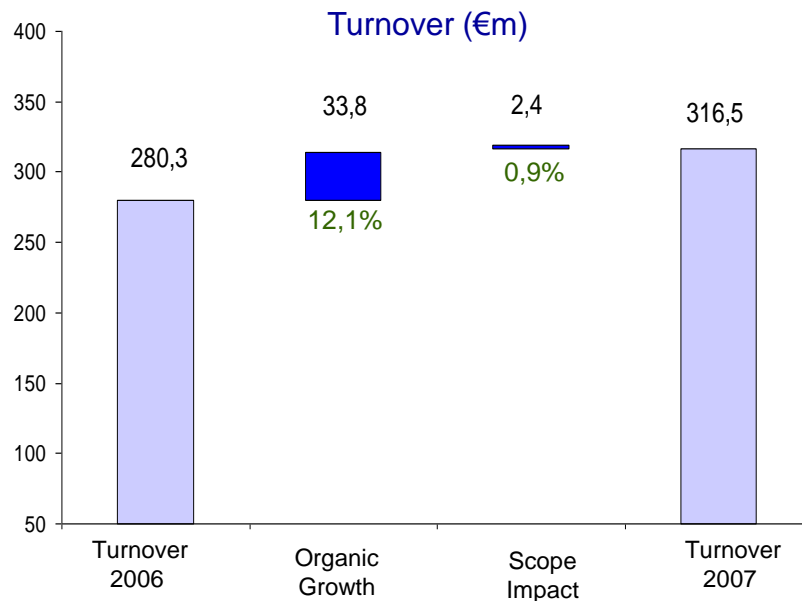
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# Market Overview, Greece and Western Europe - 1<sup>st</sup> Half 2007



- Domestic market growth based on favorable Q1 performance, Q2 down vs. last year
- Solid fuel costs at record levels
- Two small bolt-on ready mix concrete acquisitions

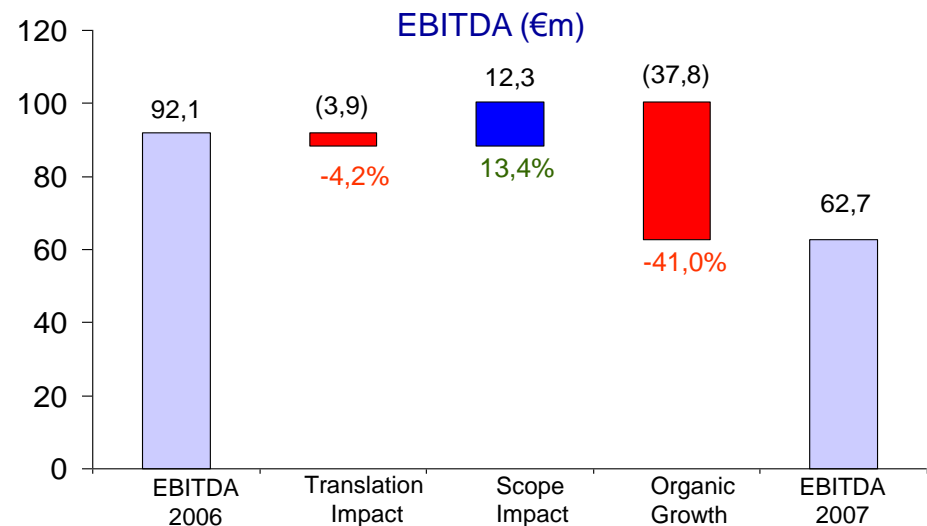
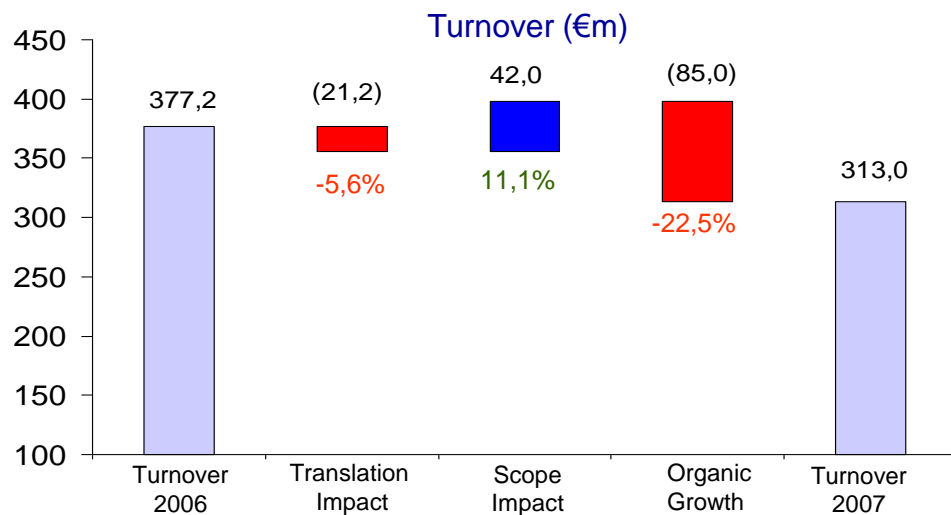


# Market Overview, USA

## 1<sup>st</sup> Half 2007



- Demand continues to weaken driven by housing.
- Decline particularly pronounced in Florida
- Sharp reduction of imported cement volumes
- Prices remain strong
- S&W acquisition makes positive contribution in the second quarter
- July 13<sup>th</sup>, unfavorable Lake Belt ruling



# PCA Cement & Construction Market, USA 2007



**Cement consumption continues to deteriorate particularly in Florida. Non residential and public construction growth is significant but does not offset declines in residential**

## Selected Markets

	FLORIDA		VIRGINIA		N. CAROLINA		USA <sup>(2)</sup>
<u>Cement Market Volumes<sup>(1)</sup></u>							
Cement Consumption (PCA) YTD Apr '07	-28,4%		-14,3%		-5,7%		-13,3%
	12 Month Average	3 Month Average	12 Month Average	3 Month Average	12 Month Average	3 Month Average	
<u>Total Housing Permits<sup>(2)</sup></u>							
Total Housing Permits (Nr)	154.105	123.778	41.210	39.673	91.898	90.536	
Variance	-41,0%	-48,6%	-28,2%	-24,4%	-4,8%	-6,7%	
<u>Construction Put-in-Place (\$), Variance<sup>(2)</sup></u>							
Residential	-30,3%	-40,5%	-15,2%	-10,0%	4,8%	-0,7%	
Non residential	13,6%	51,6%	16,2%	33,1%	26,5%	39,5%	
Public	27,8%	23,8%	66,2%	22,0%	-7,2%	-2,9%	
Total Estimated State Put-in-Place (mil \$ 1996)	-18,6%	-19,8%	0,7%	4,3%	4,7%	2,1%	

<sup>(1)</sup> Source: PCA Consumption Trends report, data to end Apr '07

<sup>(2)</sup> PCA Market Pulse - data to end Apr '07

**N.B.: PCA data are not necessarily representative of trends prevailing for Titan's operations**

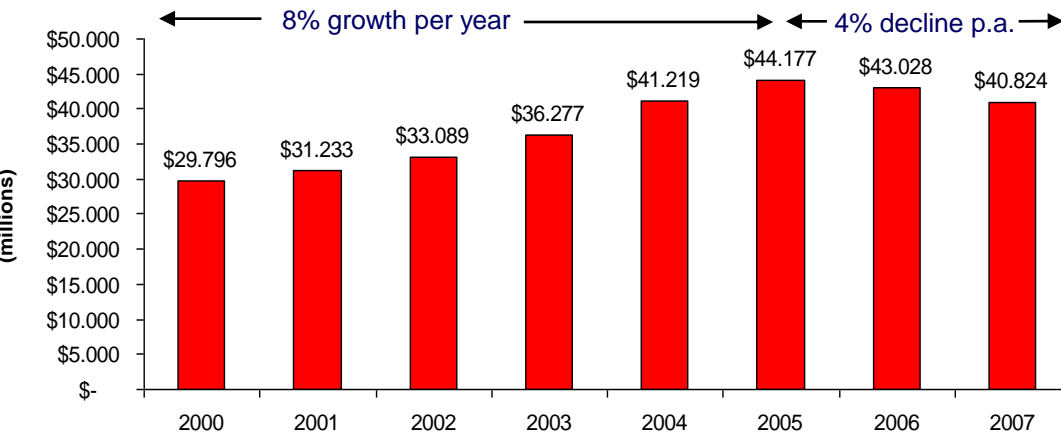


# Florida Market Trends

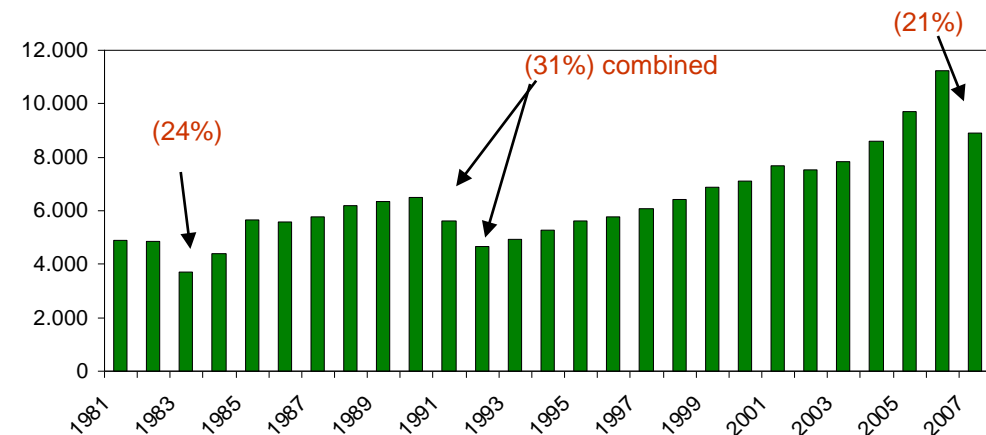


**Florida market is in a period of recession. However, periods of expansion have far out weighed periods of decline**

**Florida Total Construction Spending**



**Florida Cement Consumption**

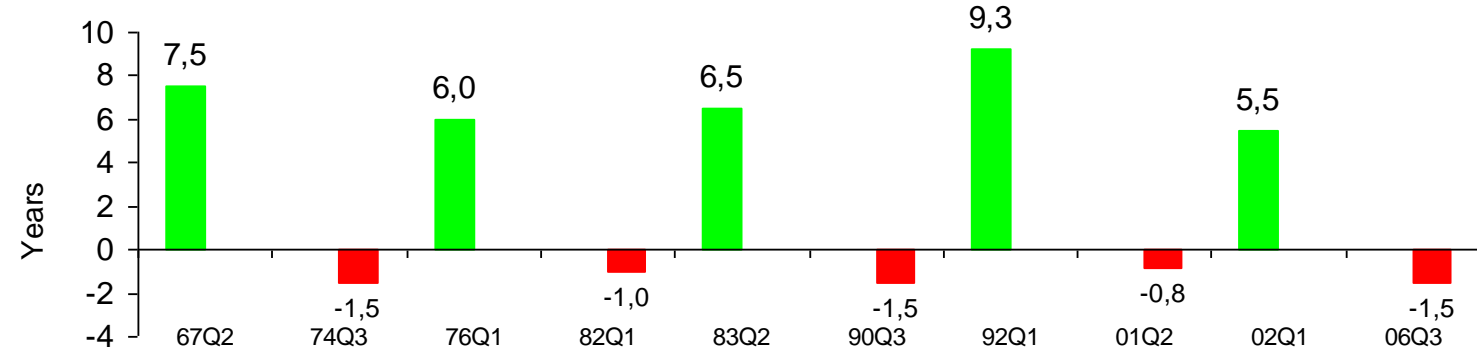


source: F. W. Dodge (in 1996 dollars)

source: PCA 1981 to 2007

Expansions Contractions

**Florida Business Cycles  
1967 (2Q) - 2006 (3Q)**



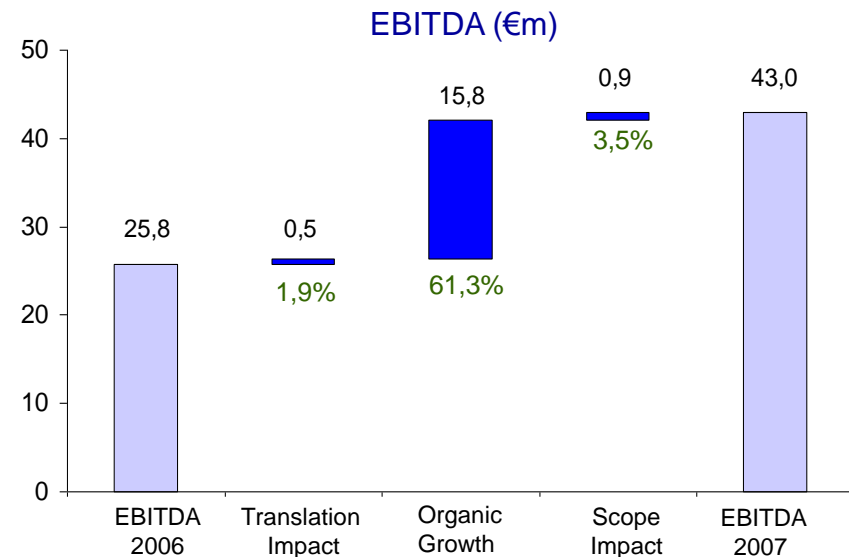
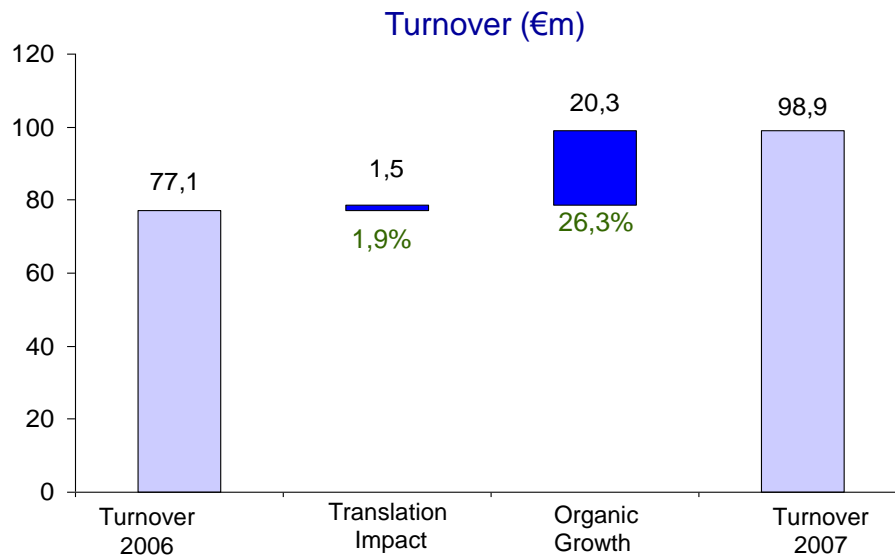
source: Roebuck Consulting

# Market Overview, SE Europe

## 1<sup>st</sup> Half 2007



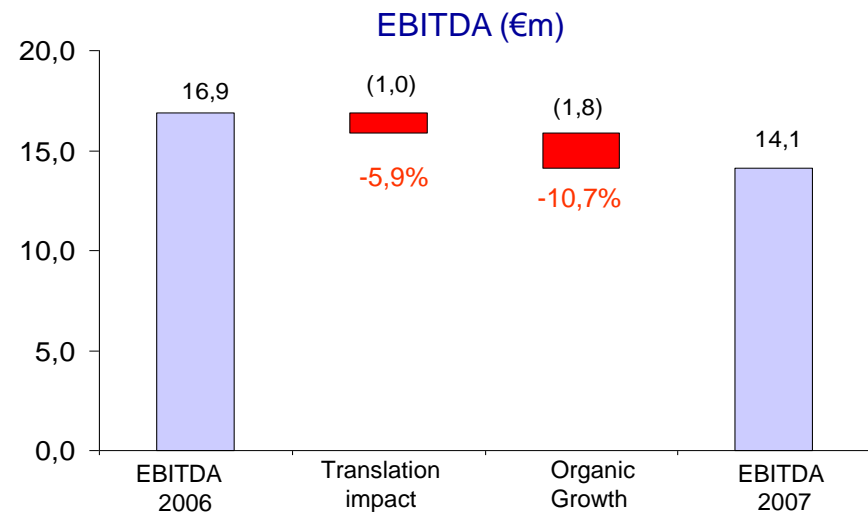
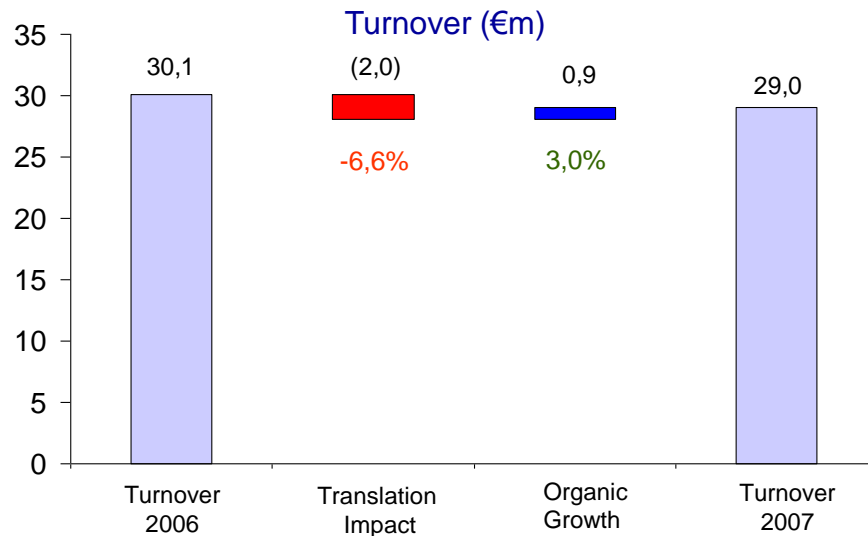
- Strong volume growth driven mostly by Serbia and both Bulgaria and FYROM posting a positive trend
- Operating performance up by 67% vs. 1<sup>st</sup> half 2006 enhanced by modernized and expanded capacity
- July 25<sup>th</sup>, permits received and turn-key contract for greenfield plant in Albania awarded



# Market Overview, Eastern Med. 1<sup>st</sup> Half 2007



- **Market remains strong**
- **Extended shut down at Beni Suef plant to de-bottleneck production capacity**
- **Government raises energy and power prices**



\* Percentage change 07 actual vs. 06

Note: Proportional representation (Titan share of JV only)



## **Agenda**

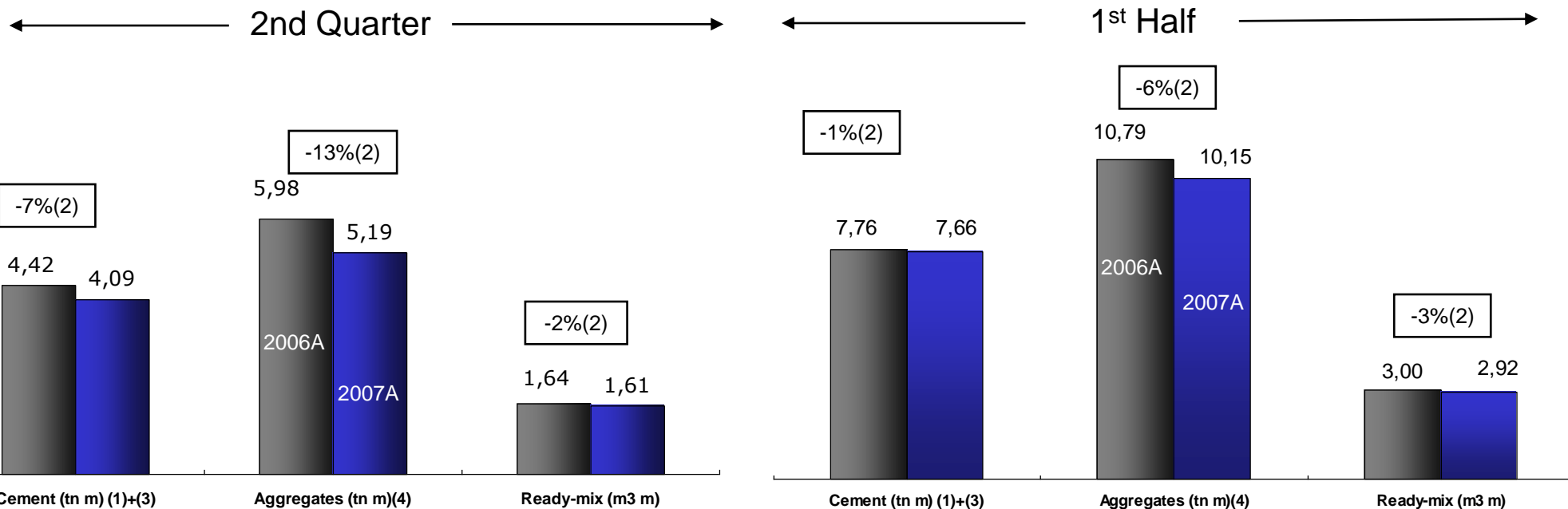
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# Key Sales Volume

## 1<sup>st</sup> Half 2007



Volumes in the 1<sup>st</sup> half and 2<sup>nd</sup> quarter performed worse than last year, mainly due to the USA, despite an increase of 22% in South Eastern Europe)



- (1) Cement sales include clinker and cementitious materials
- (2) % in boxes represents performance versus last year
- (3) Includes Egyptian JV s at 100%
- (4) Bulgarian Aggregates are not included

# Financial Highlights

## 1<sup>st</sup> Half 2007



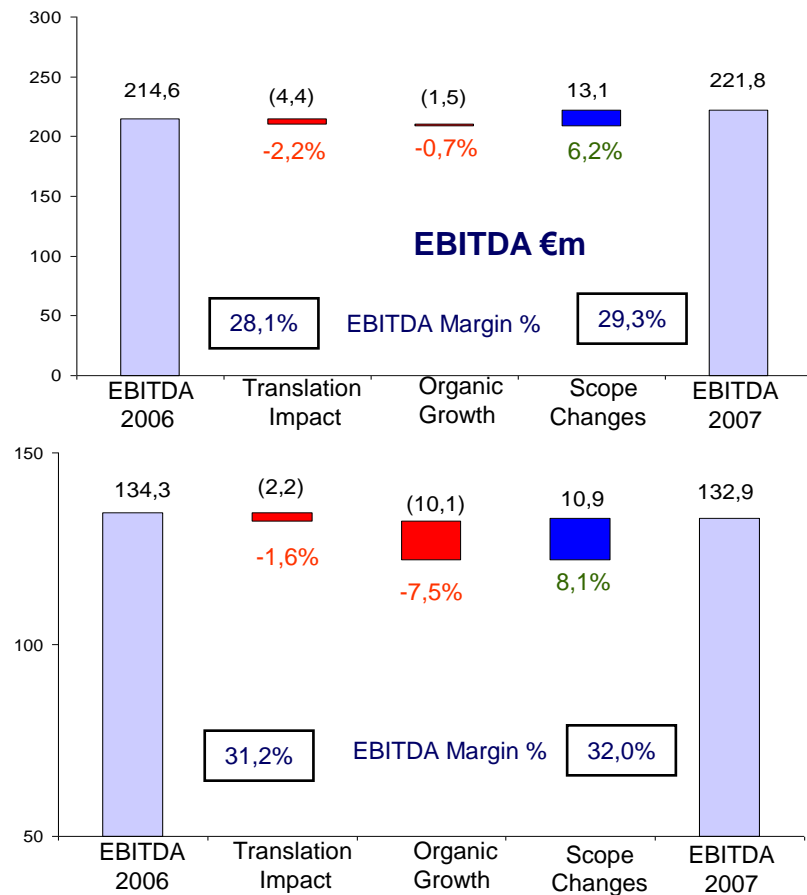
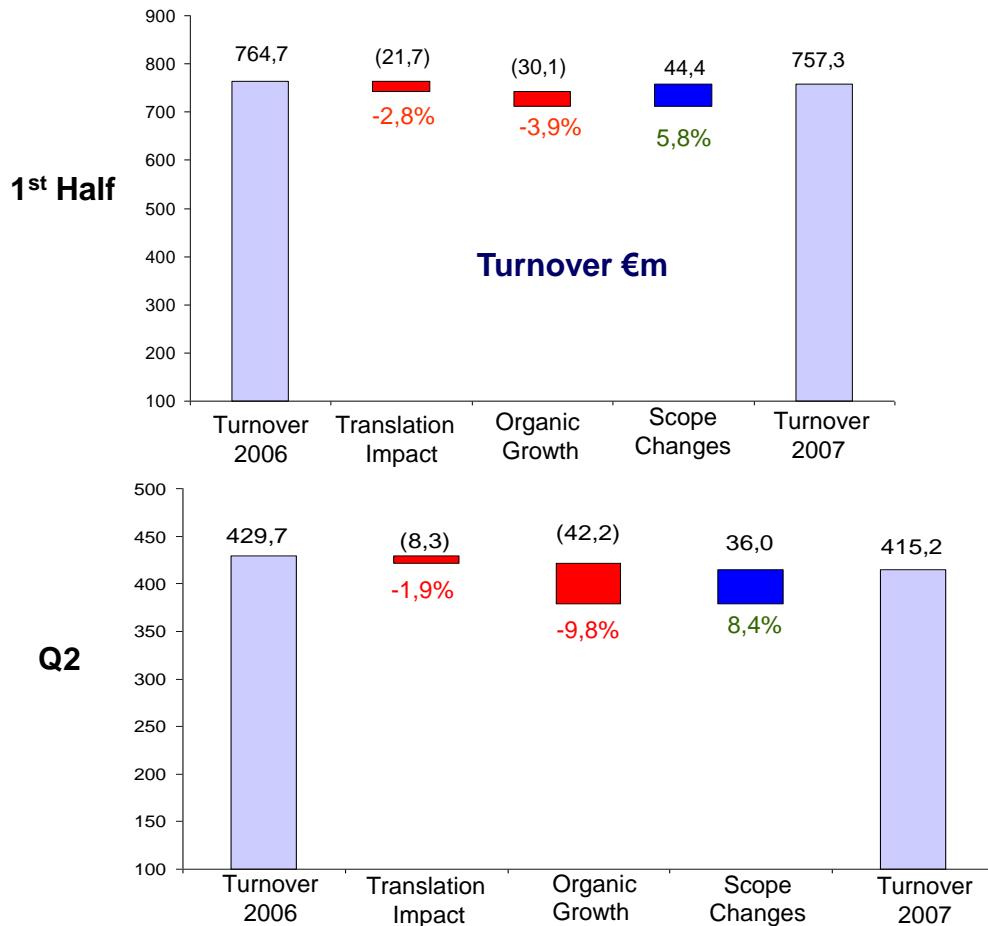
**Financial performance in the first half of 2007 was ahead of last year. Performance in the second quarter was impacted by the continued slowdown of the USA, but was enhanced by the contribution of acquisitions**

Q2 2007			Half Year 2007	
Actual 2007	Var 07 vs 06		Actual 2007	Var 07 vs 06
415,2	-3,4%	Turnover	757,3	-1,0%
132,9	-1,0%	EBITDA	221,8	3,4%
32,0%	0,8 pts	<i>EBITDA Margin</i>	29,3%	1,2 pts
99,3	-10,8%	Earnings Before Tax	162,0	-4,8%
73,8	-4,5%	Net Profit after Taxes and Minorities	124,6	3,6%

# Group Turnover and EBITDA – 1<sup>st</sup> Half & Q2 2007



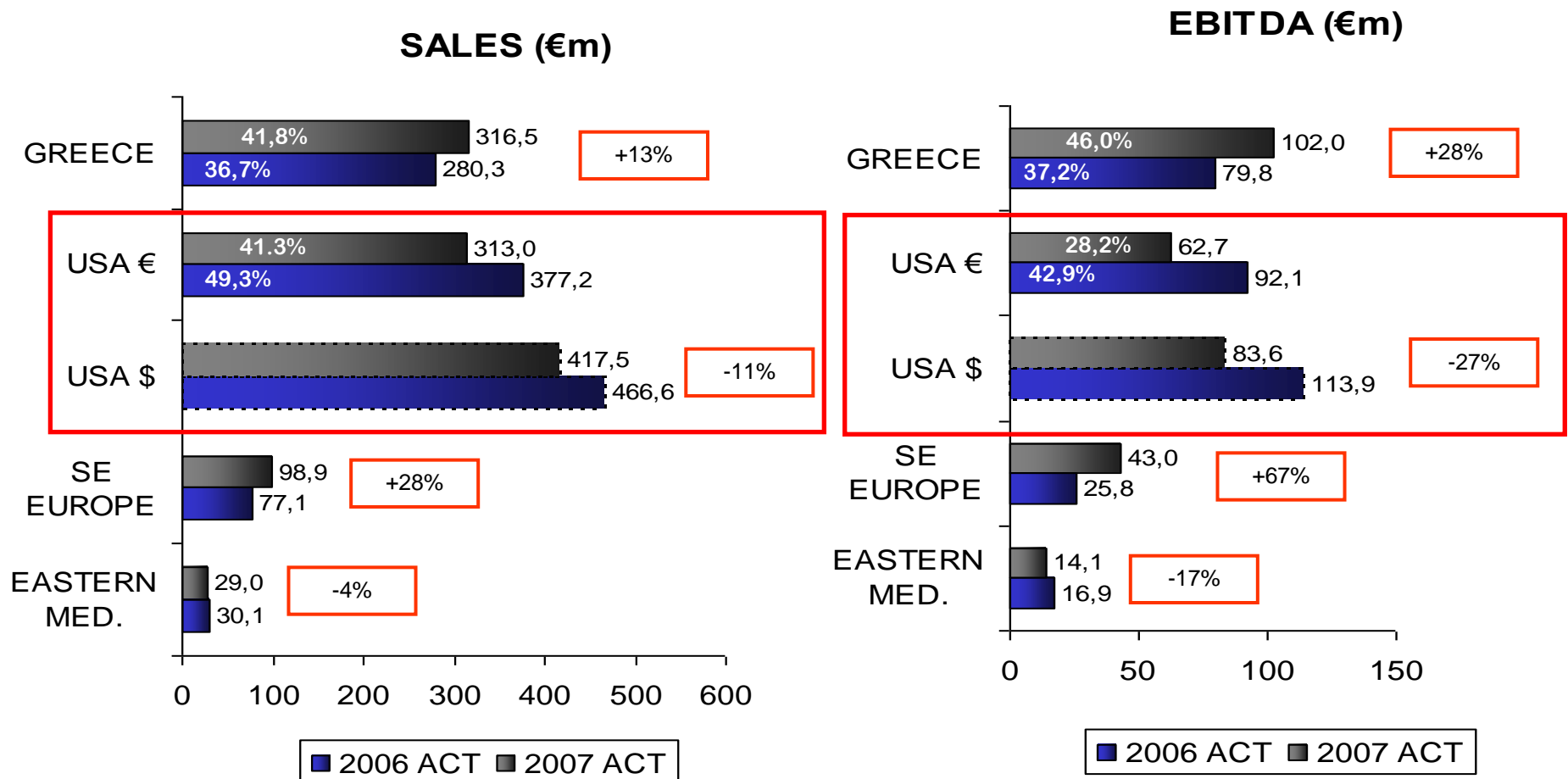
Excluding the impact of translation, Group turnover was ahead of 2006 in the first half (+1,9%), driven by the Balkans and Greece. This, translated into an increase in EBITDA for the Group of +5,5%. Group Turnover and EBITDA for the second quarter, excluding the impact of translation, was -1,4% and +0,6% respectively. Acquisitions enhanced performance in the 6 months and quarter



# Consolidated Sales & EBITDA by Region - 1<sup>st</sup> Half 2007



**Greece and South East Europe drive Group's performance. USA shows a better trend than Q1 partially as a result of acquisitions**





# Net Financing Costs

## 1<sup>st</sup> Half 2007



**Net financing costs impacted by FX differences, the seasonality of borrowings and financing of acquisitions**

(€ m)		2007	2006	Var
Interest Income/(Expense) (net)				
	Greece	(3,5)	(2,4)	(1,1)
	USA	(12,1)	(9,1)	(3,0)
	SE Europe	1,7	0,5	1,2
	East Med	(0,9)	(1,4)	0,5
Net Interest Income/(Expense)		<b>(14,8)</b>	<b>(12,4)</b>	<b>(2,4)</b>
Realized FX Gains/(Losses) from USD		0,7	1,4	(0,7)
		<b>0,7</b>	<b>1,4</b>	(0,7)
Unrealized FX Gains/(Losses) - USD		0,0	2,9	(2,8)
Unrealized FX Translation Gains/(Losses) - Yen/USD/EGP		(0,5)	(0,9)	0,4
		<b>(0,5)</b>	<b>1,9</b>	(2,4)
Net realized and unrealized FX differences		<b>0,2</b>	<b>3,3</b>	<b>(3,1)</b>
<b>Net financing costs</b>		<b>(14,6)</b>	<b>(9,1)</b>	<b>(5,5)</b>

# Foreign Currency Rates

## 1<sup>st</sup> Half 2007



**Both the USD and EGP weakened against the Euro in the quarter**

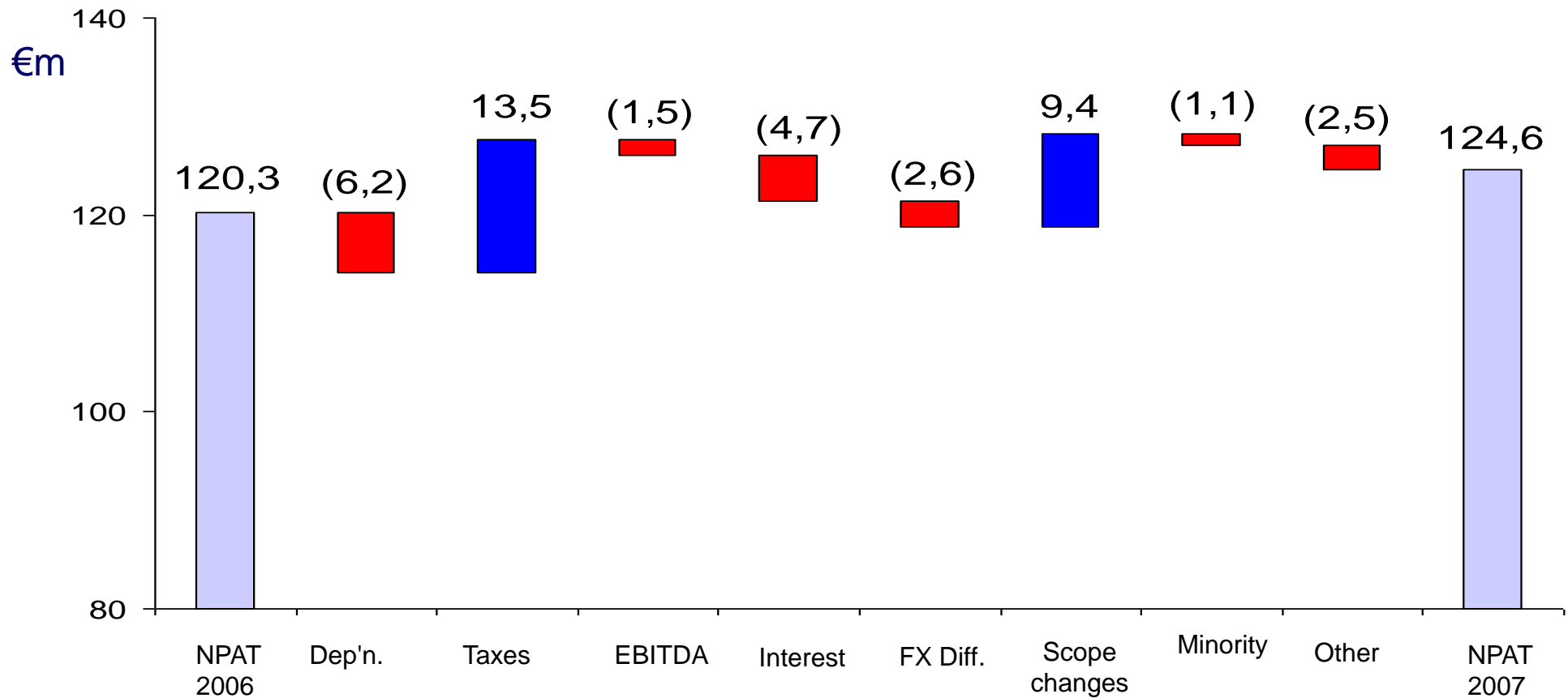
	Actual	Actual	Variance
<u>BALANCE SHEET</u>	<u>30/6/2007</u>	<u>31/12/2006</u>	<u>30.06.07 vs 31.12.06</u>
€1 = USD	1,35	1,32	-2%
€1 = EGP	7,69	7,52	-2%
1USD=EGP	5,70	5,70	0%
€1 = RSD	79,03	79,00	0%
1USD = JPY	123,38	119,16	-4%
No significant variances of the rest of Balkan Currencies			

<u>P&amp;L</u>	<u>Ave 6M 07</u>	<u>Ave 6M 06</u>	<u>Ave 6M 07 vs 06</u>
€1 = USD	1,33	1,24	-7%
€1 = EGP	7,60	7,11	-7%
1USD=EGP	5,70	5,75	1%
€1 = RSD	80,25	86,71	7%
1USD = JPY	120,43	115,40	-4%
No significant variances of the rest of Balkan Currencies			

# Group Net Profit after Tax 1<sup>st</sup> Half 2007



**Net Profit after Taxes was € 4,3m higher than last year, driven by new acquisitions and better effective tax rate**

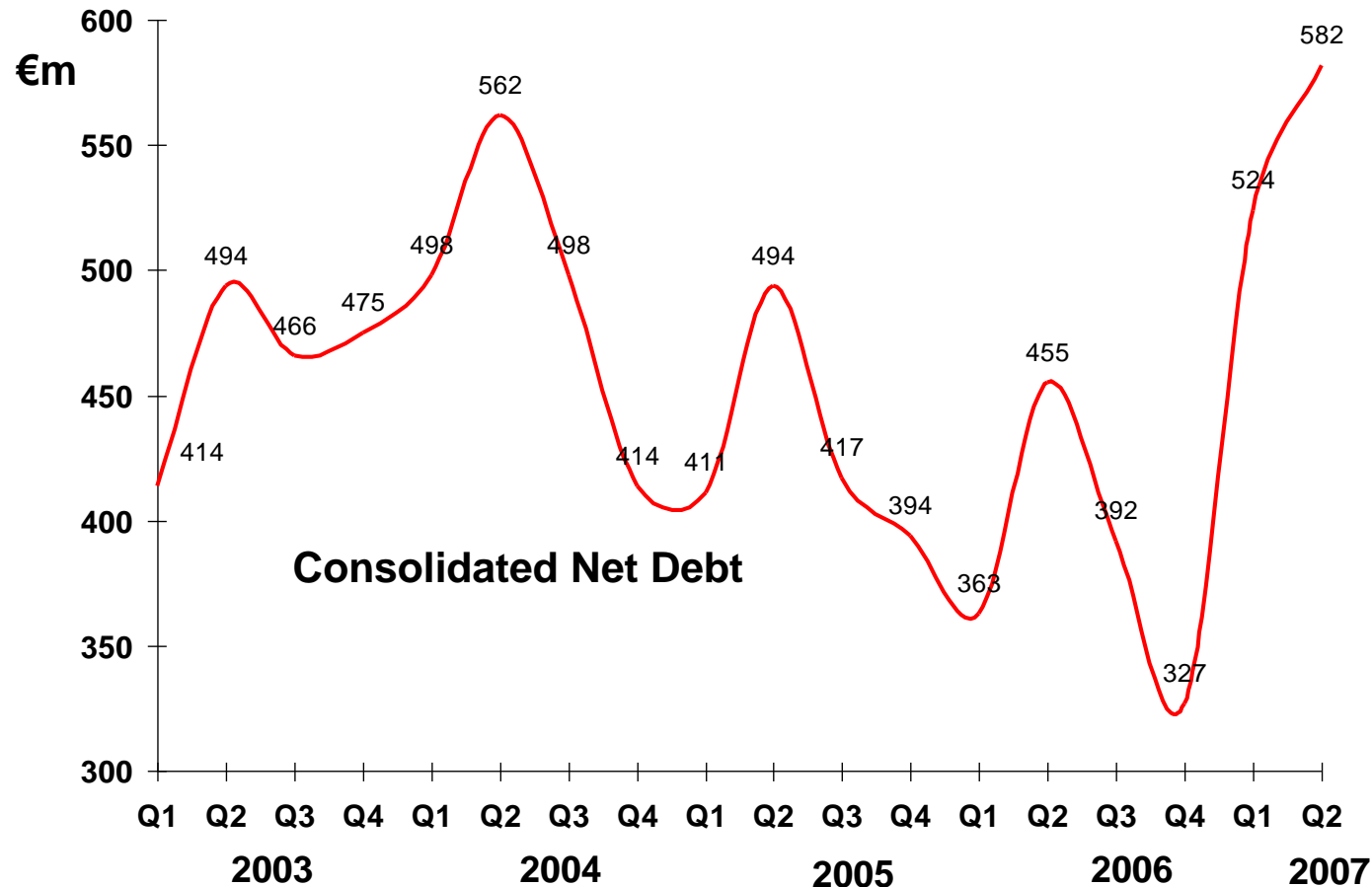


# Net Debt as of 30. 06.07

## 1<sup>st</sup> Half 2007



**Net Debt increased by €255m since the beginning of 2007, as a result of acquisitions in the USA and the seasonal increase in borrowings**

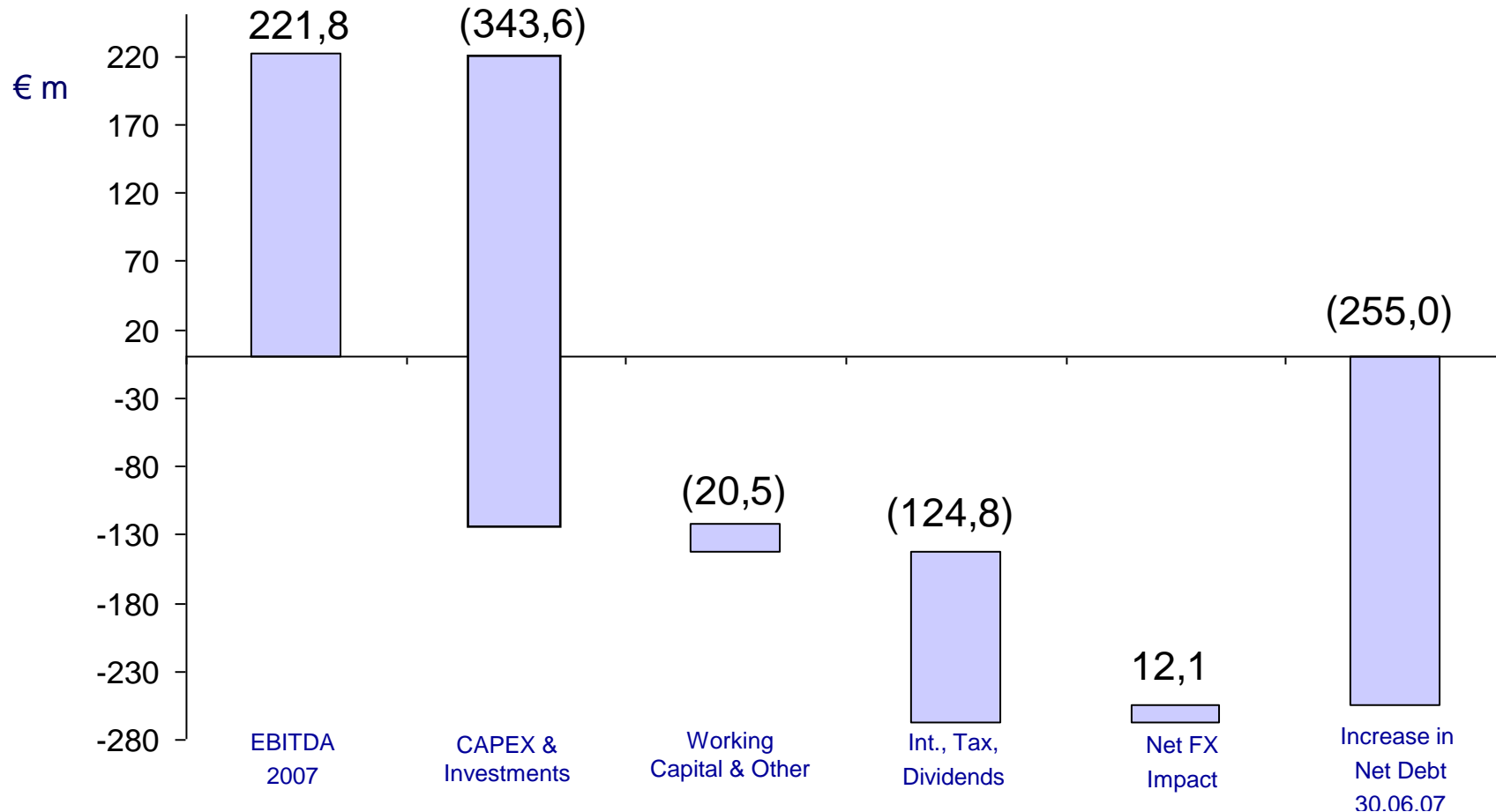


# Sources and Uses of Cash

## 1<sup>st</sup> Half 2007



**Net debt increased as a result of Capex and investment spend coupled with the timing of tax and dividend payments**





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- All mining permits in Lake Belt vacated by judge's July 13th decision
  - 3 quarries closest to well field, including Titan's, ordered to cease mining on July 17th
  - Effect of vacation on remaining quarries stayed until Army Corps of Engineers issues Supplementary Environmental Impact Statement
- For Titan decision affects:
  - The Pennsuco quarry (6% of group's EBITDA in 2006)
  - The Pennsuco cement plant (10%)

- **Filed request to stay to the 11th Circuit Court of Appeals in Atlanta**
- **Filed appeal to same Court**
- **Focus on maintaining production at the cement plant**
- **Weighing options on aggregates**
- **Working with the authorities to reduce impact on Florida's economy and building materials industry**





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- **1.5 m ton p.a. greenfield plant near capital Tirana**
- **Relevant permits and concessions ratified by Albanian Government**
- **Turn-key contract signed with CBMI Construction Co. Ltd. Of China**
- **Total cost estimated at € 170 million**
- **Operational end of 2009**
- **In advanced negotiations with IFC and EBRD for equity participation**



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- **Global building materials outlook broadly favorable, USA notable exception**
- **Demand in Greece retreats from recent record levels**
- **Depth and duration of housing slump in USA remains unknown**
- **Florida particularly hard hit**
- **Adverse Florida Lake Belt ruling poses operational challenges**
- **South East Europe outlook positive**



# Financial Results – First Half 2007

*Investors are cautioned that any statements in this presentation which relate to the future are, by their nature, subject to risks and uncertainties that could cause actual results and events to differ materially from those indicated in such forward-looking statements. These include general business conditions, competitive factors, political, economic, legislative and regulatory developments, weather conditions, pricing, government spending levels on projects, the delay or inability in obtaining approvals from authorities, litigation, interest rate and currency exchange rate fluctuations, energy and transportation costs and technological contingencies. In addition to adverse publicity and news coverage, which would cause actual results to differ materially from the statements made in this presentation. It also includes statements from sources that have not been independently verified by the Company.*

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