

## Results for the Nine Months 2016

Titan Group results recorded a significant improvement in the nine months of 2016, reflecting the growth of the US market and the improvement of results in Egypt. Consolidated turnover reached €1,124.2m posting a 9.2% increase compared to the same period in 2015. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) increased by 24.1% reaching €205m. Net profit, after minority interests and the provision for taxes stood at €121.9m compared to €36.2m in the nine months of 2015. Net profit was positively affected by a deferred tax recognition of €79.4m in the US associated with previously unrecognized carry-forward net operating losses, generated in previous years.

The third quarter of 2016 recorded the highest quarterly profitability of the last 5 years. Group turnover grew by 12.2% reaching €400.4m. EBITDA stood at €85.5m posting an increase of 42.8%. Net profit, after minority interests and the provision for taxes stood at €112.7m versus €12m in the third quarter of 2015. Results were favourably affected by the recording of deferred tax benefits in the US, but were negatively impacted by a €6.4m provision taken in Egypt for FX losses arising from outstanding balances in foreign currency between the Egyptian subsidiaries and other Group affiliates.

€ million	Q3 2016	Q3 2015	% change	Nine months 2016	Nine months 2015	% change
Turnover	400.4	356.7	12.2%	1,124.2	1,029.5	9.2%
EBITDA	85.5	59.9	42.8%	205.0	165.2	24.1%
Profit before Tax	32.5	11.3	188.8%	39.9	42.2	(5.5%)
Net Profit *	112.7	12.0	841.1%	121.9	36.2	237.0%
Basic earnings per share (in €)	1.3782	0.1463		1.4906	0.4424	

\*after the provision for taxes and minority interests

### REVIEW OF OPERATIONS

In the US, demand for building materials continues to grow in the regions where the Group operates. The upturn in the market, coupled with the benefits accrued from the investments undertaken by the Group, have resulted in a significant increase in turnover and profitability.

In total for the nine months of 2016, turnover in the US posted a 17.7% increase and reached €584.2m while EBITDA grew by 37.8% to €98m. Turnover and EBITDA from the US account for c.50% of the respective figures for the Group at this time.

In Greece, private construction remains in deep recession and any limited demand for building materials comes mostly from public works. The small improvement recorded in the third quarter of 2016 is solely due to an extremely low basis of comparison versus the respective quarter in 2015, which immediately followed the introduction of capital controls that had brought building activity essentially to a halt. 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 nine months of 2016, declined by 1.5% and stood at €195.6m. EBITDA declined by 10.9% compared to the nine months of 2015 and stood at €28m.



The markets of Southeastern Europe provided a mixed picture, recording an increase in total sales volumes but at lower average prices. Group turnover for the nine months posted a marginal increase of 0.8% and stood at €156.8m while EBITDA declined by 1% to €46.1m.

Our activities in Egypt recorded an improvement for the third consecutive quarter. The recovery is due partly to increased production and sales volumes, and partly to the decline in production costs following the gradual conversion of the plants to solid fuels.

Results in Egypt in the nine months of 2016 recorded a significant improvement, despite the devaluation of the Egyptian pound in March 2016 and the volatility of market prices. Group turnover in the nine months of 2016 recorded an 18% increase in local currency, and a 4.9% increase in Euro-terms, reaching €187.7m. EBITDA stood at €32.8m more than doubling over the corresponding period in 2016 (€16m).

In Turkey, demand continued at healthy levels for the third quarter of the year, owing both to public and private works. Net profit attributable to Titan from our subsidiary reached €3.5m

On 20th September, 2016, Titan Group concluded the deal for the investment in Cimento Apodi in Brazil, which marks the expansion of Group activities in Latin America.

Cimento Apodi owns a modern integrated cement plant in Quixeré operating since 2015 and a grinding cement plant in Pecém port, close to the city of Fortaleza, operating since 2011. Cimento Apodi has production capacity of over 2 million tons of cement per year. Through this investment, Titan Group enters a promising market with long-term potential, joining forces with established local partners. Titan controls 94% of the vehicle which owns 50% of Apodi and will account for its participation as an equity investment.

In addition to acquisitions, which amounted to a total of €91m in the nine months of 2016, capex for the Group stood at €96.6m. These regard mostly the expansion of activities in the US and investments towards attaining energy self-sufficiency in Egypt.

Group operating cash flow in the nine months of 2016, reached €80m, versus €8m in the same period the previous year, owing to the improved profitability of the Group and the overall lower investment activity. Mostly as a result of acquisitions spending, Group net debt increased by €91m compared to December 2015 levels and stood at €713m at the end of September 2016.

## **2016 OUTLOOK**

For the remainder of 2016, the same trends evident in the nine months are expected to continue. At this point in time, the recovering US market is the main motor of growth and profitability for Titan, while Egypt is also recovering due to the growth in market demand as well as higher utilisation and increased cost competitiveness of Group plants.

The recovery of the construction industry in the US is expected to continue beyond the current year. Mid-term trends appear positive both for the residential and commercial sectors as well as for infrastructure projects. The growth in demand for building materials, coupled with the benefits of the Group's investment program, strengthen Titan's position in the US market.

Demand in Greece is expected to remain at extremely low levels, similar to those of 2015. 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. Although signs of recovery are evident in certain countries, construction in the region overall lacks momentum.



In Egypt, demand for building materials is projected to continue to grow. The Group, by completing the investments for the utilization of solid and alternative fuels at its plants, has ensured fuel sufficiency and improved its cost structure. It should be noted however, that the anticipated agreement with the IMF, coupled with the devaluation of the currency, creates uncertainties and poses risks for the short-term.

In Turkey, demand currently appears unaffected by recent political events.

In Brazil, which is undergoing a severe political and economic crisis, cement demand is expected to continue declining for the remainder of 2016.

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

Turnover at parent company Titan Cement S.A. for the nine months of 2016 declined by 5% and stood at €194 m while EBITDA reached €25.7 m versus €31.5m in the nine months of 2015. Net profit after tax reached €16.4m versus €0.4m 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 ten 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.*