

Market Update - Five Month 2020 Preliminary Results

Improved profitability in the January – May 2020 period

TITAN Cement International SA, considering the unprecedented nature of circumstances, wishes to provide an update on trading conditions for its key markets and a preliminary set of results for the period January to May 2020.

Since the emergence of the coronavirus pandemic, TITAN has maintained its focus on protecting its employees and their families, business partners, customers and local communities. At the same time, we ensured that disruptions to our operations were minimal and we are closely monitoring the situation in order to take appropriate actions as market dynamics evolve.

TITAN Group - Overview of the period January – May 2020

Over the first five months of 2020, Group consolidated Revenue at €641.8m dropped by 2.1%, following a 6.1% growth recorded in the first quarter and a subsequent slowdown in April-May, during the peak of the coronavirus crisis.

The impact of the Covid-19 pandemic on our Group was less severe than what was initially feared. Construction was deemed to be an essential activity in most markets and all of our cement plants, across all geographies, continued their operation, adjusting production to satisfy the level of market demand.

Operating profitability in the January-May period recorded an improvement compared to the same period in 2019 and EBITDA rose by 5.5% to €97.3m reflecting a reduction in costs, mainly stemming from lower fuel costs.

<i>In million Euro, unless otherwise stated</i>	5M 2020	5M 2019	%yoy
Revenue	641.8	655.4	-2.1%
EBITDA	97.3	92.2	5.5%
Net Results after Taxes & Minorities	3.5	3.8	-9.1%

Unaudited interim consolidated financial statements

Group net debt at the end of May 2020 closed at €866m, €30m higher versus December 31st 2019. Operating free cash flow generation was stronger (€19m versus €9m in 2019) owing to higher EBITDA levels and the reduction of capital expenditure in the current year. As of May 31st the Group maintained a strong liquidity position in excess of €400m in cash balances and available committed bank credit facilities.

The Board of Directors decided the return of €0.20 capital per share to all shareholders of the Company on record on May 14, 2020. The date of payment has been set for July 7, 2020.

Regional review January – May 2020

USA



Activity in the USA saw a strong start to the year and in Q1, positive market trends and favorable weather conditions led to a 6.2% Revenue growth compared to 2019. Operations continued uninterrupted with a moderate slowdown of demand in Florida and the Mid-Atlantic recorded since mid-March. The effect of lockdown measures was more pronounced on our import terminal which supplies the New York Metro area during April, followed by a recovery of sales volumes since the beginning of May. Overall, May 2020 year-to-date Revenue and EBITDA in the USA were close to the performance of the same period last year, with Revenue at €391.9m (-0.4%) and EBITDA at €64.7m (-2.0%).

Greece & W. Europe



In Greece, the market set off on a positive growth momentum in Q1 2020, thanks to public works projects and increased private investment, while cement export sales were at similar levels to 2019. Revenue was up by 2.4%. In April, domestic sales volumes were impacted by the Covid-19 lockdown measures. Most export destinations moreover postponed cement shipments because of local lockdowns. Following a weak April, resurgent demand in the domestic construction sector, as well as restored export volumes, resulted in a May performance which was at par with last year. Total Revenue for the Greece and Western Europe region in the first five months of 2020 declined by 11.4% to €92.1m. At the operating level, EBITDA reached €3.4m compared to €6.1m in the first 5 months of 2019 reflecting the lower production levels in April-May.

Southeastern Europe



Construction in Southeastern Europe had a good start to the year with Revenue at 2019 levels, which turned to a slowdown in late March and April, primarily due to the Covid-19 lockdown measures. In May, sales volumes gradually recovered. Despite the lockdown measures and state of emergency imposed in some countries in the region, which inevitably affected construction, overall market demand proved quite resilient. Construction activity resumed and January-May Revenue for the region posted a 10.4% decrease at €88.9m. The combination of a positive pricing environment with the declining cost of solid fuels, led to an improvement in profitability as EBITDA reached €27.5m, increasing by €1.6m (+6.1%) compared to the first 5 months of 2019.

Eastern Mediterranean



Demand in Egypt recorded significant growth in Q1, with the market posting an increase of about 4.7%. Sales in April continued, and there was a slowdown imposed in May when the coronavirus spread more widely. In Turkey, we experienced growth in domestic sales since the beginning of the year, as demand remained strong fueled by both public works and private projects. Additionally, exports contributed towards revenue growth. Total revenue in the Eastern Mediterranean region posted a 16.9% increase reaching €68.9m in the first 5 months of 2020. In Q1 Revenue increase had been 21.3%. In an environment of declining solid fuel costs, but stagnant market prices at low levels, operating performance improved as EBITDA was €1.8m positive versus a €5.8m loss in the first 5 months of 2019.

Brazil (joint-venture)

The market had a strong start to the year with increased sales volumes, was followed by a slowdown due to strict lockdown measures and a sales rebound with growth recorded in May. The overall increase in revenue and the reduction in fuel costs resulted in improved profitability for the January – May period.

24 June 2020

Summary of Interim Consolidated Income Statement

<i>(all amounts in Euro thousands)</i>	For the five months ended 31/5	
	2020	2019
Revenue	641,762	655,360
Cost of sales	-536,494	-548,432
Gross profit	105,268	106,928
Other net operating income	953	1,050
Administrative and selling expenses	-67,837	-71,866
Operating profit	38,384	36,112
Net finance costs	-30,620	-25,571
Loss from foreign exchange differences	-1,269	-4,383
Share of loss of associates and joint ventures	-2,094	-2,211
Profit before taxes	4,401	3,947
Income tax	-1,434	-297
Profit after taxes	2,967	3,650
Attributable to:		
Equity holders of the parent	3,479	3,831
Non-controlling interests	-512	-181
	2,967	3,650
Basic earnings per share (in €)	0.0449	0.0480
Diluted earnings per share (in €)	0.0447	0.0477

Earnings before interest, taxes, depreciation, amortization and impairment (EBITDA)

<i>(all amounts in Euro thousands)</i>	For the five months ended 31/5	
	2020	2019
Operating profit	38,384	36,112
Depreciation and amortization	58,911	56,119
Earnings before interest, taxes, depreciation, amortization and impairment (EBITDA)	97,295	92,231

Unaudited summary of interim consolidated financial statements

Summary of Interim Consolidated Statement of Financial Position

(all amounts in Euro thousands)

	31/5/2020	31/12/2019
Assets		
Property, plant & equipment and investment property	1,677,333	1,710,706
Intangible assets and goodwill	423,227	425,340
Investments in associates and joint ventures	87,093	113,858
Other non-current assets	39,116	28,373
Deferred tax assets	25,148	13,939
Total non-current assets	2,251,917	2,292,216
Inventories	294,249	283,519
Receivables, prepayments and other current assets	218,049	197,296
Cash and cash equivalents	181,490	90,388
Total current assets	693,788	571,203
Total Assets	2,945,705	2,863,419
Equity and Liabilities		
Equity and reserves attributable to owners of the parent	1,332,525	1,375,165
Non-controlling interests	28,112	34,626
Total equity (a)	1,360,637	1,409,791
Long-term borrowings and lease liabilities	920,654	822,820
Deferred tax liability	96,417	96,319
Other non-current liabilities	143,673	133,001
Total non-current liabilities	1,160,744	1,052,140
Short-term borrowings and lease liabilities	126,327	103,307
Trade payables, income tax and other current liabilities	297,997	298,181
Total current liabilities	424,324	401,488
Total liabilities (b)	1,585,068	1,453,628
Total Equity and Liabilities (a+b)	2,945,705	2,863,419

Unaudited summary of interim consolidated financial statements

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Summary of Interim Consolidated Cash Flow Statement

(all amounts in Euro thousands)

	For the five months ended 31/5	
	2020	2019
Cash flows from operating activities		
Profit after taxes	2,967	3,650
Depreciation and amortization of assets	58,911	56,119
Interest and related expenses	30,321	25,168
Provisions	781	5,175
Other non-cash items	5,809	7,884
Income tax paid	-906	-4,906
Changes in working capital	-47,695	-46,716
Net cash generated from operating activities (a)	50,188	46,374
Cash flows from investing activities		
Net payments for property, plant & equipment and intangible assets	-32,540	-41,435
Net proceeds from changes in investments to affiliates and other investing activities	599	1,544
Net cash flows used in investing activities (b)	-31,941	-39,891
Cash flows from financing activities		
Interest and other related charges paid	-17,992	-21,417
Net proceeds from/(payments of) loans and leasing	101,071	-7,457
Payments for shares bought back	-8,003	-5,262
Other payments of financing activities	-1,455	-332
Net cash flows from/(used in) financing activities (c)	73,621	-34,468
Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c)	91,868	-27,985
Cash and cash equivalents at beginning of the year	90,388	171,000
Effects of exchange rate changes	-766	2,800
Cash and cash equivalents at end of the period	181,490	145,815

Unaudited summary of interim consolidated financial statements

General Definitions

CAPEX

CAPEX is defined as acquisitions of property, plant and equipment, right of use assets, investment property and intangible assets.

EBITDA

EBITDA corresponds to operating profit plus depreciation, amortization and impairment of tangible and intangible assets and amortization of government grants.

Net Debt

Net debt corresponds to the sum of long-term borrowings and lease liabilities, plus short-term borrowings and lease liabilities (collectively gross debt), minus cash and cash equivalents.

NPAT

NPAT is defined as profit after tax attributable to equity holders of the parent.

Operating Free Cash Flow

Operating free cash flow is defined as EBITDA adjusted for non-cash items, plus or minus changes in working capital, minus payments for CAPEX.

Operating profit

Operating profit is defined as profit before income tax, share of gain or loss of associates and joint ventures, gains or losses from foreign exchange differences, net finance costs and other income or loss.

24 June 2020

- This media release is also available on the website of Titan Cement International SA via this link <https://ir.titan-cement.com>
- For further information, please contact Investor Relations on +30 210 2591 257

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About Titan Cement International SA

Titan Cement International 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 more than 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.
