

1st Quarter 2019 Results

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Consolidated turnover for TITAN Group in the first quarter of 2019 stood at €363m, recording a 12% increase compared to the same period the previous year, largely due to the robust US market and growth in Southeastern Europe. The improvement in Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was limited to 2%, reaching €44m, as challenging conditions in both Egypt and Turkey impacted operational profitability. The Group's net result after minority interests and the provision for taxes was a €6m loss, reflecting higher depreciation charges and unfavorable foreign exchange movements, versus a €1m profit in the first quarter of 2018.

As a general observation, the first quarter of the year is susceptible to varying weather patterns and as such, comparatives against the corresponding quarter of a preceding year are not necessarily indicative of performance going forward in the course of the year.

€ m	First quarter 2019	First quarter 2018	Change %
Turnover	362.7	322.5	12.5%
EBITDA	44.3	43.5	1.9%
Net profit / (loss)*	(6.2)	0.9	

*after tax and minority interests

REVIEW OF OPERATIONS

Activity in the USA saw a strong start to the year, supporting growth expectations regarding the evolution of the country's construction sector. Demand for building materials was higher, compared to the previous year, across all TITAN America markets, leading to an improvement in results. In addition to the positive performance of the market, results were aided by easier comparatives due to better weather in the quarter, the timing of maintenance

work, as well as the strengthening of the US Dollar against the Euro.

Turnover in the USA recorded a 17.5% increase in the first quarter of 2019 and stood at €223.9m. EBITDA increased by 41.8% compared to the same period in 2018 and stood at €41.2m.

In Greece, the market recorded an increase in the beginning of the year, albeit from very low levels. Demand growth nevertheless lacks traction, since major new projects are faced with further delays. Regularly scheduled maintenance of plants and facilities in the course of the first quarter also weighed on results.

Total turnover for region Greece and Western Europe in the first quarter of 2019 increased by 6% reaching €56.1m. On the operating level, the Group recorded a €0.8m loss impacted by higher maintenance charges, versus a €2.1m profit in the first quarter of 2018.

In Southeastern Europe, construction activity continued to grow. Demand in the quarter was further helped by milder weather compared to conditions prevalent last year.

Turnover for the region as a whole posted a 41.4% increase and stood at €48.4m. EBITDA more than doubled, reaching €9.1m. The growth trajectory is anticipated to continue over the next quarters, albeit at milder rates.

In the Eastern Mediterranean markets are facing significant challenges. In Egypt demand shrunk by approximately 7% in the first quarter compared to the previous year. Coupled with new production capacities, the drop in the market led to a decline in utilization rates at TITAN Cement Egypt plants. In addition, higher imposed input costs and stagnant prices, have wiped out profitability. In Turkey, demand fell sharply in the first quarter, as had been expected amidst the environment of economic contraction and uncertainty.

Total turnover for region Eastern Mediterranean in the first quarter of 2019 stood at €34.2m, recording a 23.5% decline, while on the operating level, the Group recorded a €5.2m loss versus an €8.4m profit in the same period in 2018.

In Brazil, cement demand for the first quarter of the year reversed the trend of the last four years, posting a 1.2% increase in the Northeastern region where Apodi, the JV in which the Group holds 50%, operates.

FINANCING AND INVESTMENTS

Group net debt at the end of the first quarter stood at €889m, increased by €117m against the end of 2018. It

should be noted that €59m of the increase stems from the impact of the adoption of IFRS 16 in 2019. Capex in the first quarter of 2019 stood at €23.1m versus €19.2m in the corresponding period in 2018 and regard, for their largest part, investments in the Group's USA activities.

As previously communicated, the application of IFRS 16 on the Group's financial statements in 2019, will bring an estimated increase of right-of-use assets by approximately €54m, an increase of lease liabilities by €59m and an increase of deferred tax liabilities by €1.5m. EBITDA is expected to be positively impacted by approximately €13m.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 16 April 2019, TITAN Cement International S.A. (TCI) announced, the submission of a new voluntary share exchange tender offer to acquire all of the ordinary and preference shares of the Company (the TITAN shares), in consideration for new shares issuable by TCI at an exchange ratio of one TCI share for each TITAN share.

The objective of TCI through the new Tender Offer remains the facilitation of the listing of TITAN Group on one of the largest European Union stock exchanges, Euronext Brussels. Upon the successful completion of the Tender Offer, subject to the necessary regulatory approvals, TCI will become the direct parent of TITAN S.A. and the ultimate parent company of TITAN Group. TCI will also apply for the secondary listing and admission for trading of its shares on the Athens Exchange and Euronext Paris.

OUTLOOK FOR 2019

The overall Group outlook for 2019 is favourable.

There are positive demand dynamics in the USA, in Southeastern Europe, in Brazil and albeit somewhat delayed in Greece. Countering these, conditions should remain challenging in Egypt and 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 2.3% in 2019 and by approximately 1.6% per annum over the period 2019-2023. TITAN Group is well positioned to take advantage of this growth, having a strong presence in expanding metropolitan areas and the operating leverage to meet growing demand.

In Greece, expectations of a medium-term pickup in construction activity are maintained, despite anticipated further delays in the start of major projects. Works pertaining to tourism-related activities should maintain their positive evolution, thereby aiding cement consumption. On the other hand, private residential activity will remain at low levels in 2019 as well.

In the countries of Southeastern Europe, continuing economic growth is having a positive effect on construction activity. The Group's plants have the capacity to meet significantly higher demand levels and thanks to recent investments are increasing their competitiveness through the expansion of the use of alternative fuels, to the benefit of the Group's operations as well as of the local communities.

In Egypt, demand should remain at levels similar to those of 2018. Despite initiatives to further reduce costs, downward pressures on operating results are likely to continue, at least in the short-term, as long as price levels fail to improve.

In Turkey, the deterioration in macroeconomic indicators, in tandem with the pressure on the banking system, is expected to lead to a significant reduction in demand for building materials in the short term. The longer-term prospects of the construction sector, however, remain attractive. Adocim is well prepared to face the sharp downturn, owing to its modern asset base, competitive cost structure and low gearing.

Finally, in Brazil, political stability increases expectations for the launch of a new growth cycle in the cement market. Cement demand in Northeastern Brazil, where the Group is present, is the prospect of higher demand driven by demographic growth and private building activity.

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

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