

## Financial Results Q1 2018

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Adverse weather conditions in the US and Southeastern Europe, coupled with the strengthening of the Euro against the US Dollar and other currencies in the course of the first quarter of 2018, had a negative impact on TITAN Group results. Consolidated turnover reached €322.5 m, recording a €39 m decline (of which €35.9 m due to FX) compared to the previous year. Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) declined by €7.6 m (of which €5.7 m due to FX) reaching €43.5 m. Net Profit after minorities and the provision for taxes was €0.9 m, versus a €3.9 m loss recorded in the first quarter of 2017.

Customarily, the first quarter of the year is a period of weather-dependent demand and intensive maintenance activity. It is therefore not necessarily representative of the full year's performance.

€ million	Q1 2018	Q1 2017	% Change
Turnover	322.5	361.8	-10.90%
EBITDA	43.5	51.1	-14.90%
Net profit*	0.9	-3.9	

\*after tax and minority interests

### REVIEW OF OPERATIONS

The particularly wet weather, which characterized the eastern coast of the US during Q1 2018, curtailed the

demand for building materials limiting growth volumes. In US Dollar-terms, turnover and EBITDA were unchanged compared to the first quarter of 2017. In € terms, turnover in the US declined by 14% in the first quarter of 2018 and reached €190.6 m. EBITDA declined by 15% compared to the first quarter of 2017 to €29.1 m.

In Greece, building activity remained at very low levels. Housing construction remained dormant, while the commencement of major public and private works has been further delayed. The only encouraging sign is the increase in building activity related to tourism projects. Cement exports faced unfavourable exchange rates limiting profitability margins. Total turnover in Group region Greece and Western Europe in the first quarter of 2018 declined by 8% and stood at €52.9 m. EBITDA reached €2.1 m, versus €4.4 m in the first quarter of 2017.

Adverse weather conditions impacted Southeastern Europe, compared to the mild winter of 2017. In total, in the countries where we are active, demand declined. Total turnover declined by 10% and stood at €34.2 m while EBITDA increased slightly by 4% reaching €3.9 m.

Performance in Egypt improved significantly compared to the fourth quarter of 2017 mainly due to the increase in prices during the first quarter of 2018. The market recorded a c.3% increase in demand compared to the previous year. The weakening of the Egyptian Pound against the euro negatively impacted results, which while improving in local currency-terms, recorded a decline when translated into euro. Turnover in the first quarter of 2018 reached €44.8 m, recording a 1% decline while EBITDA reached €8.4 m, a 6% decline compared to the first quarter of 2017.

In Turkey, cement demand was at high levels, driven by major infrastructure projects. However, the weakening of the Turkish Lira prevented the improvement in results in euro-terms.

In Brazil, the positive performance of the economy led to an increase in both volumes and prices, resulting in improved results for Cimento Apodi against the first quarter of 2017.

Group net debt at the end of the first quarter stood at €738 m, €15 m higher compared to the end of 2017. Capital expenditures in the first quarter of 2018 stood at €19 m versus €33 m in the respective quarter of 2017 and reflected, by and large, investments undertaken in our US operations.

## OUTLOOK FOR 2018

Although inclement weather contributed to a slow start to the year, the outlook for the Group in 2018 remains positive, despite the challenges faced in Egypt and Greece, with the US being the main lever of growth and profitability.

In the US, building activity is anticipated to recover the ground lost in the first quarter and register positive growth for the full year. Indicators for residential building activity and infrastructure spending remain positive. TITAN is well placed to make the most of the market's upside, having a strong presence in expanding metropolitan areas and sufficient spare capacity to grow with the markets. The recently legislated tax reform should also have positive impact on the construction sector.

Major public works are not expected to commence in Greece in the short term and private building activity remains at very low levels. 2018 cement production will be channeled, once again, by and large, towards exports.

There are expectations for a mild longer-term growth in the construction sector of Southeastern Europe. The Group's plants, which currently operate substantially below their capacity, are positioned to meet market demand on competitive terms.

Despite the small improvement recorded in the market in Egypt in the first quarter of 2018, the cement sector continues to face challenges. The entry into operation of a new state owned cement plant with 12m MT capacity will exacerbate the existing capacity surplus, impacting utilization rates at existing plants. Demand should slowly recover, as the after-shocks of the devaluation are being absorbed, the economy starts to recover and new major works get off the ground. TITAN Cement Egypt, having evolved into one of the country's most competitive producers, remains committed to the further curtailment of production costs, while aiming to improve selling prices.

In Turkey, demand should continue to be driven by major public investments and public-private partnership projects. Nevertheless, macroeconomic and political developments have increased the level of uncertainty in the market outlook.

In Brazil, the improvement of the economy and the evolution of demand for building materials raise expectations that the cement market is entering a recovery cycle.