First Half Results 2017

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Financial results for TITAN Group in the first half of 2017 continued to improve. Consolidated turnover was €773.8m posting a 6.9% increase compared to the first half of 2016. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA), increased by 18.9% reaching €142.1m. Net profit after minority interests and the provision for taxes increased by 51.4% and stood at €13.9m versus a net profit of €9.2m in the respective period of 2016.

The second quarter confirmed the first quarter's trends. Consolidated turnover for the second quarter increased by 6.7% and stood at €412m. EBITDA recorded an increase even above of that recorded in the first quarter, growing by 19.5% to reach €91m. Net profit after minority interests and the provision for taxes stood at €17.8m, recording a 35.9% decrease versus the second quarter of 2016.

€ m.	Q2:2017	Q2:2016	% change	First Half 2017	First Half 2016	% change
Turnover	412,0	386,0	6,7%	773,8	723,8	6,9%
EBITDA	91,0	76,2	19,5%	142,1	119,5	18,9%
Profit before tax	32,4	32,3	0,2%	31,7	7,4	329,9%
Net profit *	17,8	27,8	-35,9%	13,9	9,2	51,4%

* after tax and minority interests

REVIEW OF OPERATIONS

In the US, economic growth and the increase in employment continued to support the recovery in the housing market. Population growth coupled with favourable economic conditions and relatively low mortgage rates, lead to a continuing growth in housing starts. Concurrently, the improvement in the fiscal position of the states in which TITAN is active has translated into an increase in infrastructure investments. Favourable market conditions have allowed for an increase in selling prices and an improvement in margins. Turnover growth and the improvement in operating performance were boosted by the extensive investment programme undertaken by the Group over the course of the previous three years, allowing for the expansion of activities in ready-mix concrete, aggregates and fly-ash. In total, for the first half of 2017, turnover in the US posted a 22.4% increase and stood at €456m while EBITDA increased by 77.2% to €92.4m.

In Greece, building activity remained depressed. The conclusion of certain major infrastructure projects during the first months of 2017 in conjunction with the stagnation of private building activity, resulted in a decline in cement consumption in the first half of 2017. Export volumes remained high, absorbing the greater share of the plants' production, albeit under conditions of increased competition in global markets. Low domestic sales volumes, coupled with increased energy costs, resulted in a decline in profitability. Group turnover for Greece and Western Europe for the first half of 2017 declined by 3.2% reaching €129.1m while EBITDA declined by 30.4% compared to the first half of 2016 and stood at €13.7m.

Demand in the markets of Southeastern Europe increased, as building activity was apparently boosted by ongoing elections in the first half of the year. However, market dynamics did not allow for energy cost increases to be passed on to selling prices, resulting in lower operating profitability. Total turnover increased by 11.3% to €108m while EBITDA declined by 10% to €23.6m versus €26.2m in the first half of 2016.

In Egypt, the economy is adjusting to the large devaluation of the Egyptian Pound in 2016. Construction activity declined in 2017, particularly in the first quarter of the year. In a challenging environment, the augmented fuel grinding capacity, compared to the respective period in 2016, allowed our subsidiary to recapture sales volumes. Selling prices improved in local currency, but were much lower in euro terms. So far, prices do not reflect the increased costs resulting from the devaluation. Turnover in the first half was €80.7m recording a significant increase in local currency but a 33.3% decline in Euro-terms while EBITDA reached €12.4m, a 42.1% decline in Euro-terms.

In Turkey, demand recovered after a heavy winter and grew during the second quarter. However, the start of two new plants in the area where Adocim operates resulted in a decline in sales volumes. Moreover, the slide in the Turkish Lira resulted in negative foreign exchange differences which impacted Adocim results. The net result attributable to Titan was a €0.4m loss versus a profit of €2.2m in the first half of 2016.

Finally, in Brazil, the improvement in key macroeconomic indicators (inflation, interest rates, foreign exchange parity), has not yet translated into an improvement in demand and the construction market continued to decline. Cement demand in the country fell by 9% in the first half of 2017.

Group capital expenditure in the first half of 2017 reached €72m, €10.4m greater than in the first half of 2016 and mostly related to the expansion of activities in the US.

Group net debt as at 30th June, 2017 stood at €787m, €126m higher compared to 31st December, 2016. Debt levels were affected by a combined dividend and capital return payment to shareholders amounting to €93.1m, which took place in the second quarter of 2017.

In April 2017, Group subsidiary TITAN GLOBAL FINANCE Plc executed a new €300m multicurrency syndicated credit facility, maturing in January 2022, guaranteed by the TITAN Cement Company S.A. Part of the proceeds were used for the refinancing of existing credit lines, while part remains available for general corporate purposes.

In May 2017, Standard & Poor's, acknowledging the improvement in Group results and prospects, upgraded TITAN's credit rating to "BB+" on a stable outlook.

OUTLOOK FOR 2017

Prospects for the Group in 2017 remain positive, mainly due to the improvement of results in the US. The recovery of the construction industry in the US, and in particular on the East coast where the Group is active, should continue, fuelled by all three main market segments, i.e. residential construction, commercial real estate and public infrastructure. The growth in demand, in conjunction with the benefits accrued from extensive capital spending program in recent years, have strengthened the Group's position in the market, and allow for an optimistic outlook on performance.

In Greece, demand is anticipated to be markedly below that of 2016. Following the completion of the major highway projects, new infrastructure projects are still in the planning phase and are not expected to sustain demand in 2017. Private building activity remains at exceptionally low levels, despite certain new projects in the tourism industry. Cement production out of Greece in 2017, will continue to be channeled mostly towards export destinations.

In the countries of Southeastern Europe where the Group is present, construction activity in the second half of the year should remain at levels similar to those of 2016.

In Egypt, the adoption of an extensive adjustment and structural reforms programme, in conjuncture with the large devaluation of the Egyptian Pound create short term imbalances and challenges in the market, while laying the foundations for sustainable longer term growth. Having completed the investments for the utilization of solid fuels at its plants, the Group has strengthened its competitive position and ensured fuel sufficiency, but is nevertheless faced with the challenges brought on by price volatility, high inflation and lower construction activity.

In Turkey, demand should remain at satisfactory levels in the short-term, supported by the continuation of major public works. The slide in the national currency however, coupled with growing overcapacity will likely weigh on results.

In Brazil, the political and economic crisis is still being felt. However, the emergence of encouraging signs in the construction sector, such as the increase in house prices and the increase in the retail prices for building materials, support the expectation that the cycle of demand growth will start next year.

RESULTS FOR PARENT COMPANY TITAN CEMENT S.A.

Turnover at Titan Cement S.A. declined by 4.2% in the first half of 2017, reaching €125.4m.EBITDA reached €12.2m, versus €18.7m in the first half of 2016. The net after tax result was a €8.1m loss, versus a net profit of €19.1m in the corresponding period in 2016, which however had included €20.6m in the form of dividends from subsidiaries.