

Interview with the Chairman of the Group Executive Committee



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Marcel Cobuz

Chairman of the Group
Executive Committee

You joined TITAN in June 2022. How were your first months in the company?

Every day I have spent with our teams since joining the TITAN family has provided me with exciting opportunities to learn about amazing achievements and to get inspired by our passionate people and loyal customers about growing our business. I have visited most of our operating sites and met with all senior managers and their teams on several occasions while also spending valuable time getting to know customers across our markets. These encounters allowed me to understand where we need to focus and where to explore further and learn more. Together with the Executive Committee team, we announced the strategic directions in September 2022 on accelerating the Group's commercial and technological transformation. We aim to continue building great teams, maintain profitable growth and become one of the safest, most customer-friendly, innovative, digitalized and green businesses in the construction materials industry.

In a nutshell, how was TITAN's performance in 2022?

We had a very good annual performance despite the global energy challenges, inflationary costs, and demand and supply disruptions. Robust operations management allowed us to hold strong market positions and effectively serve our customers, and our focus on dynamic pricing led to sales growth reaching €2,282.2 million. Operating profitability (EBITDA) increased to a record level by 20.3% to €331.2 million. The persistence on cash management allowed us to decrease net debt to 2.4 times EBITDA. Our confidence in the growth prospects of our key markets is reflected in the ramping up of our CapEx spending to its highest point in 15 years, reaching €241.9 million, with fast-payback investments in low carbon fuel technology and logistics infrastructure driven by our business units in the US and Greece.

I am also very happy to report that in 2022 we reduced our direct CO₂ emissions by 5%. On top of that, we are among the three cement companies worldwide to receive a top "A" score from CDP for our climate disclosure and action. This is pushing us to further raise our ambition and redefine our relevant medium-term targets. TITAN Group was among the first cement companies worldwide to have its near-term CO₂ emissions reduction targets validated by the Science Based Targets initiative (SBTi) as consistent with the reductions required to keep global warming to 1.5°C.

I would like to warmly thank all our customers and partners and more particularly our teams for their strong efforts, dedication and collaboration across our markets and value chain, that made possible the solid performance of 2022. We continue to work hard in talent development and rejuvenation, reflected by the more than 1,600 new recruits and interns that joined us this year.

How are you responding to the changing needs of customers, who ask for greener, more sustainable and smarter solutions?

With sustainable solutions and products approaching 20% of our sales we are adapting and transforming our portfolio at a good pace. We have a strong TITAN brand equity wherever we operate and it is our duty to be on the first line with innovative products and solutions, as we have proven in 2022 with our presence in some of the most complex infrastructure and high-rise commercial development projects. Our teams in the US achieved in record time the massive introduction of limestone cements with lower carbon footprint in the market. We have also commercialized novel lower carbon cement types in the markets of Albania, Egypt, Greece, Kosovo, Serbia and Turkey. Our efforts demonstrate our commitment to respond to increased demand for innovative products, energy efficient buildings and sustainable infrastructure.

We keep innovating and accelerate our green product offerings in 2023 using low carbon substitutes for clinker, including construction demolition waste and other cementitious materials, while ramping up the use of alternative fuels with new investments and sourcing initiatives across our operations, fully aligned with circular economy principles. In parallel, our innovation strategy is geared to explore new technologies and raw materials, lower concrete intensity, maximize smart construction methods and use of clean energy.

In line with our Group's CO₂ reduction targets and our commitment to increasing the share of green products in our portfolio to over 60% by 2030, our sales and operation teams are offering our customers construction solutions that will shape the sustainable world of tomorrow.

Looking into the future, how is TITAN preparing for the challenges ahead?

Green investments, product innovation and embracing increased digitalization are key to our long-term success and growth of our business. With 90 decarbonization initiatives in the pipeline across the Group, our innovation and operations teams continue to make significant progress: more pilots on carbon capture and storage, use of hydrogen as an alternative, carbon-free energy source, and industrial production of calcined clays allowing for cement with up to 40% less CO₂. We are also helping start-ups to make next generation decarbonization ideas a reality, through our involvement in several industry platforms, direct support of entrepreneurs and participation in consortiums in the fields of 3D concrete printing or heat storage technologies.

On the digitalization front and focusing on creating the smart cement plant of the future, we are working on a range of next-generation technologies. We are proud that 50% of our plants now have

AI-based real time optimizers, which have reduced energy consumption and CO₂ emissions and improved productivity. Our new company CemAI, which was launched in 2022 to deliver the industry's first AI-based predictive maintenance solution, is another milestone in our digitalization journey. New projects in the pipeline aim to digitalize our customer experience in an integrated supply chain model.

To achieve all this, we are determined to continue building and enabling our talent to accelerate the commercial and technological transformation of the Group and tackle the challenges of the future.

What are your priorities for 2023?

We want to accelerate the growth of our business and our people, while we focus on creating value for customers through innovation, decarbonizing our sales and digitalizing our operations faster.

More specifically in 2023 and despite the looming global challenges, we will continue to apply the same growth mindset to increase sales and margins, generate cash and execute growth CapEx investments, always with the same sense of caring for our people, as well as with responsibility, integrity, accountability and respect.

Safety in and around our operations will remain a priority. Safety must never be taken for granted, and we are committed to doing whatever it takes to improve our performance in this area, particularly in contractors' safety systems.

Building on the foundations we set in 2022 with the launch of the Group Diversity, Equity and Inclusion policy, we will accelerate ways to cultivate an inclusive work culture that embraces and celebrates diversity.

Last but not least, we will increase our positive local impact through community initiatives in our locations while continuing our progress on biodiversity and water management, promoting recycling and circular economy practices, and curtailing air emissions.

Our TITAN DNA makes us always want to innovate and improve and to do more for our customers, our people, the communities in which we operate, and the planet.