29 July 2020

First Half 2020 Results

Growth in profitability and resilience amidst adversity

Brussels, 29 July 2020, 19:00 CEST – Titan Cement International SA (Euronext Brussels, ATHEX and Euronext Paris, TITC) announces the second quarter and half year 2020 financial results.

TITAN Group achieved stable revenue and growth in profitability in the first half of 2020, amidst the adversities set by COVID-19. Group management's rapid response to shifting market conditions, the refocusing of priorities and the targeted strategy, were crucial in producing this strong and resilient performance. Delivery of such results was only made possible by the collective effort of management and employees while jointly striving to safeguard the lives and livelihoods of the Group's employees and their families, business partners, customers and local communities.

TITAN Group - Overview of the first half 2020

Barring the sudden decrease in activity witnessed with the onset of lockdown measures in March and April, sales recovered significantly in most markets in May and June. Construction was deemed as an essential activity in the markets where the Group operates and all cement plants continued their operation, satisfying local market demand. Group consolidated revenue in the first half 2020 amounted to €786.3m, essentially flat (+0.1%) over the same period the previous year.

Targeted cost savings, the prevailing lower prices in solid fuels, combined with overall pricing resilience in our markets, translated into significant margin gains in the first six months of the year. Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) were up 12% reaching €136.8m, while Group EBITDA margin reached 17.4% from 15.6% in the first half of 2019. Net Profit after Taxes and minorities (NPAT) grew by €9m to €22.4m.

In million Euros	H1 2020	H1 2019	% yoy
Revenue	786.3	785.4	0.1%
EBITDA	136.8	122.2	12.0%
Net Profit after Taxes & Minorities	22.4	13.3	68.0%

Dimitri Papalexopoulos, Chairman of the Group Executive Committee

"We were able to adjust quickly to continuously changing conditions. This allowed us to deliver improved profitability, while safeguarding the lives and livelihoods of our employees."

After a good start to the year trends in sales volumes were affected by the spread of the pandemic and subsequent slowdown of markets. The rebound of construction activity witnessed in May and June partially offset the decline, bringing the overall volume performance closer to last year's levels.
Cement and cementitious materials volume sales were impacted by lower exports from Greece and the lack of fly ash supply in the US, overall resulting in a decline of 2% compared to the 1st half of 2019.
Ready-mix sales posted an increase of 1.3%, while aggregate sales were higher by 2.6%.

In million	**H1 2020**	**H1 2019**	**% yoy**
Cement (metric tons) (1)	7.9	8.1	-2.0%
Ready-mix concrete (m3) (2)	2.64	2.60	+1.3%
Aggregates (metric tons)	9.2	8.9	+2.6%

(1) Cement sales include clinker and cementitious materials
(2) Includes Brazil, does not include Associates

Regional review of the first half 2020

USA

Revenue

EBITDA

in € million	H1 2020	H1 2019	% yoy
Revenue	475.5	471.8	0.8%
EBITDA	87.1	84.2	3.5%

Titan America maintained its positive course in the first half of the year, with operations continuing uninterrupted despite the moderate slowdown of demand recorded in Q2. The effect of lockdown measures was more pronounced during April on our import terminal Essex, which supplies the New York Metro area. By May-June, volumes in our US markets caught up with pent-up demand, ending on a solid note in June.
Operational profitability and margins also improved owing to focused cost management and the benefit of lower fuel prices. In line with long-term goals to reduce its carbon footprint, TITAN invested in the conversion of its cement plants from solid fuels to natural gas. The Roanoke plant in Virginia is currently running at c.90% gas while the Pennsuco plant in Florida is also close to obtaining that flexibility.

In the first six months of the year, revenue in the US was €475.5m, posting a 0.8% increase. EBITDA reached €87.1m, growing by 3.5%, with EBITDA margin rising to 18.3% year to date.

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Greece & W. Europe

Revenue

EBITDA

in € million	H1 2020	H1 2019	% yoy
Revenue	113.7	123.3	-7.8%
EBITDA	8.2	9.9	-16.4%

In Greece, the year started off better than 2019 but came to an abrupt halt when the epidemic struck and subsequent lockdown measures were imposed in mid-March. Demand bounced back however in May and June. Overall, the domestic market in the first half has hovered at levels similar to the previous year, with projects already under way prior to the onset of the epidemic picking up pace, as well as resilient demand in small scale private construction. Lower fuel costs were counterbalanced by the fact that Greece was the only country in our universe which suffered from higher electricity costs. Exports already planned at lower levels than 2019 due to the new ETS, were further hindered during lockdown as international trade was curtailed globally and lockdowns were imposed in countries where the Group exports. Export volumes did however recover towards the end of the period.

Total consolidated revenue for region Greece and Western Europe in the first six months of the year reached €113.7m, recording a 7.8% decline, and EBITDA reached €8.2m, posting a 16.4% decline.

Southeastern Europe

Revenue

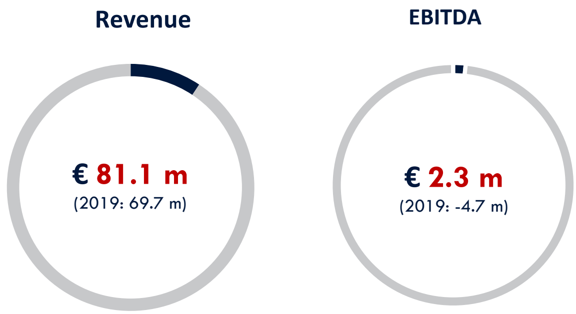
EBITDA

in € million	H1 2020	H1 2019	% yoy
Revenue	115.9	120.7	-3.9%
EBITDA	39.1	32.9	19.0%

Following the easing of strict lockdown measures, demand bounced back in May and June, supported by the region's solid underlying trends. Moreover, the pre- and post-effects of election cycles in some of the countries in the region served to underpin demand. Revenue levels reflect the combination of lower volumes and resilient prices. Profitability benefited from significantly lower fuel and energy prices, as well as efficient cost curtailment.

Revenue in Southeastern Europe in the 1st half of 2020 posted a 3.9% decrease to €115.9m, while the combination of a positive pricing environment and lower production costs, resulted in a 19.0% increase in EBITDA compared to the first six months of 2019, which reached to €39.1m.

Eastern Mediterranean



in € million	H1 2020	H1 2019	% yoy
Revenue	81.1	69.7	16.4%
EBITDA	2.3	-4.7	

After posting a healthy growth rate of 4.4% in Q1, market demand in Egypt declined sharply in Q2 as the epidemic set in, affecting business and bringing total cement consumption for the first six months at -3.3% versus the same period the previous year. The underlying trends and the structural challenges of the market remained unchanged. Pricing remained weak amidst an oversupplied market although the longer-term fundamentals of the market are in place as is evidenced by both the infrastructure projects underway across the country, as well as the demand for residential built-up.

Turkey also had a relatively solid start to the year, but then took a hit as the epidemic started to be felt and lockdowns imposed. Construction in our local markets was largely unaffected. Demand is supported by public works, while the government is actively attempting to also spur homebuilding activity through a programme of low-interest rate, long-term term loans for certain types of residential construction. The Group's subsidiary in Turkey, Adocim, is actively pursuing a successful export strategy. Total revenue in the Eastern Mediterranean region increased by 16.4% in the first half of the year, while operational profitability which had been negative in the first half of 2019, turned positive, so that EBITDA for the first half of 2020, closed at €2.3m.

Brazil (Joint Venture)

The market had a strong start to the year with increased sales volumes, followed by a slowdown due to strict lockdown measures and then a sales rebound recorded in May and June. Revenue, in local currency, therefore increased while the reduction in fuel costs also resulted in improved profitability for the six-month period for our joint-venture Apodi. Recorded in €-terms however, both revenue and EBITDA declined due to the devaluation of the BRL.

Financing & Investments

Group operating free cash flow in the first half of 2020 reached €69.0m, an increase of €14.9m compared to the first half of 2019. Cash flow generation benefited from higher EBITDA levels, lower capital expenditure and contained working capital requirements.

Group capital expenditure in the first half of 2020 was €40.5m versus €53.3m in the first half of 2019.

Group net debt at the end of the first half of 2020 was €807.9m, lower by €27.8m from the end of 2019, with high cash balances at €240m.

On March 19, 2020 the Board of Directors activated the share buy-back programme for the acquisition of up to 1m TCI shares for an amount up to €10m. During the period from March 20, 2020 until June 4, 2020 the Group acquired 786,278 shares for a total value of €8,811,922. On June 30, 2020 the Group owned in total 5,555,674 treasury shares representing 6.74% of TCI's share capital.

Post balance sheet events

In the prevailing environment of lower interest rates, the Group took the opportunity to lower its finance costs and extend debt maturities. On June 29, 2020 Titan Global Finance Plc (TGF), the Group's finance subsidiary, launched a public tender for the purchase from current bond holders of any and all of outstanding notes under the €300m issue, maturing in 2021. On the same date, TGF announced launching in the market of a new €250m bond issue.

On July 2nd, TGF announced the completion of the offering of €250m notes due 2027, with a 2.75 per cent coupon, guaranteed by Titan Cement International S.A. and Titan Cement Company S.A. The proceeds of the Notes were used to purchase tendered 2021 notes in aggregate principal amount of €109,342,000 and for general corporate purposes, including repayment of bank debt.

Financial Results of the second quarter of 2020

In the second quarter of 2020, Group consolidated revenue reached €401.5m, a 5.0% decrease over the second quarter of 2019. EBITDA grew across all regions, except Greece and Western Europe, reaching €96.2m and posting a 23.6% increase compared to Q2 2019, with about €10m of this improvement being attributable to annual maintenance costs being incurred earlier in Q1 this year (vs in Q2 in 2019). NPAT for the quarter reached €38.2m versus €19.5m in the second quarter of 2019.

In million Euros	Q2 2020	Q2 2019	% yoy
Revenue	401.5	422.7	-5.0%
EBITDA	96.2	77.8	23.6%
Net Profit after Taxes & Minorities	38.2	19.5	96.0%

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Non-financial review

In 2020, TITAN Group launched a new cycle of materiality assessment that will serve as a compass to set our future targets for 2025 and beyond, aligning our business priorities with stakeholders' needs, following the SASB Materiality Map®. Based on the resulting high priority material issues, we identified the following focus areas that will serve as the foundation for our sustainability strategy and targets 2020-2030, all underpinned by good governance, transparency and business ethics:

- De-carbonization and digital: *transform our business, focusing on resilience, innovation and on building solutions to serve our customers as we move towards a carbon-neutral, digital world.*
- Growth-enabling work environment: *cultivate an inclusive culture with equal opportunities for all our people to grow professionally within a safe and healthy work environment.*
- Positive local impact: *enable our business operations and our people worldwide to contribute to the prosperity of our local communities with respect to their social and environmental expectations.*
- Responsible sourcing: *empower our business ecosystems to incorporate sustainability considerations in their business decisions and daily behaviors, while using natural resources responsibly.*

Specifically on de-carbonization, our long term target remains the achievement of reduction of approximately 30% below 1990 levels by 2030. We have committed to contribute to the implementation of the Paris Agreement (COP21) while supporting the European Green Deal vision of carbon neutrality by 2050. Relevant milestones in the first half of 2020 are the introduction of the use of natural gas in our operations in the US and the extension of our alternative fuels' permit in Thessaloniki plant in Greece to cover municipal-based RDF/SRF.

The outbreak of the COVID-19 pandemic underlined the significance of putting people first and managing the crisis with responsibility. Our first priority across the Group was to protect our employees and their families, taking immediate actions with focus on prevention and preparedness, sharing knowledge and guidance through our expert colleagues or health care programs. Living up to our social responsibility, we stood by our neighboring communities at all the regions where we operate, supporting them in addressing their most urgent needs during the pandemic, while taking supporting actions aiming to help local partners and contractors to sustain their business within the crisis.

The Group's integrated management of material environmental, social and governance (ESG) issues and its enduring commitment to open and transparent communication with its stakeholders were assessed by industry-leading ESG Rating agencies for the first time under the new legal entity of Titan Cement International (TCI). TITAN's ESG performance in 2019 was recognised with a rating of A by MSCI and with a "medium ESG risk" by Sustainalytics. Addressing our stakeholders increasing expectations for ESG disclosures, in 2020 we are responding for the first time to both Carbon Disclosure Project (CDP) Climate Change and Water Security questionnaires.

Outlook 2020

Amidst a novel global operating framework of shifting factors and considerations shaping policy-making decisions, the outlook for the remainder of the year, is itself very much subject to the manner in which the impact of COVID-19 plays out across different geographies, a second, impactful wave of the epidemic notwithstanding. The favourable cost effects on the energy side witnessed in the first half of the year, should run to the year's end, further enhanced by targeted practices at effective cost management.

In the USA, the Portland Cement Association (PCA) in its preliminary summer forecasts expect cement consumption to decline by 3.8% in 2020, followed by a pick-up of 2.1% of compounded annual growth for the period 2020 – 2025. Residential construction remains a key driver for demand, supported by the historic low interest rates for mortgages and low housing inventory. Titan America maintains its focus on best servicing customer needs and flexibly managing its cost base thereby supporting operational profitability. Importantly, in an election year both ends of the political spectrum have recognized the necessity and unveiled plans focused on building a modern and sustainable infrastructure which may greatly benefit the building materials sector.

In Greece, with the reopening of economic activity, several projects, already under way prior to the onset of the epidemic, have picked up pace and should sustain demand until the end of the year. Major projects due to commence, are expected to have a significant impact visible from 2021-onwards. Exports, already resumed, should continue at somewhat reduced levels for the remainder of the year.

The countries of Southeastern Europe have shown resilience so far, also benefitting from the election cycle in the region. While local economies will most likely be impacted by the pandemic, they are also forecast to pick up in 2021, which should prove supportive both for public and private construction.

In Turkey and Egypt, the cement sector will remain vulnerable to local macroeconomic and structural challenges. Initiatives taken by our teams locally are directed at containing costs and mitigating the unfavourable effects of the epidemic on market demand.

Last, in Brazil, although the long-term fundamentals that drive demand remain robust, much will again depend on the short-term challenges posed by COVID-19.

Summary of Interim Consolidated Income Statement

(all amounts in Euro thousands)	For the six months ended 30/6	
	2020	**2019**
Revenue	786,285	785,439
Cost of sales	-640,930	-650,387
Gross profit	**145,355**	**135,052**
Other net operating income	2,111	1,547
Administrative and selling expenses	-81,122	-82,263
Operating profit	**66,344**	**54,336**
Net finance costs	-32,121	-31,354
Loss from foreign exchange differences	-4,057	-4,963
Share of loss of associates and joint ventures	-1,785	-1,773
Profit before taxes	**28,381**	**16,246**
Income tax	-6,337	-3,108
Profit after taxes	**22,044**	**13,138**
Attributable to:		
Equity holders of the parent	22,411	13,339
Non-controlling interests	-367	-201
	22,044	**13,138**
Basic earnings per share (in €)	**0.2897**	**0.1671**
Diluted earnings per share (in €)	**0.2884**	**0.1650**

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

(all amounts in Euro thousands)	For the six months ended 30/6	
	2020	**2019**
Operating profit	**66,344**	**54,336**
Depreciation and amortization	70,448	67,305
Impairment of tangible and intangible assets	-	538
Earnings before interest, taxes, depreciation, amortization and impairment (EBITDA)	**136,792**	**122,179**

Summary of Interim Consolidated Statement of Financial Position

(all amounts in Euro thousands)	**30/6/2020**	**31/12/2019**
Assets		
Property, plant & equipment and investment property	1,660,615	1,710,706
Intangible assets and goodwill	418,700	425,340
Investments in associates and joint ventures	84,239	113,858
Other non-current assets	29,073	28,373
Deferred tax assets	26,392	13,939
Total non-current assets	**2,219,019**	**2,292,216**
Inventories	284,439	283,519
Receivables, prepayments and other current assets	219,131	197,296
Cash and cash equivalents	240,339	90,388
Total current assets	**743,909**	**571,203**
Total Assets	**2,962,928**	**2,863,419**
Equity and Liabilities		
Equity and reserves attributable to owners of the parent	1,339,269	1,375,165
Non-controlling interests	27,797	34,626
Total equity (a)	**1,367,066**	**1,409,791**
Long-term borrowings and lease liabilities	633,390	822,820
Deferred tax liability	99,272	96,319
Other non-current liabilities	139,331	133,001
Total non-current liabilities	**871,993**	**1,052,140**
Short-term borrowings and lease liabilities	414,878	103,307
Trade payables, income tax and other current liabilities	308,991	298,181
Total current liabilities	**723,869**	**401,488**
Total liabilities (b)	**1,595,862**	**1,453,628**
Total Equity and Liabilities (a+b)	**2,962,928**	**2,863,419**

Summary of Interim Consolidated Cash Flow Statement

(all amounts in Euro thousands)	For the six months ended 30/6	
	2020	**2019**
Cash flows from operating activities		
Profit after taxes	**22,044**	**13,138**
Depreciation, amortization and impairment of assets	70,448	67,843
Interest and related expenses	31,479	30,805
Provisions	3,693	1,962
Other non-cash items	13,340	11,408
Income tax paid	-2,144	-4,915
Changes in working capital	-31,535	-18,089
Net cash generated from operating activities (a)	**107,325**	**102,152**
Cash flows from investing activities		
Net payments for property, plant & equipment and intangible assets	-40,331	-51,471
Net proceeds from changes in investments to affiliates and other investing activities	627	1,940
Net cash flows used in investing activities (b)	**-39,704**	**-49,531**
Cash flows from financing activities		
Net proceeds from loans and leasing	117,557	44,533
Interest and other related charges paid	-24,271	-28,224
Payments for shares bought back	-8,816	-5,695
Other payments of financing activities	-1,347	-12,133
Net cash flows from/(used in) financing activities (c)	**83,123**	**-1,519**
Net increase in cash and cash equivalents (a)+(b)+(c)	**150,744**	**51,102**
Cash and cash equivalents at beginning of the year	90,388	171,000
Effects of exchange rate changes	-793	1,968
Cash and cash equivalents at end of the period	**240,339**	**224,070**

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.

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Financial Calendar

12 Nov 2020 Publication of financial results for the Nine Months 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
- An analyst call will be held at 15:30 CEST on July 30 2020, please see: https://87399.themediaframe.eu/links/titan200730.html

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.