# Financial Results – 1st Half 2023

TCI Investors' and Analysts' Presentation

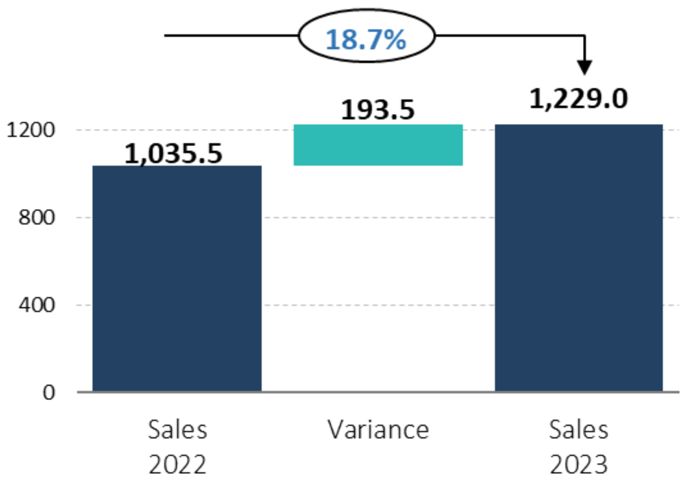
# First Half 2023 Highlights

- Good markets and solid performance in the US and Europe drove sales and earnings growth.
- Group Sales in H1 2023 reached €1,229m (+19% vs last year), while EBITDA increased by 77% to €241m and EBITDA margin rose to 19.6%. Sales in Q2 were €641m (+10% vs Q2 2022) and EBITDA €134m (+49% vs Q2 2022).
- Strong domestic market demand primarily in the US and Greece, with SEE also up, translated to higher sales volumes and supported the price increases realized in 2022 and early 2023.
- Our cost base has improved as investments in alternative fuels, plants modernization and digitalization and logistics infrastructure reduced our operating cost base. Also benefitted from lower cost of electricity and shipping freight.
- H1 2023 Net Profit more than doubled to €110.9m following the robust EBITDA rise in all regions (except Egypt). EPS at €1.48 vs €0.59 last year.
- Following improved profitability, Net Debt dropped to €762m, while growth-focused and cost reduction CAPEX continued at €117m. Lower leverage, Net Debt/EBITDA at 1.7x. ◆ New Fitch credit rating at BB+.
- Breakthrough: Group's large-scale Carbon Capture project selected by the EU Innovation Fund for grant agreement.
- Reduction of specific $CO_2$ emissions by -3% y-o-y. Achievement of the highest environmental score of "1" from ISS ESG. Successful completion of the €26m alternative fuels investment at Kamari cement plant. Cementitious Investment in Aegean Perlites completed. Launch of venture capital initiatives with three investments amounting to €5.5m.

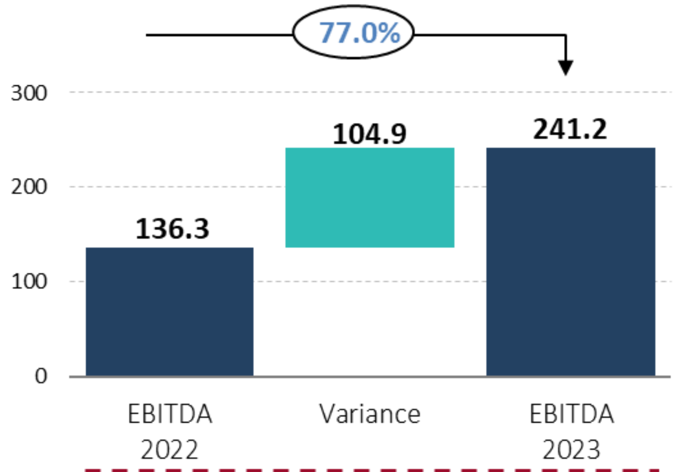
# Volumes growth and higher prices raise H1 2023 sales by 18.7% to €1.2bn. Strong market demand supports increased prices and EBITDA rises by 77%.

**First Half**

## Group Sales

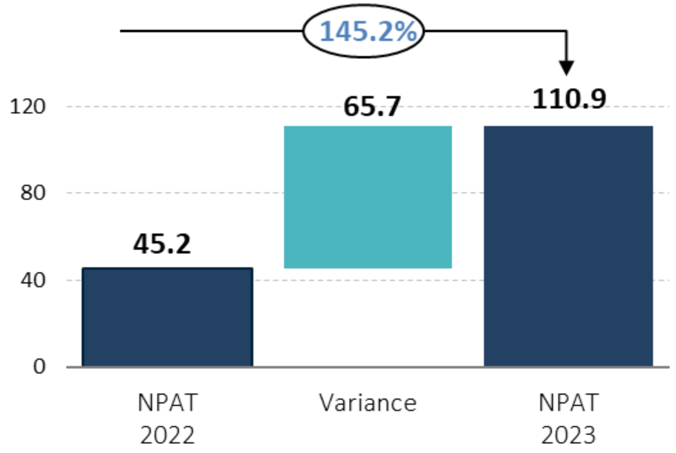



## Group EBITDA



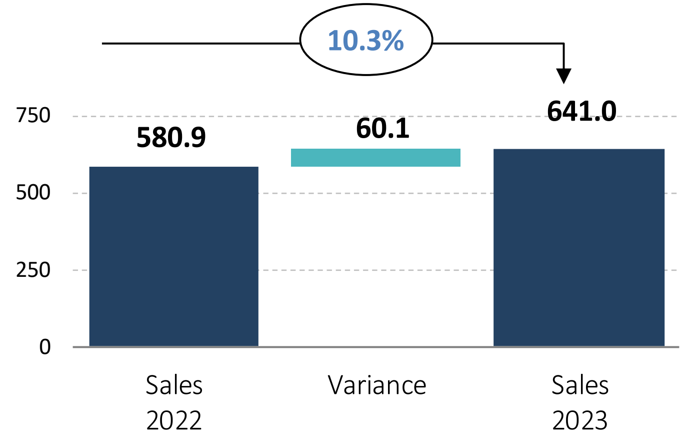

13.2% EBITDA Margin 19.6%

## Group NPAT

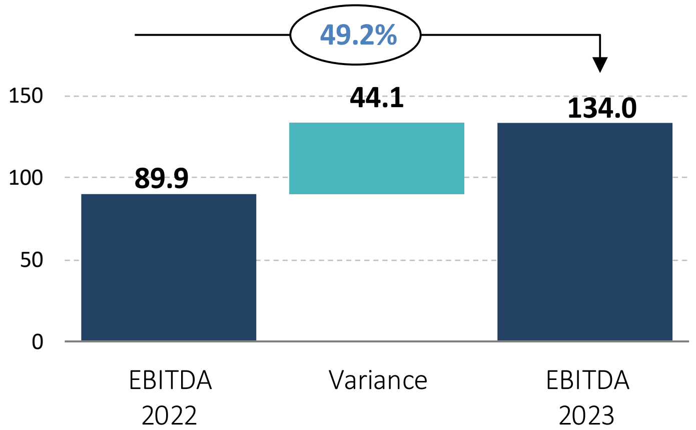



**Second Quarter**

## Group Sales

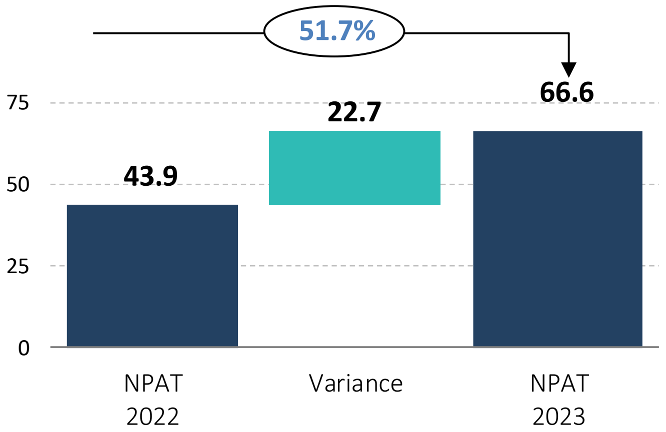



## Group EBITDA




15.5% EBITDA Margin 20.9%

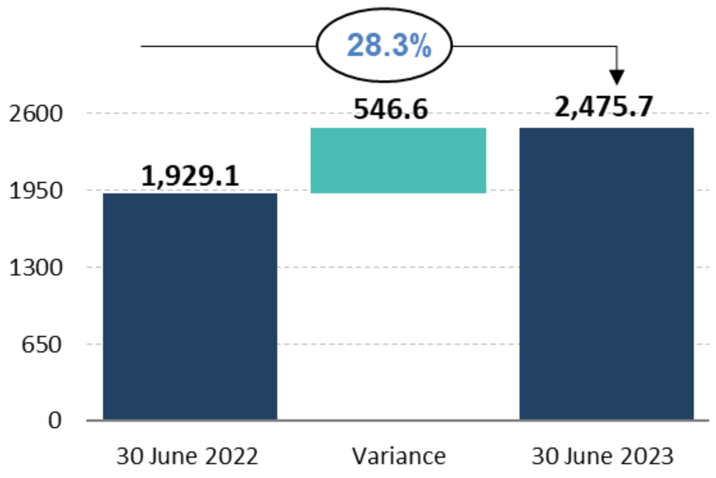
## Group NPAT



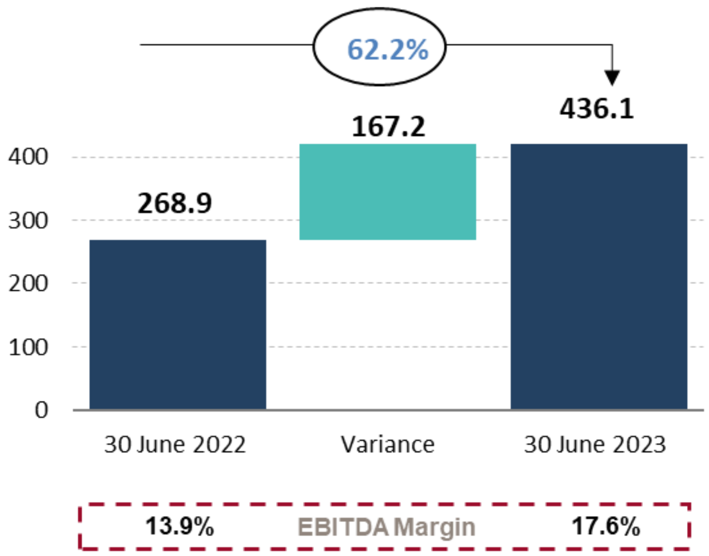
# 12MR financials highlight record levels of sales and profitability growth

First Half

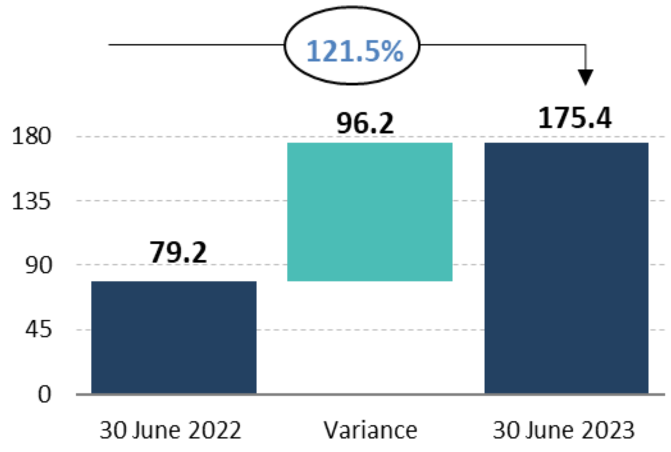
## 12-Month Rolling Group Sales




## 12-Month Rolling Group EBITDA




## 12-Month Rolling Group NPAT

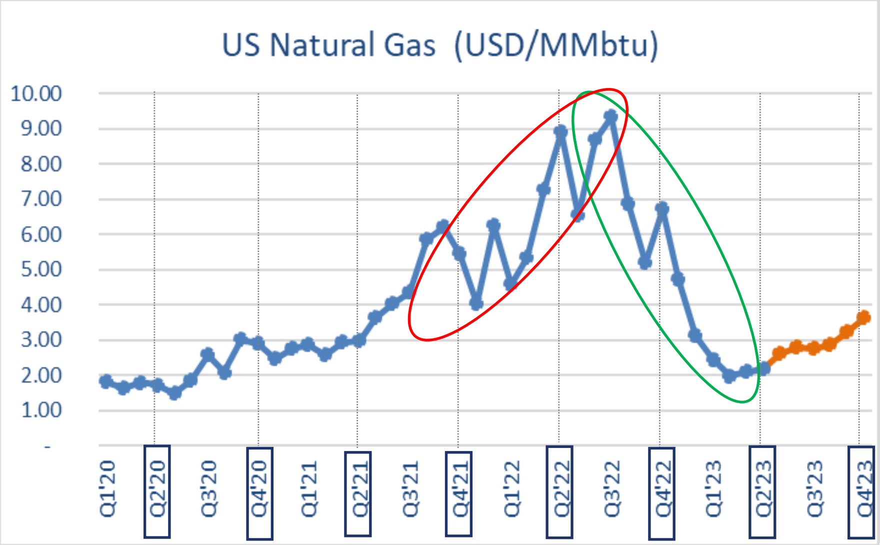


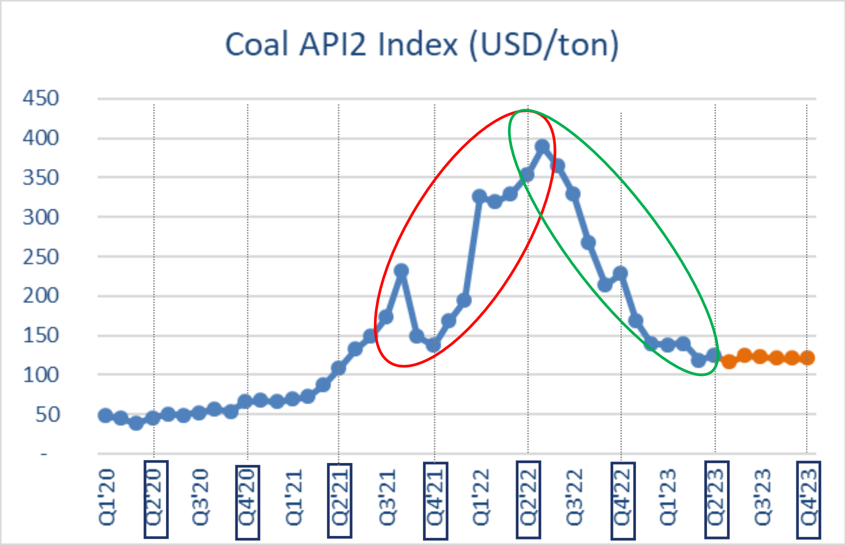
# As full effect of 2022/23 prices kicks in, sales growth exceeded cost inflation bringing higher EBITDA and NPAT.

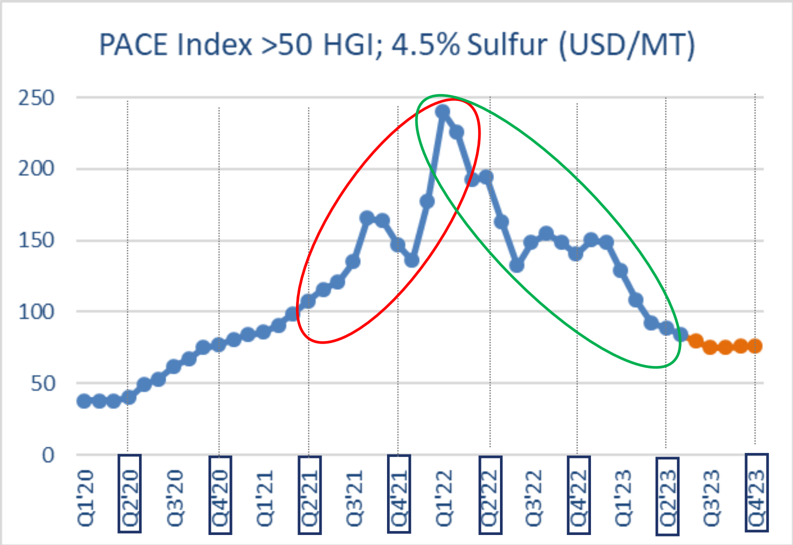
| *In Million Euros, unless otherwise stated* | H1 2023 | H12022 | Variance H1 23 vs H1 22 | Q2 2023 | Q2 2022 | Variance Q2 23 vs Q2 22 |
|---|---|---|---|---|---|---|
| **Sales** | **1,229.0** | **1,035.5** | ***18.7%*** | **641.0** | **580.9** | ***10.3%*** |
| *Cost of Goods Sold* | *-881.2* | *-809.2* | *8.9%* | *-451.7* | *-444.6* | *1.6%* |
| **Gross Margin (before depreciation)** | **347.8** | **226.3** | ***53.7%*** | **189.2** | **136.3** | ***38.9%*** |
| *SG&A* | *-110.3* | *-94.0* | *17.3%* | *-57.0* | *-48.8* | *16.7%* |
| *Other Income / Expense* | *3.6* | *3.9* | *-6.8%* | *1.8* | *2.4* | *-26.6%* |
| **EBITDA** | **241.2** | **136.3** | ***77.0%*** | **134.0** | **89.9** | ***49.2%*** |
| *Depreciation/Impairments* | *-72.2* | *-70.0* | *3.2%* | *-36.4* | *-35.6* | *2.4%* |
| *Finance Costs - Net* | *-23.3* | *-14.6* | *59.6%* | *-9.3* | *-7.6* | *21.3%* |
| *Gain due to hyperinflation indexation* | *6.6* | *17.4* | *-62.1%* | *3.9* | *17.4* | *-77.8%* |
| *Impairment of indexed goodwill* | *-0.0* | *-10.4* | *-99.6%* | *0.0* | *-10.4* | *-100.0%* |
| *FX Gains/* Losses | *-8.7* | *-1.9* | *353.1%* | *-4.9* | *1.0* | *-596.3%* |
| *Share of profit of associates & JVs* | *-1.6* | *-2.8* | *-42.4%* | *-1.1* | *-2.2* | *-50.5%* |
| **Profit Before Taxes** | **141.9** | **54.0** | ***162.7%*** | **86.3** | **52.5** | ***64.3%*** |
| *Income Tax Net* | *-31.3* | *-8.6* | *263.0%* | *-20.0* | *-7.8* | *155.6%* |
| *Non Controlling Interest* | *0.2* | *-0.2* | *-193.7%* | *0.3* | *-0.8* | *-140.0%* |
| **Net Profit after Taxes & Minorities** | **110.9** | **45.2** | ***145.4%*** | **66.6** | **43.9** | ***51.7%*** |
| **Earnings per Share (€/share) – basic** | *1.482* | *0.592* | ***150.3%*** | *0.890* | *0.575* | ***54.8%*** |

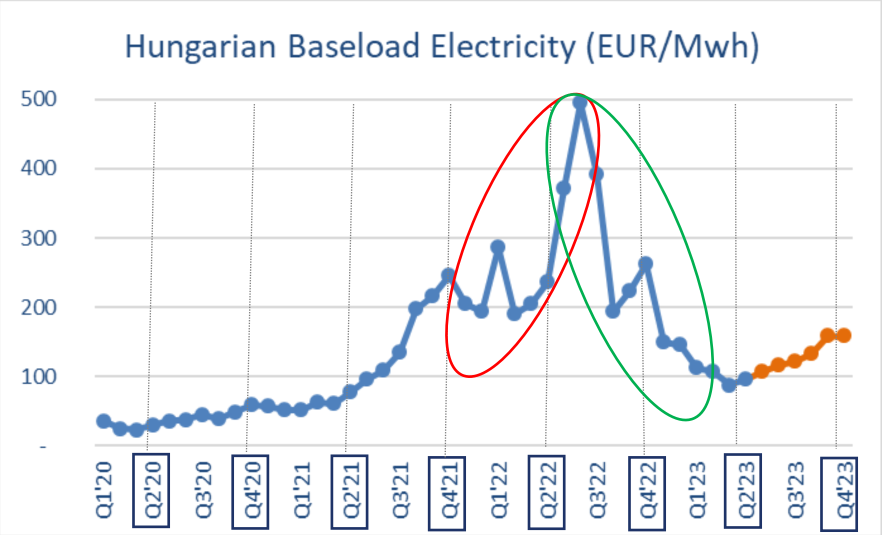
# Market Overview

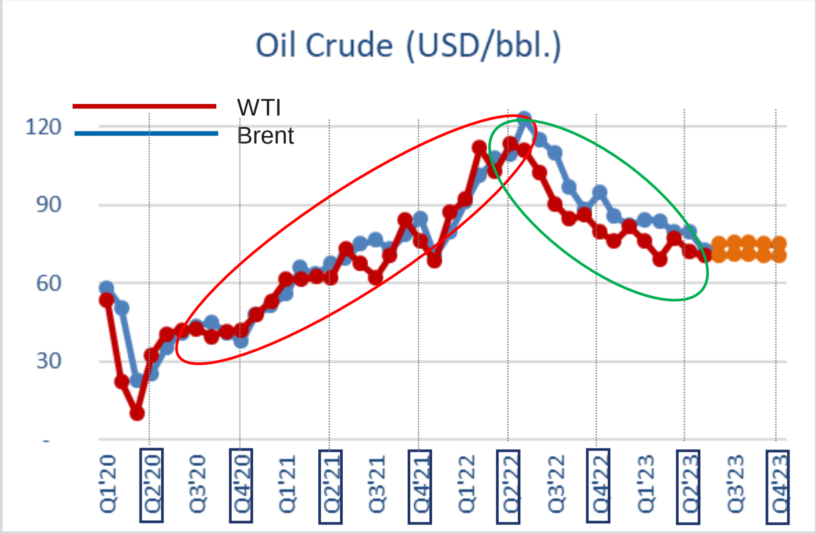
## Critical Cost Factors softer, but quite higher than 2020/21 levels.

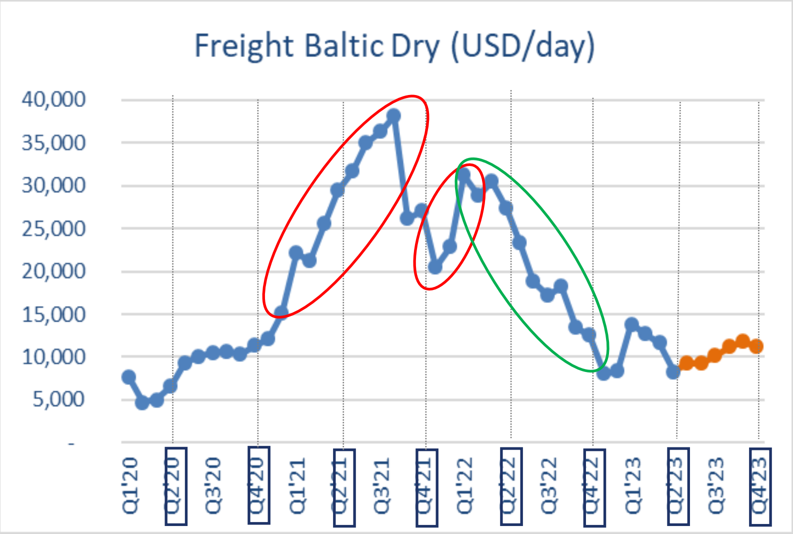


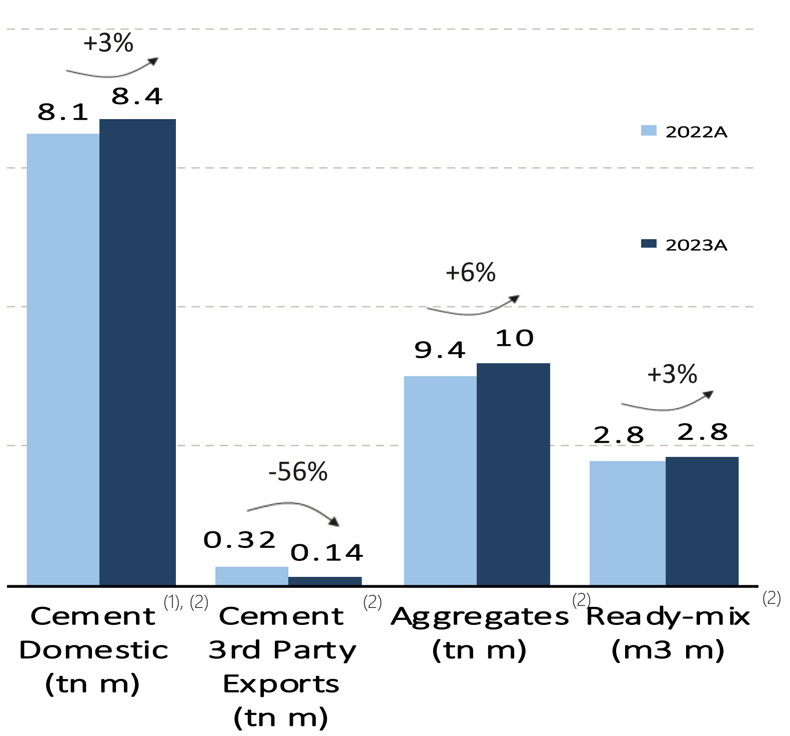




Actual
Futures / Forecasts as of 30/6/2023

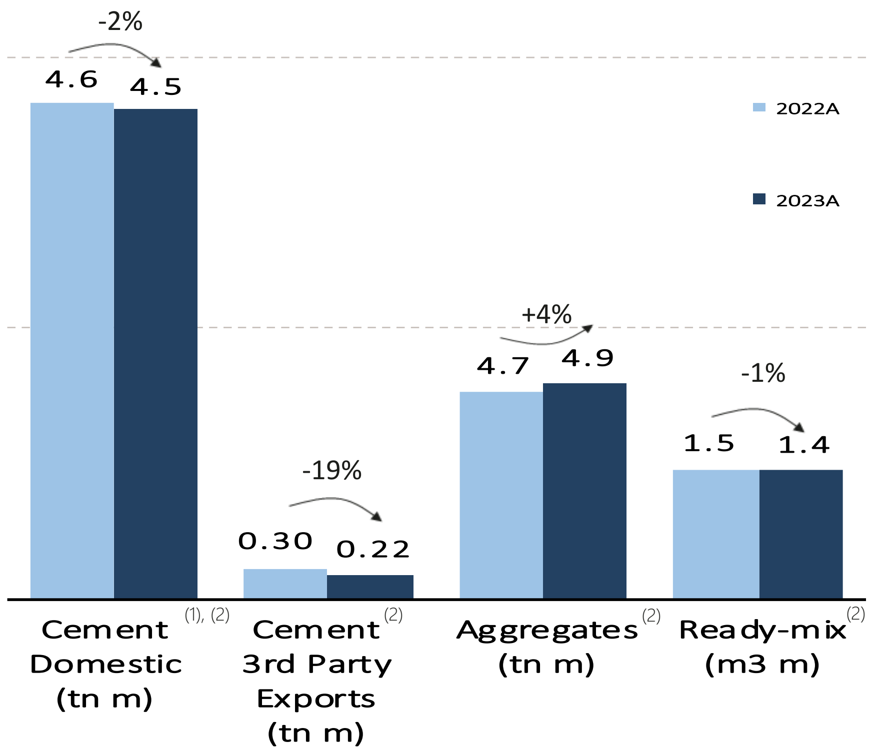
# Healthy demand in the US and Greece. Rise in most domestic market volumes in cement, ready-mix and aggregates.

All cement exports directed to Group terminals.

**First Half Sales Volume**




**Second Quarter Sales Volume**




* Intragroup product sales for processing are included in sales volumes

(1) Cement sales include clinker and cementitious materials

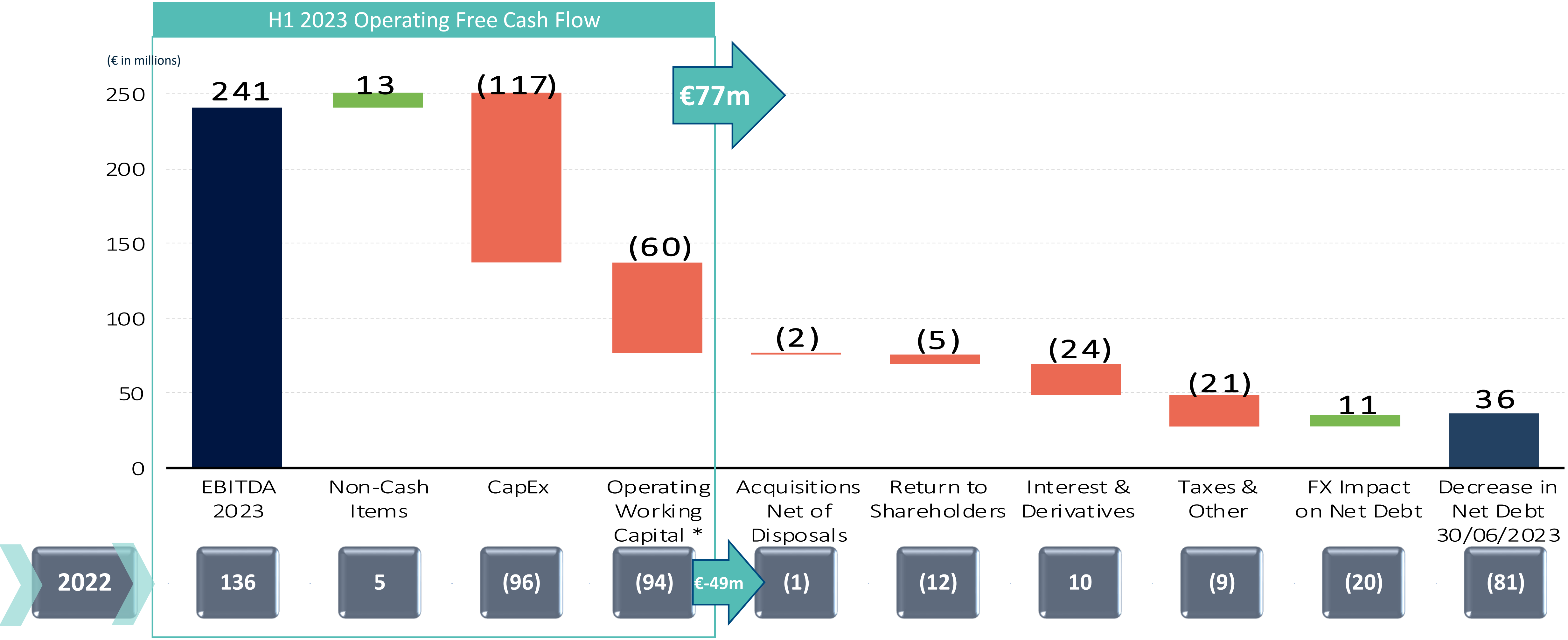
(2) Includes Brazil, does not include Associates

% represents performance versus last year

# High EBITDA results to Net Debt reduction by €36m to €762m.

## Strong free cash flow generation despite seasonal working capital needs and CAPEX program.

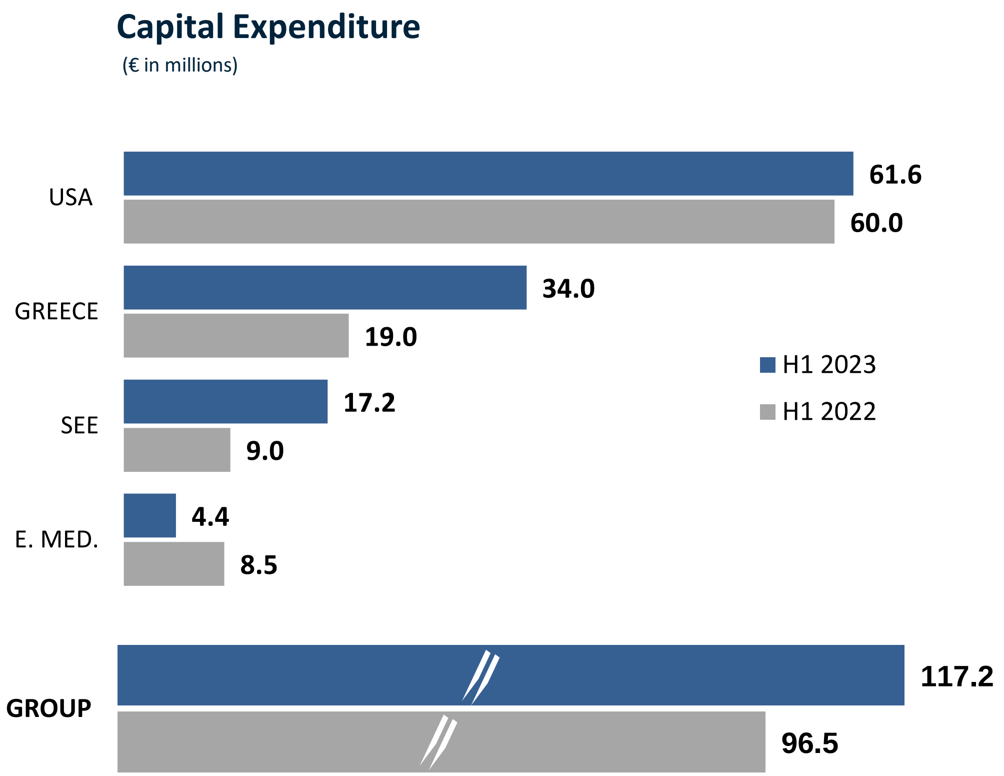
**Sources and Uses of Cash**




* Acquisitions, Interest and tax related payments are presented separately and excluded from Operating Working Capital cash movements

# Investments in energy efficiency, logistics and digitization continue.

## Completion in H1 of major projects (Kamari calciner, Tampa dome)




Kamari Kiln Line #1 Calciner

Tampa Dome

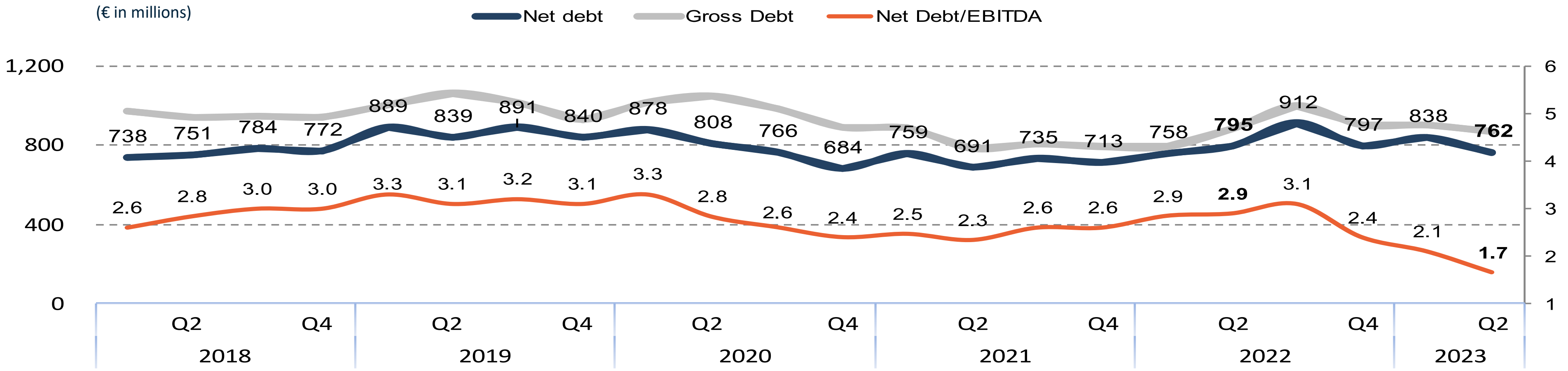
### Major 2023 CAPEX projects

- Tampa Dome
- Norfolk Dome
- Titan America RMC Trucks
- Florida Silos
- Florida New Dragline
- Kamari Calciner & UTIS
- Greek New Silos
- Thessaloniki Alternative Fuels
- Bulgaria Alternative Fuels
- SEE Solar Energy Plants
- Egypt Alternative Fuels
- Turkey Biomass Alternative Fuels

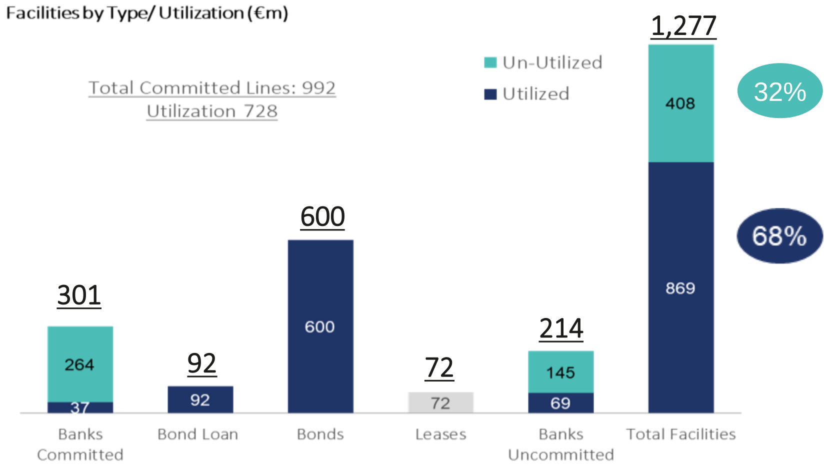
# Group net debt down to €762m. Leverage ratio dropped to 1.7x. New Fitch credit rating at BB+.

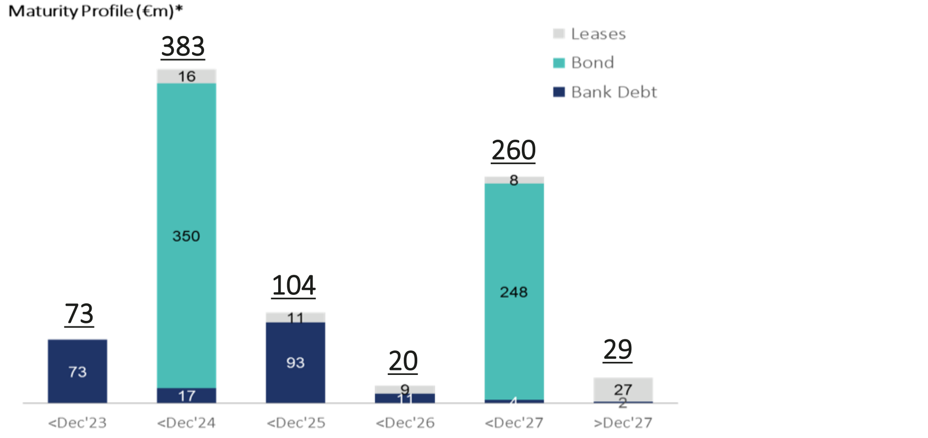
## Strong EBITDA growth led to rapid reduction of Net Debt / EBITDA ratio.

### Group Net and Gross Debt Evolution




* Net Debt / EBITDA calculation as per the RCF covenant rules.



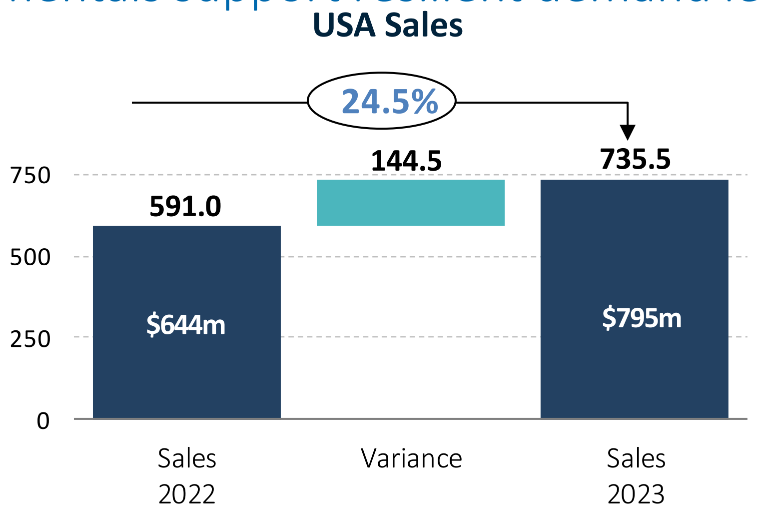

*Note: Bonds include unamortized borrowing fees; Dec'23 includes interest accruals

# Overview of markets performance

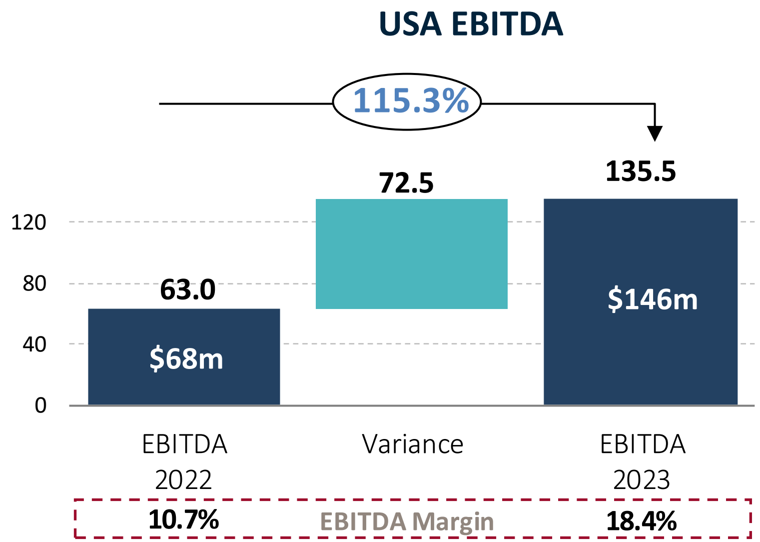
# Strong demand for cement in tight supply markets led to favorable price-cost dynamics and growth in US sales and profitability.

## Market fundamentals support resilient demand levels.

First Half




€+7.7m translation impact; 23.4% growth in local currency




€+1.1m translation impact; 114.7% growth in local currency

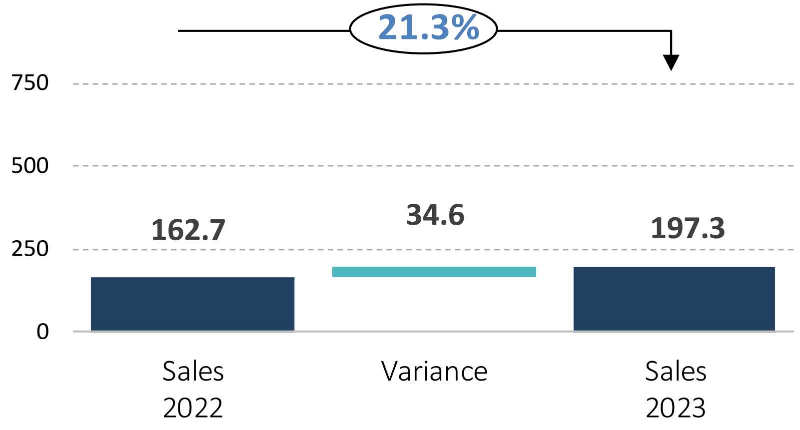
- Amidst strong demand conditions, US Sales rose by 24.5% (+23.4% in $ terms) to €736m. EBITDA in H1 2023 more than doubled to €136m compared to a particularly weak H1 2022 which had been hit by sharp cost increases before adjustments to our selling prices.
- Value captured after price increases in 2022 and early 2023 raised margins while cost inflation pressures persist.
- Both Florida and Mid Atlantic regions continued to enjoy solid economic growth, population increases through internal immigration and strong employment levels, all supporting healthy demand.
- Consumption underpinned by infrastructure and commercial projects as well as rebound in residential with higher new housing starts. Infrastructure construction on the rise as the impact of federal funding (IIJA and IRA acts) reached the market.
- Continuing general inflation is offset by the benefits of CAPEX spending in manufacturing efficiencies, digital applications savings and logistics infrastructure and equipment optimization.
- Completion of Tampa Dome this month will expand our product offering capacity. Norfolk Dome expected to be commissioned by year-end.

# Greek domestic Sales significantly increase across products. Step up of EBITDA to higher level.

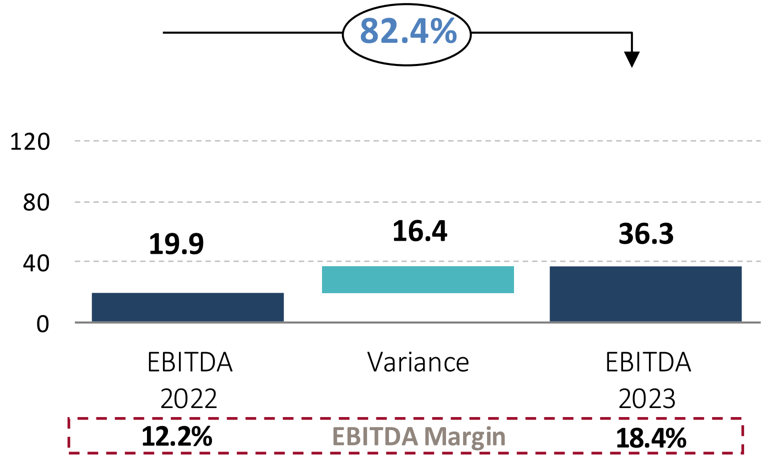
Healthy Greek economy momentum supports construction activity.

First Half

### Greece & WE Sales




### Greece & Corporate EBITDA

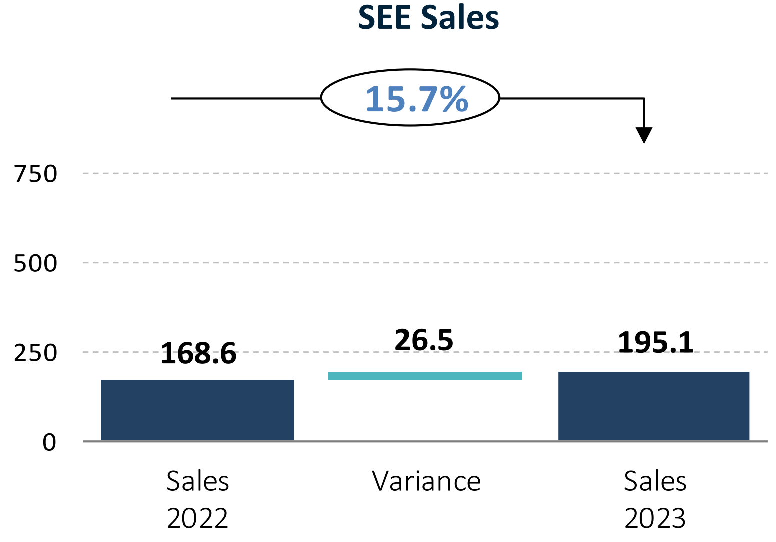


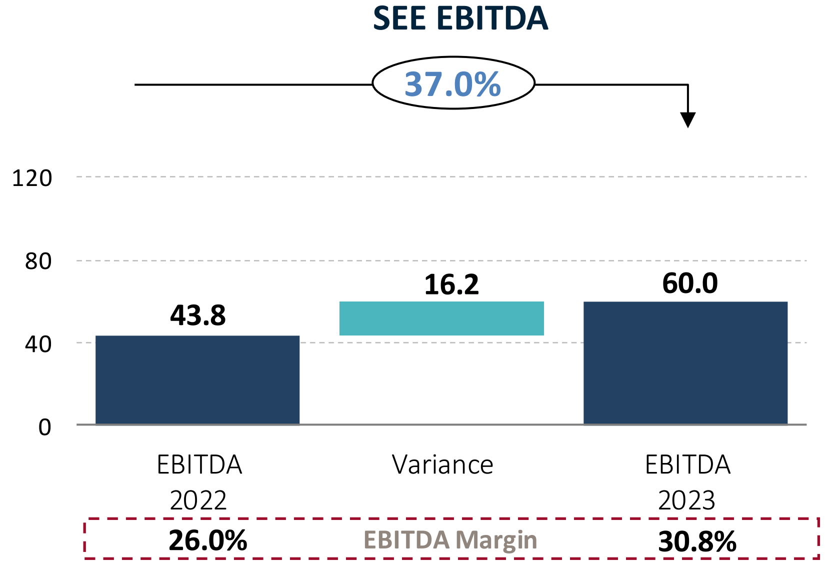

- As economic activity in Greece continued its upward trend, domestic Sales growth pace was maintained leading to a 21.3% rise to €197m in H1 2023. Improved margin due to higher domestic sales in the mix as well as lower electricity cost.
- EBITDA up by 82% to €36m as sales volumes and price increases mitigated 2022 cost inflation impact.
- Double digit growth in domestic sales volumes across all products as major infrastructure and regional projects picked up pace. Tourism investments continued and residential construction in urban areas strengthened momentum.
- Completion of a €26m state-of-the-art pre-calciner at the Kamari plant, close to Athens. Significant milestone in the Group's decarbonization program. Annual reduction of 150,000 tons $CO_2$ and cost savings expected to result to less than 5 years payback.
- New Ready-Mix unit installed to optimize supply-chain and provision of green products in the "Ellinikon" landmark project.
- Carbon Capture: Titan's large scale CCS project selected by the EU Innovation Fund for grant funding. Project will allow the production of 3m tons p.a. of zero carbon cement.

# SEE sustained operational growth in 2023.

## Higher volumes in residential and infrastructure construction.

First Half



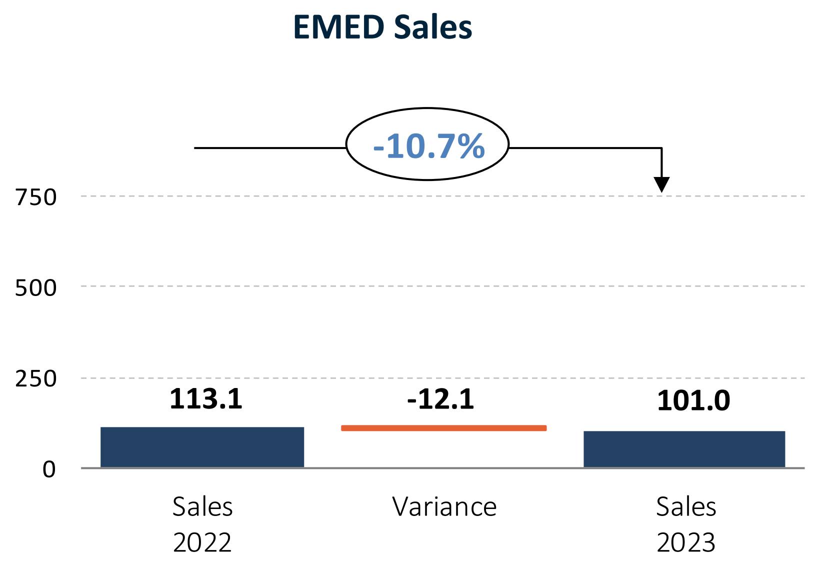




- SEE Sales in H1 2023 increased by 15.7% to €195m while EBITDA reached €60m (+37.0% vs H1 2022) as the Group maintained its leadership position in the region. Electricity cost savings offset by increases in other production costs
- Rise in domestic cement sales volumes. Different experience in each country, but stronger sectors were public investments, small private projects and housing, particularly in areas enjoying remittance inflows and tourism revenues.
- Operational efficiencies, higher use of alternative fuels stemming from previous years’ investments and gradual shift to lower clinker cement products contributed to profitability growth.
- Tailwinds from lower energy cost but general cost inflation in some countries reached double digit levels.

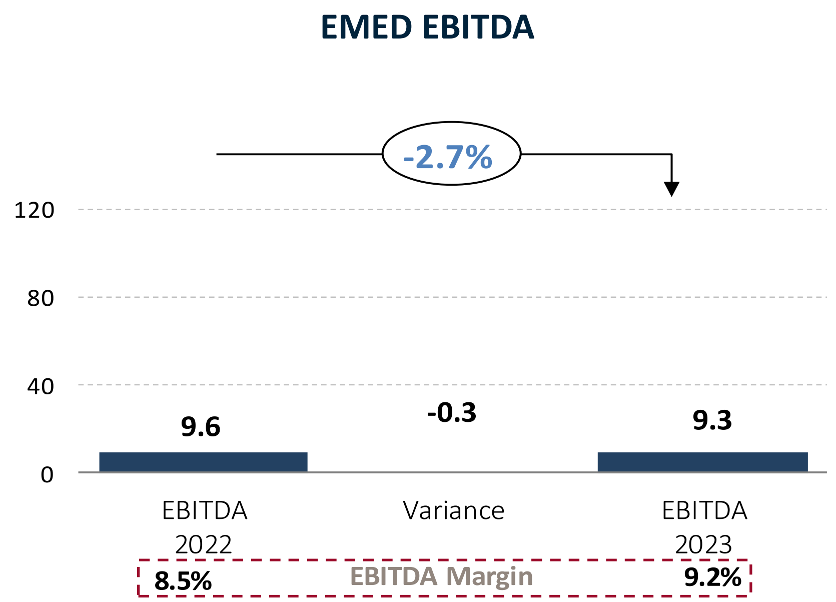
# EMED affected by volatile environment and currency devaluations.

## Rising demand in Turkey while Egypt market receded to lower level.

First Half




**€-63.4m translation impact; 45.4% growth in local currency**




**€-4.6m translation impact; 44.8% growth in local currency**

- EMED Sales and EBITDA declined by -10.7% and -2.7% respectively severely affected by local currency devaluations. Sales & EBITDA growth in local currency both at 45%, lower compared to the loss of value of the currencies.
- In Egypt uncertainty continued leading to softer demand. Public works at lower pace, private construction slowdown due to rising cost and lower customer demand. Price increases not sufficient to cover EGP devaluation, rising costs and side effects of foreign currency scarcity.
- In Turkey robust cement volume growth driven by small public works, private investments, the rebuilding and reconstruction of earthquake-hit areas and strengthening of buildings in earthquake-prone zones. Price increases sufficient to cover TRY devaluation and cost inflation. EBITDA growth to €5.4m (vs €1.3m last year). Adocim expected to reach 40% AF substitution through additional biomass utilization.

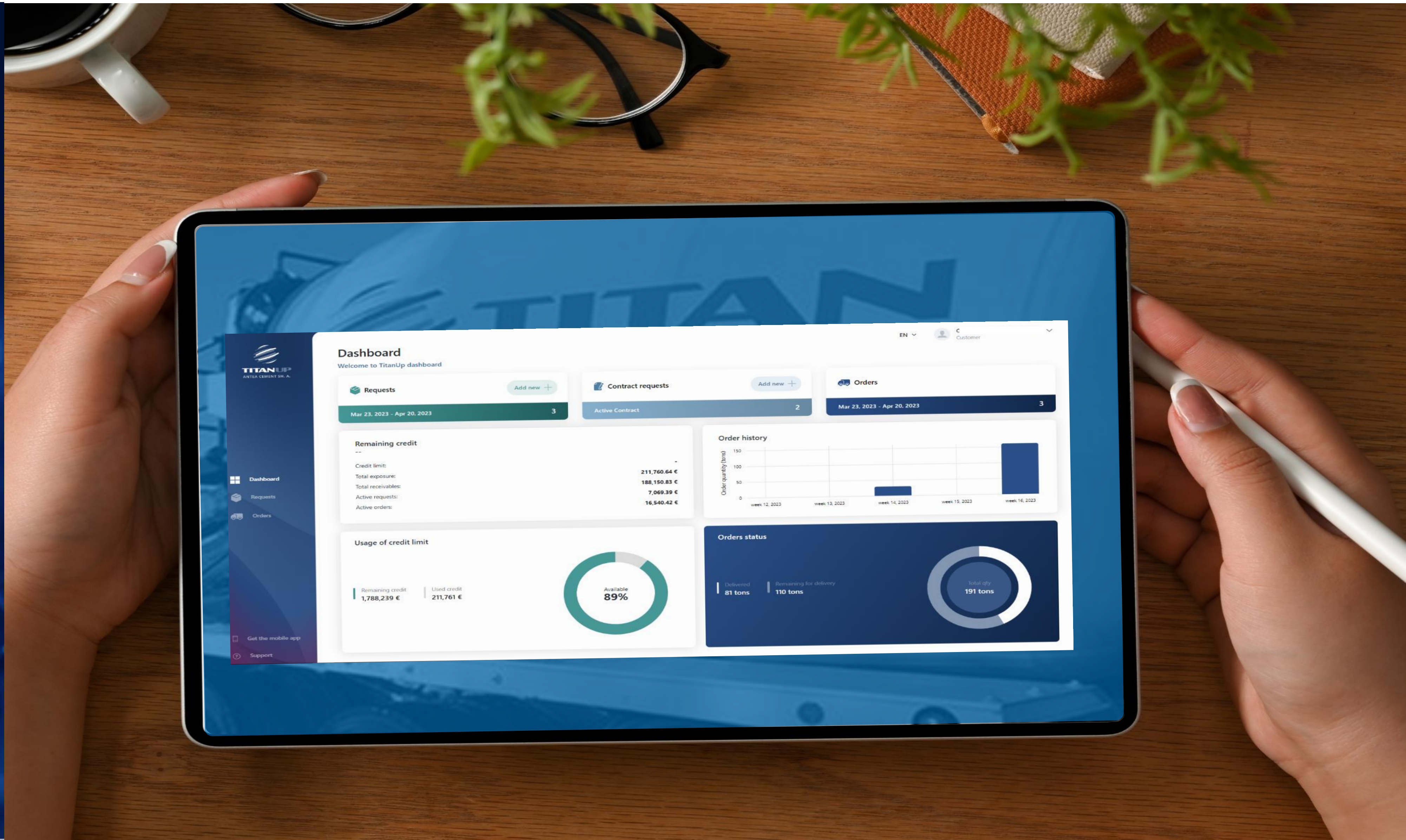
# Brazil – Joint Venture: Cimento Apodi profitability improves

| H1 2023 Apodi (100%) | | |
|---|---|---|
| | **2023** | **2022** |
| Sales (€m) | 59.7 | 50.5 |
| EBITDA (€m) | 6.0 | 3.6 |

* Consolidated on an equity basis

- In H1 2023, the country's cement demand was lower by 1.6% y-o-y, as both real estate and infrastructure construction slowed down due to high interest rates and lower disposable incomes. In the northeast, Apodi's natural market, demand remains at the same level as last year.
- In the 1st half of 2023, Apodi's sales volumes were 1% higher than last year. Selling prices rose by 20% vs last year.
- Apodi sales and EBITDA increased by 18% and 66% respectively.

# Decarbonization - Digital - Innovation

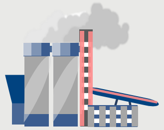


# TITAN's large-scale CCS project selected by the EU Innovation Fund

Project IFESTOS: producing c.3 mtpy zero-carbon cement to serve the needs for green construction in the metropolitan area of Athens and beyond.

## Carbon Capture @ Kamari

1.9 mtpy $CO_2$

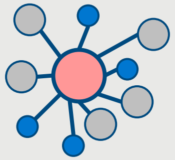


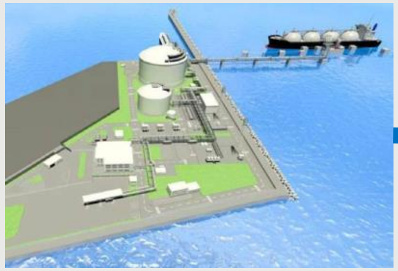
- Pre-combustion
- Post-combustion
- Compression

Other emitters

## Industrial Hub

Gulf of Elefsina

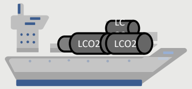




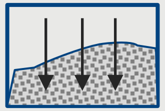
- Pipeline from Kamari
- Liquefaction plant
- Buffer storage & loading terminal

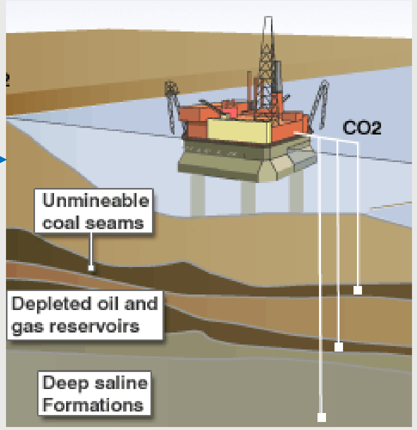
## Ship Transport

via liquid $CO_2$ vessels




## Permanent Geo-logical Storage

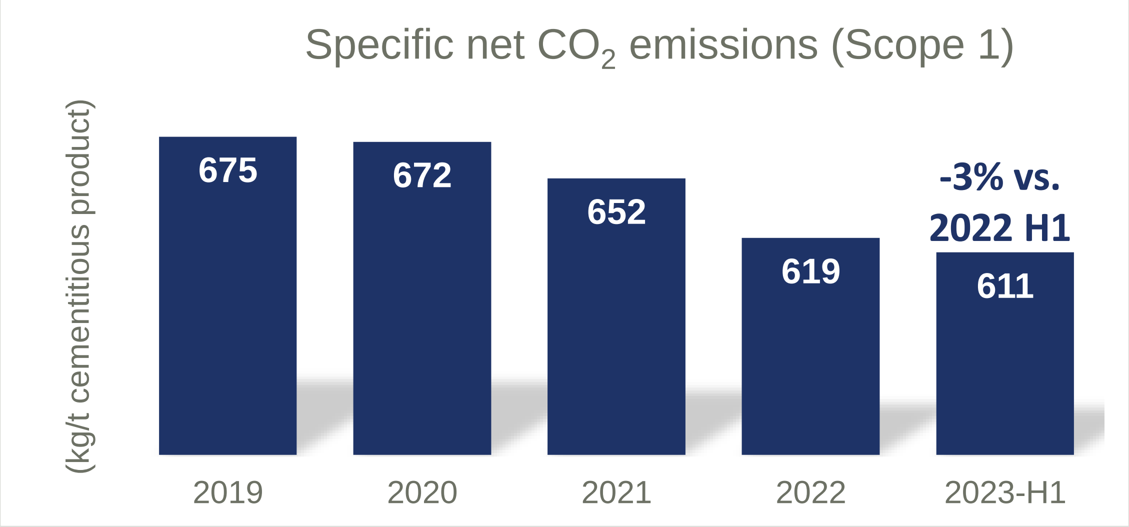


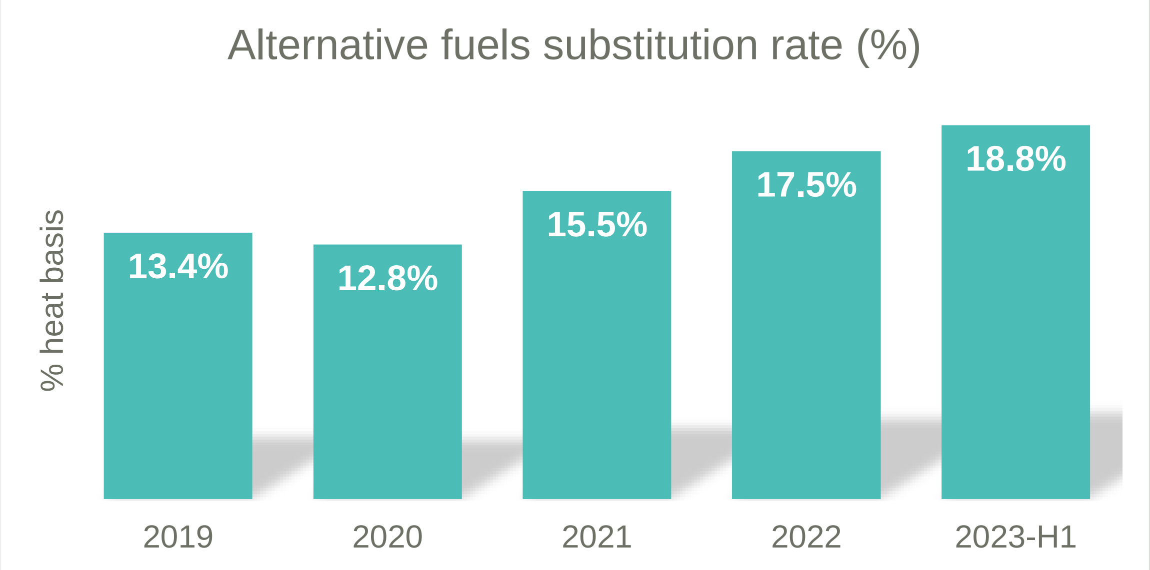


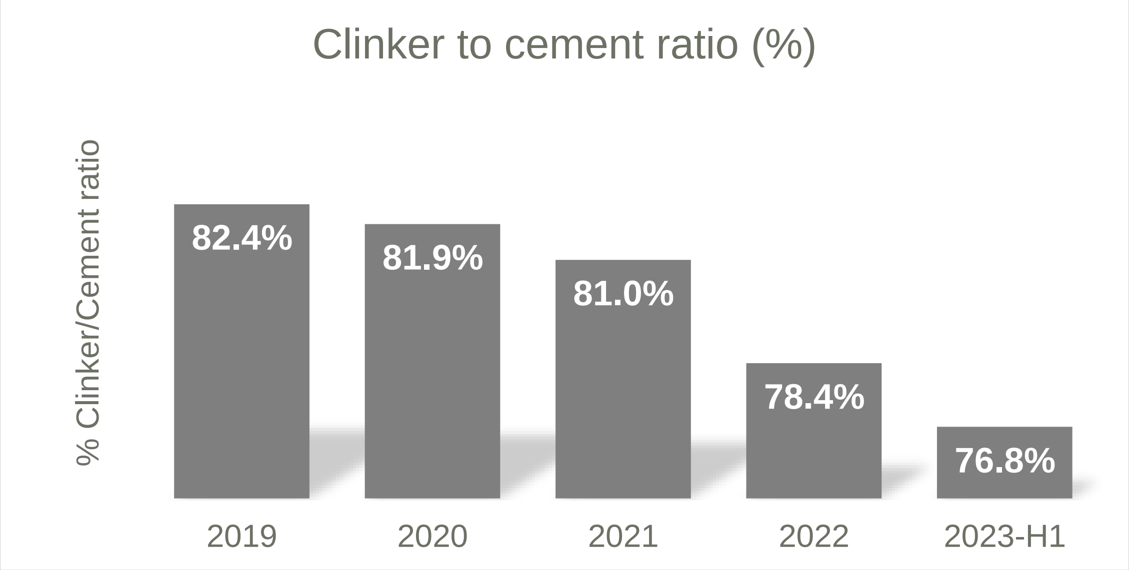

iFESTOS

# Further reduction of carbon footprint and acceleration of decarbonization initiatives

- **Completion of three key alternative fuels investments** in Greece, Bulgaria and Turkey, including the **€26m calciner** project in the Kamari plant, Greece
- **\$72m investment** in **US import terminals** to expand storage, supply, capacity and broaden **lower-carbon cement products** offering
- Investment in **Aegean Perlites completed**, securing high-quality **pozzolan reserves**
- **HERCCULES CCS** int'l research project funded by the EU Horizon Europe and initiated
- **Corporate Venture Capital** initiative; investments in **Rondo Energy** and **Zacua Ventures**
- **Low carbon cements at 24.1%** of production volumes vs. 22% in 2022-H1
- **Clinker to cement ratio** reduced to a record low of **76.8%.**
- **Specific net $CO_2$ emissions reduced to 3.8 $kgCO_2$/€** vs. 4.6kgCO2/€ in s2022-H1

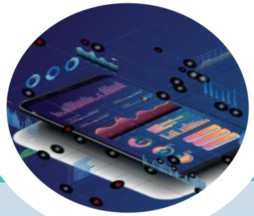


# Group Digital CoC: H1, 2023 highlights

All initiatives on track



## Manufacturing

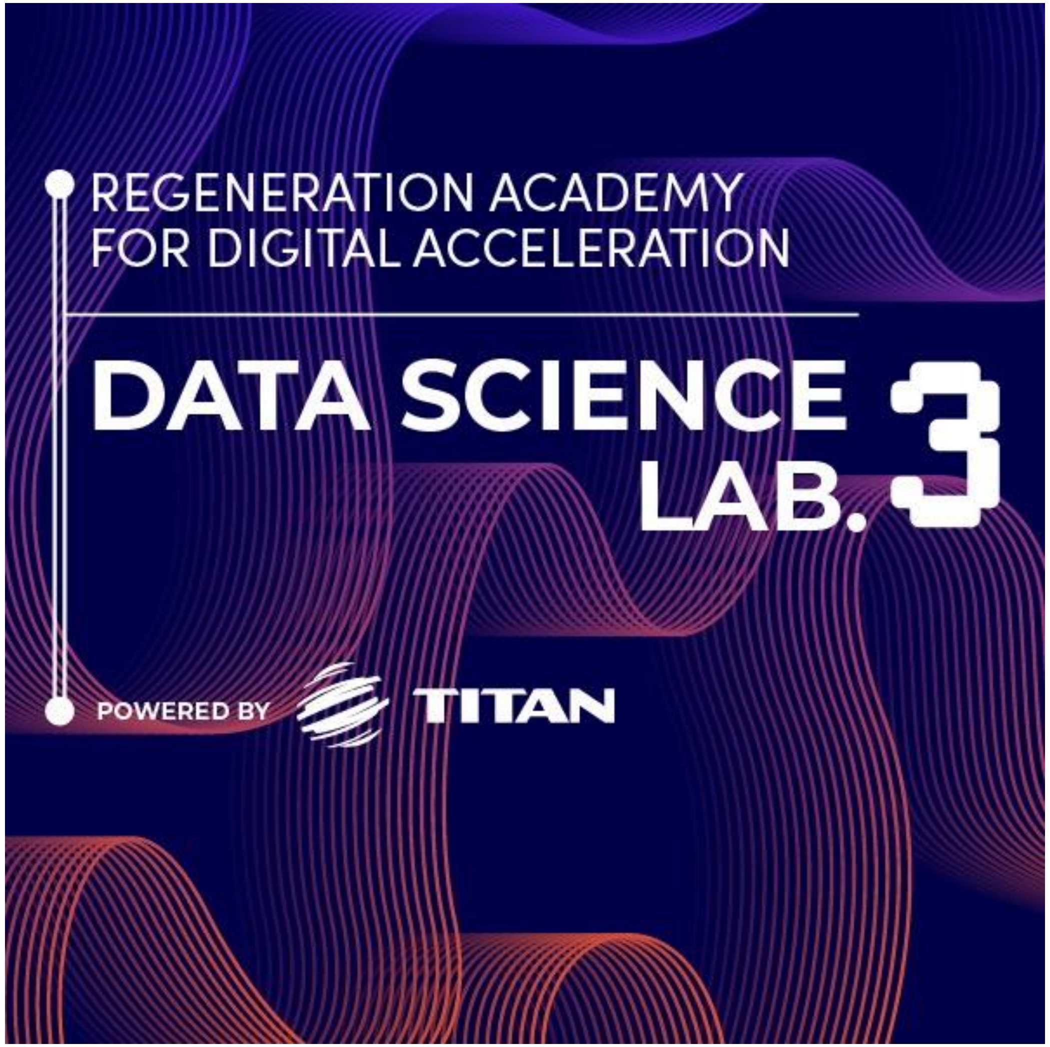
- **Real-Time Optimizers (RTOs)**
  - Added RTOs in plants in US, Greece & Albania; assets in 6 other plants scheduled for 2023
  - Estimated FY 2023 benefit of >€10m
- **Failure prediction (CemAI/Precognize)**
  - Rolled out in 4 additional TITAN plants and implemented in 5 units of external clients (CemAI)
  - Estimated FY 2023 benefit of >€5m
- **Quality prediction**
  - Cement strength prediction pilot in US in open loop tests

## Supply Chain & Customer Experience

- **Digital Supply Chain & Customer Excellence (US)**
  - Phase 1 launched in November 2022
  - Dynamic Logistics: 4 interconnected analytics tools piloted in 3 countries
  - Estimated FY benefit >$5m (FL only)
  - Customer engagement: RMC SMS-push notifications launched
- **Customer App**
  - TitanUP launched in Albania with positive feedback; rollout underway in SEE and implementation underway in Greece
- **Spare Parts Inventory optimization**
  - Completed rollout (US) with 26% reduction potential identified

# ReGeneration Academy for Digital Acceleration

## 4th year of our successful training/CSR program




- 3rd Lab focusing on **Data Science**
- **On-site event** – 1st time since Covid
- Training completed in June
  - 483 applicants
  - **36 graduates** (125 in total after 4 years of RADA)
- Interviews ongoing to **select placements for Group Digital Center of Competence** (4 graduates to start in September)

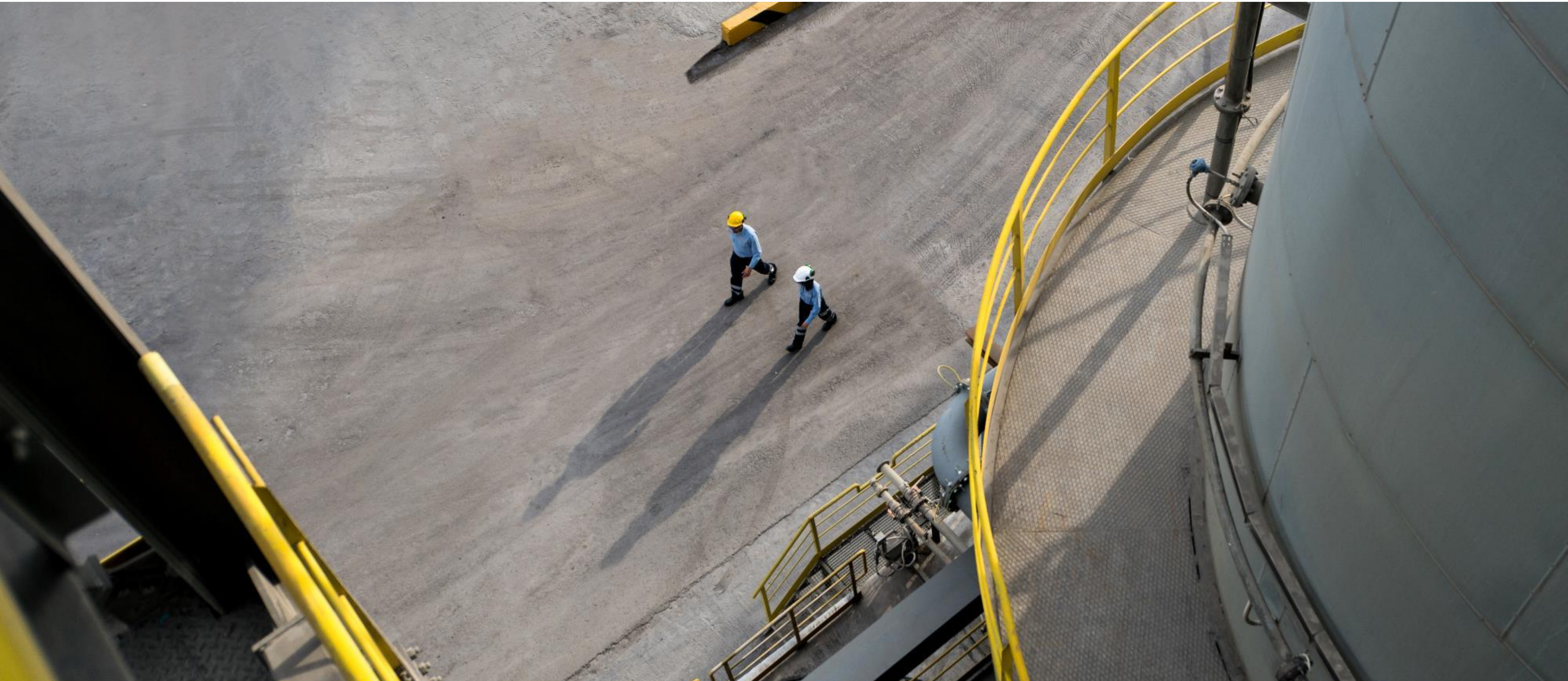
# Outlook

# Outlook

Global economic conditions started improving, helped by softer energy prices and improved sentiment, however, high-interest rates may impact investment confidence.

- US economy remains strong with positive private residential construction in our regions, amidst low housing inventories and a growing population through internal migration. Demand for commercial and infrastructure consumption is expected to rise as IIJA funds started being awarded now through different programs.
- In Greece infrastructure projects continue to offer more growth potential. Urban residential is also on the rise and there is a strong pipeline of private and RRF-financed investment projects.
- Southeast Europe on a stable outlook with improved performance and returns, thanks to our leadership position and operational synergies.
- Higher demand is expected in Turkey as a result of post-earthquake needs, while in Egypt demand will soften in the near term, despite the support by the expected continuation of the production control regulation.

# Appendix



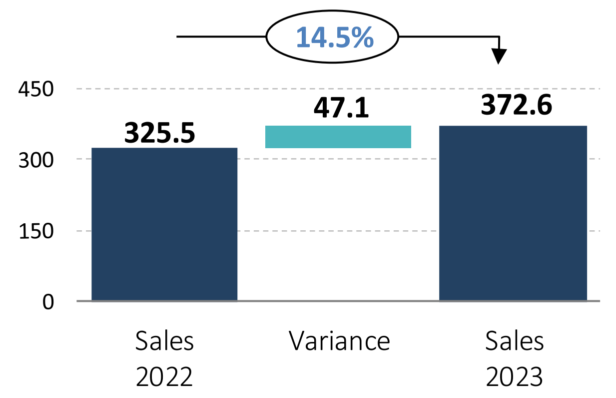
# Group Balance Sheet 30 June 2023

| *In Million Euros, unless otherwise stated* | 30 Jun' 23 | 31 Dec' 22 | Variance Jun 23 vs Dec 22 |
|---|---|---|---|
| *Property, plant & equipment and inv. Property* | *1,653.8* | *1,675.7* | *-21.9* |
| *Intangible assets and goodwill* | *356.2* | *364.7* | *-8.5* |
| *Investments/Other non-current assets* | *142.7* | *141.7* | *1.0* |
| **Non-current assets** | **2,152.7** | **2,182.1** | **-29.4** |
| *Inventories* | *395.3* | *394.7* | *0.6* |
| *Receivables and prepayments* | *343.7* | *311.8* | *31.9* |
| *Cash and liquid assets* | *107.5* | *105.7* | *1.8* |
| **Current assets** | **846.5** | **812.2** | **34.3** |
| **Total Assets** | **2,999.2** | **2,994.3** | **4.9** |
| *Equity and reserves* | *1,399.8* | *1,394.5* | *5.3* |
| *Non-controlling interests* | *25.9* | *29.7* | *-3.8* |
| **Total equity** | **1,425.8** | **1,424.3** | **1.5** |
| *Long-term borrowings and lease liabilities* | *764.8* | *763.6* | *1.2* |
| *Deferred income tax liability* | *128.9* | *130.1* | *-1.2* |
| *Other non-current liabilities* | *97.7* | *102.5* | *-4.8* |
| **Non-current liabilities** | **991.4** | **996.2** | **-4.8** |
| *Short-term borrowings and lease liabilities* | *104.2* | *139.4* | *-35.2* |
| *Trade payables and current liabilities* | *477.9* | *434.5* | *43.4* |
| **Current liabilities** | **582.0** | **573.8** | **8.2** |
| **Total Equity and Liabilities** | **2,999.2** | **2,994.3** | **4.9** |

# Q2 Sales and Profitability by Region

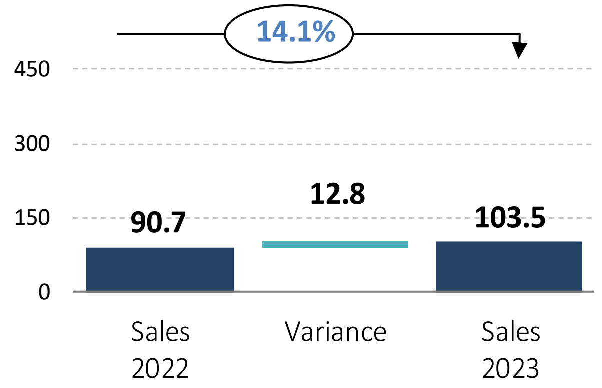
## Sales

### USA

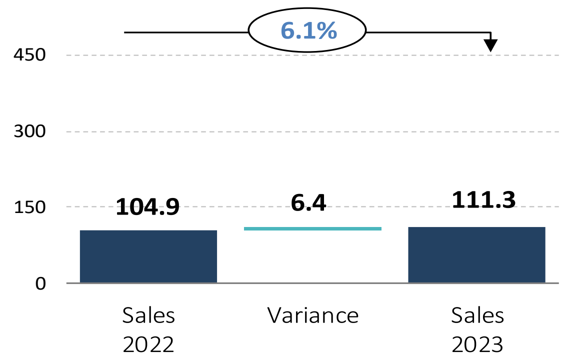



**€-8.5m translation impact; 17.1% growth in local currency**

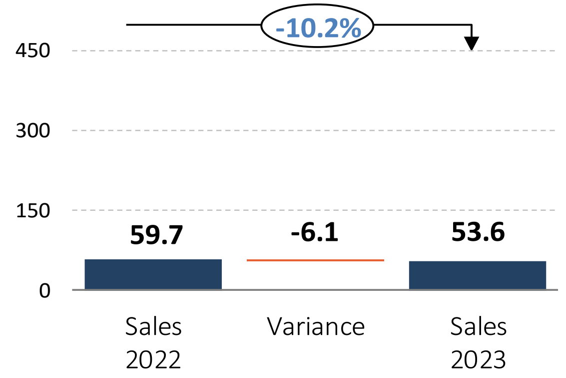
### GREECE & WE




### SEE

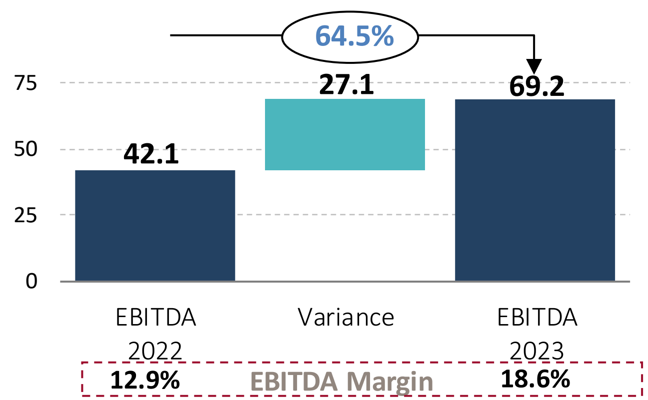



### EMED



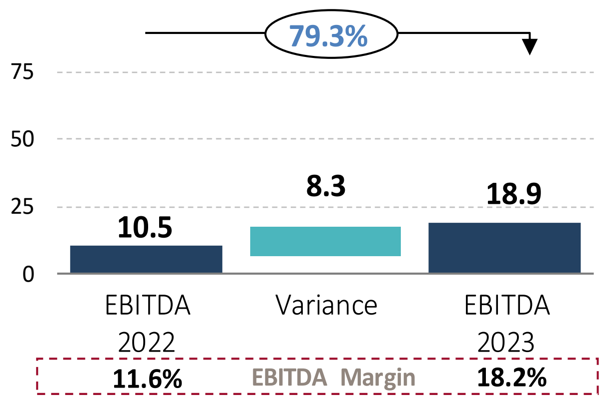

## EBITDA

### USA

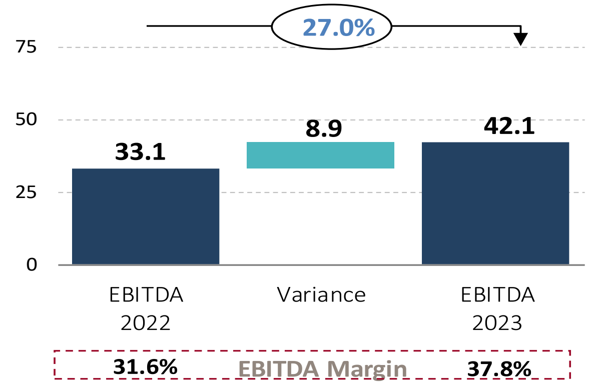



**€-1.7m translation impact; 68.4% growth in local currency**

### GREECE & WE




### SEE

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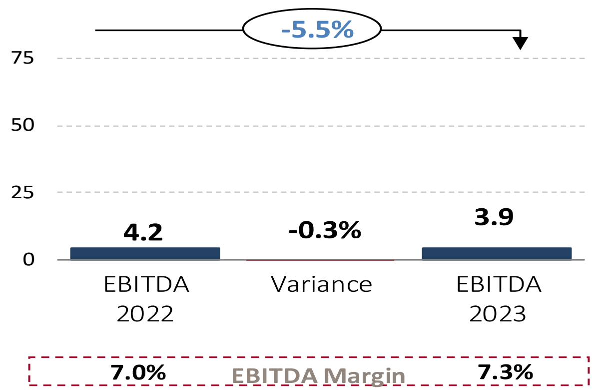

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