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Fairness opinion regarding the valuation of the shares of Titan Cement SA in accordance with the provisions of paragraph 3 of article 27 and in conjunction with paragraphs 6 and 7 of article 9 of Law 3461/2006 in the context of submission of a voluntary tender offer by Titan Cement International SA

12 April 2019

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To the Board of Directors of

TITAN Cement International SA
Rue de la Loi 23, 7th floor, Box 4,
1040 Brussels

12 April 2019

Dear Sirs,

1. Introduction

At its meeting held on 11/04/2019, the Board of Directors of TITAN Cement International SA, decided the submission of a voluntary tender offer for the acquisition of the TITAN Cement SA shares **("TITAN"** or the **"Company"**), in accordance with the provisions of Law 3461/2006.

The management of TITAN Cement International SA (the **"Assignor"**) has appointed Grant Thornton Chartered Accountants and Management Consultants SA (the **"Consultant"** or the **"Independent Expert"**) to provide an opinion (the **"Fairness Opinion"**) regarding the valuation of Company shares in the context of the aforementioned voluntary tender offer. The purpose of the valuation is to determine a reasonable and fair cash consideration to be offered to the Company shareholders for the acquisition of their ordinary and preferred shares, post the exercise of the squeeze out and sell out rights, if the provisions of Law 3461/2006 apply.

To perform our work we have conducted the valuation of the Company's shares (ordinary and preferred) using appropriate valuation methods, as at 3 April 2019.

2. Description of the transaction

Brief history of the transaction

TITAN Cement International SA on 18/10/2018 submitted a voluntary share exchange tender offer for the acquisition of all ordinary and preferred shares of the Company. The acceptance period lasted from 27/12/2018 to 25/1/2019.

Based on the results of the tender offer that ended on 25/1/2019, 66.974.317 ordinary shares were collected, representing 86,9% of the Company's ordinary share capital and voting rights and 6.953.047 preferred shares, which accounted for 91,8% of the preference share capital. The failure to concentrate more than 90% of ordinary shares rendered the tender offer inactive.

The purpose of the tender offer was the delisting of TITAN shares from the Athens Stock Exchange and the listing of Titan Cement International shares in the Euronext Brussels Stock Exchange with parallel trading in the Euronext Paris and the Athens Stock Exchange having its seat of incorporation in Brussels.

Brief presentation of TITAN

TITAN was founded in Greece in 1902. Having its business base in Greece, where the parent company shares have been listed in the Athens Stock Exchange since 1912, TITAN's vertically integrated activity spans 14 countries across 5 continents.

This activity is carried out by wholly owned affiliated companies and by joint ventures with other partners and covers the:

- Production of cement (gray and white), concrete and aggregates
- Handling – distribution of cement
- Processing and industrial utilization of fly ash power stations
- Production of mortars

3. Sources of information

The information and data used for the preparation of the Fairness Opinion include the following:

- Business plan and financial forecasts of the Company for the period 2019–2021, which were provided to the Consultant by the management of TITAN Cement SA (the **"Management"**).
- Published and audited financial statements of the Company for the fiscal years 2017 and 2018.
- Corporate presentations of TITAN, as well as other information regarding the operations of the Company.
- Data and information on comparable companies listed on foreign stock exchanges.
- Data and information on equity transactions of companies operating in the same industry as TITAN.
- Website of Aswath Damodaran, Stern School of Business / New York University (pages.stern.nyu.edu/~adamodar/)
- International Monetary Fund, World Economic Outlook, April 2019.
- International Databases

The valuation of Company shares was based on the aforementioned data, as well as information generated by discussions and written communications with the Management, which has assured us that all information provided was accurate and complete.

4. Disclaimer

To facilitate the better understanding of our conclusions, your attention is drawn to the following disclaimer:

- All documents, historical facts and information in relation to the Company was provided to us by the Management. The same is also the case regarding the estimations of future financial performance. It should be noted that our work does not constitute a financial audit, nor a financial review in accordance with International Standards on Auditing or the International Standards on Review Engagements.
- Furthermore, Grant Thornton does not accept any responsibility or liability in case any estimates, facts or documents presented herein proves to be inaccurate, wrong, misleading or non–acceptable. Grant Thornton does not accept any responsibility or liability if proved that the Management withheld important documents or facts.
- Most of the information used for the application of the valuation methods was based on the latest available and updated data. The determination of the value of Company shares is based on both the objective and qualitative evaluation of the information provided to us, which was assessed according to our experience and knowledge.
- Our opinion regarding the value of Company shares was based on the published and audited financial statements of TITAN, as well as information provided to us by the Management, which we deemed to be accurate and reliable, without conducting an independent audit.
- Our opinion is based on the business, economic and other conditions prevailing in the market as at the date of the Fairness Opinion. We have no obligation to restate our opinion in case conditions change at a later date, unless we are requested in writing to do so by the Assignor.
- It should be noted that future financial performance may differ materially from the one estimated by the Management, due to changes in the economic, business or other market conditions. Should this prove to be the case, it is possible that the results of our valuation and opinion no longer apply or are materially different from the ones stated in this the Fairness Opinion.

5. Valuation methodology

In order to determine the price of the Company's shares, we have conducted the valuation of the Company at a Group level. The valuation was carried out in accordance with generally accepted methodologies, applied worldwide in similar engagements. Subsequently, we assessed the appropriateness of each methodology. In our opinion, the applied methods as well as the weightings applied to each of them are deemed proper and appropriate.

The following internationally accepted valuation methods were applied:

- Discounted Free Cash Flows Model
- Comparable Companies' Multiples
- Comparable Transactions
- Market Capitalization

A) Discounted Free Cash Flows

Discounted Free Cash Flows Estimation

The Discounted Free Cash Flows (DFCF) method is widely recognised as one of the most credible valuation methodologies worldwide. The DFCF model examines the company dynamically and not statically, by analysing its performance through the years as well as by considering its ability to generate "cash surpluses".

The net present value of future cash flows consists of: (a) the present value that corresponds to a period for which projections can be made; this period is defined as the time it takes for the company business plan to be achieved and (b) the company value in perpetuity. Consequently, if we want to account for the time value of money, the DFCF is considered as one of the most appropriate methods.

The Discounted Free Cash Flow model estimates the equity of a company as the value of the future cash flows minus the value of debt and other claims that exceed the amount of Equity. It should be noted that the value of the company always assimilates the future discounted cash flow, at a proper discount rate; i.e. the cost of capital. The values of the activities and loans are equal to the expected future free cash flows, discounted with coefficients that reflect the risk of these cash flows.

The firm value equals the anticipated future free cash flows, discounted by a risk-adjusted discount rate (eg. Weighted Average Cost of Capital –WACC).

The method involves the calculation of future free cash flows for a period of at least 3 years, as well as the determination of the firm's terminal value. FCFs and terminal value are then discounted using the Weighted Average Cost of Capital so as to get the Net Present Value of the firm. More specifically, the following formulas apply:

- Free Cash Flow = Earnings Before Interest & Taxes * [1 – (tax rate)] + Depreciation – Capital Expenditure – Change in Working Capital
- Terminal Value = Free cash flow of the year following the projected period / (WACC – Growth in perpetuity)

Weighted Average Cost of Capital

The Weighted Average Cost of Capital is the discount rate that converts the expected future cash flows to present value. It is considered the most appropriate discount rate, as it takes into account quality factors such as the company systematic risk, the equity risk premium and company's tax obligations.

In the case of TITAN it was estimated at **8,0%**.

Discounted Free Cash Flows Assumptions

The assumptions used for the application of this method were given to us by the Management and were assessed for their reasonableness in accordance with the historical data, the Company's financial position, the competitive environment and the outlook for the sector.

B) Comparable Companies' Multiples

Comparable Companies' Estimation

The Comparable Companies' Multiples is based on the assumption that the value of a company should be equal to the amount that well informed and rational investors would be willing to pay for its share capital. The estimation of the value is based on multiples calculated according to comparable listed companies' market capitalisation and their respective financial figures.

Comparable Companies' Multiples Assumptions

For the Comparable Companies' Multiples method, we have determined a representative and sufficient sample of comparable companies in the cement sector.

For the valuation of the Company, the EV / EBITDA (Enterprise value / Earnings before, Interest, Tax Depreciation and Amortization) multiple was applied as it is considered the most suitable for the valuation of industrial companies, with large fixed assets.

The above multiple was calculated a) based on the latest, published EBITDA figures of both the comparable companies and TITAN, and b) EBITDA estimates for the next financial year.

Based on historical data, the EV / EBITDA multiple was calculated at **7,9x**, while the respective multiple calculated using estimates was **6,9x**.

C) Comparable Transactions

Comparable Transactions Estimation

According to this method, a company's value is calculated using recent transactions (Mergers & Acquisitions) in which the target is a comparable company. In order to calculate the value of the company, the implied valuation multiples resulting from the analysis of the aforementioned recent transactions are multiplied by TITAN financials.

The selection of the sample of comparable transactions was based on the following criteria:

- The target company's is operating in the same sector as TITAN.
- Transactions have taken place over the past two years.
- The Enterprise Value of each target company exceeds $ 1 billion.
- The subject of the transaction is a minority holding, that does not lead to a change of control of the target company.

Comparable Transactions Assumptions

Comparable Transactions valuation was performed by identifying a representative and sufficient sample of comparable companies.

As in the case of Comparables Companies' Multiples, the multiple used for the valuation was EV / EBITDA, which was calculated at **10,2x**.

D) Market Capitalization

Market Capitalization Estimation

This method is used for listed companies and determines the value of an company as its average daily market capitalisation over a specific period of time.

The underlying assumptions for applying this method are:

- Company stocks have been trading for a sufficient period of time.
- There is sufficient volume of transactions.
- The stock price is not subject to manipulation.
- Investors involved in the trading of the stock are deemed to have equal and sufficient information about the company.

Market Capitalization Assumptions

The Market Capitalisation method is based on the analysis of historical closing prices of a company's shares for a time period prior to the valuation date.

In the case of the TITAN we have used the average prices of ordinary and preferred shares for the last six months before the valuation date.

6. Conclusions

The results of our analysis, as derived from the methods applied, are summarized in the table below.

Valuation method	Weight	Price per share (€) Ordinary	Preferred
(A) Discounted Free Cash Flows	50%	20,99	18,89
(B) Comparables Companies' Multiples (based on historical data)	10%	14,83	13,34
(B) Comparables Companies' Multiples (based on projections)	15%	14,54	13,08
(C) Comparable Transactions	20%	21,47	19,33
(D) Market Capitalization	5%	19,59	18,17
Weighted Price	**100%**	**19,43**	**17,52**

Fairness opinion on the valuation of shares

The Company's shares are valued at **€ 19,43** per ordinary share and **€ 17,52** per preferred share, by weighing the results obtained from the application of the relevant methodologies using appropriate factors.

The results of the Discounted Free Cash Flow method, have been rendered a relatively higher weight as the dynamics and prospects of the Company are better reflected in the DFCF model compared to any other methodology.

An average discount of **10%** was applied to the value of the preferred shares versus the ordinary ones. This factor reflects the reduced liquidity of the preferred shares market and it was calculated using historical share prices for the last six months prior to the valuation date as well as international bibliography.

It should be noted that both Grant Thornton and the undersigned Auditor, Mr. Dimitris Douvris, are independent in relation to both the Assignor as well as the Company for the last five years prior to the transaction.

Yours sincerely,

On behalf of Grant Thornton,

Dimitris Douvris

Certified Public Accountant

SOEL Reg. No 33921

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