

29 July 2021

## First Half 2021 Results

### Growth in Revenue and Profitability for the first half of the year

Brussels, 29 July 2021, 08:30 CEST – Titan Cement International SA (Euronext Brussels, ATHEX and Euronext Paris, TITC) announces the second quarter and half year 2021 results.

- Higher revenue generation coupled with increased EBITDA in the first half of 2021; strong growth in net profit
- Sustained profitability margin despite emerging cost headwinds;
- TITAN Cement Group becomes one of the first cement companies worldwide to have its CO<sub>2</sub> emissions reduction targets validated by the Science Based Targets initiative (SBTi)
- Cancellation of 5% of TCI's shares concluded in June 2021;
- 2021 positive outlook maintained, underpinned by the encouraging prospects offered by Group's markets.

#### TITAN Group - Overview of the first half 2021

Sales volume trends were positive in all product lines in the first half of the year. Group cement and clinker sales, including exports, increased by 11% supported by higher demand across most markets. Aggregates and ready-mix sales volumes increased by 4% and 5% respectively.

Consolidated revenue reached €821.1m, up 4.4% versus the first half of 2020, reflecting growing demand in most markets and a supportive pricing environment. Top line growth was held back by weaker US\$ and US\$-linked currencies. In local currencies, growth was 11.7%. EBITDA reached €142.6m, up 4.2% (and +10.3% in local currencies), held back by the spike in energy costs and freight rates. Net profit after taxes and minority interests more than doubled reaching €58.0m vs €22.4m aided by a significant decline in finance costs. To put those figures in context, it should be noted that - as most of the Group's countries of operation were not among those hard hit in the early days of the pandemic – our H1 2020 had been resilient and ahead of H1 2019. (see below)

<i>In million Euros</i>	H1 2021	% yoy H1 2021 vs H1 2020	H1 2020	H1 2019
Revenue	821.1	4.4%	786.3	785.4
EBITDA	142.6	4.2%	136.8	122.2
Net Profit after Taxes & Minorities	58.0	158.9%	22.4	13.3

Dimitri Papalexopoulos, Chairman of the Group Executive Committee

“Looking ahead we see continuing top line growth, with gains in both volumes and prices. In the short term, the spike in freight rates and energy costs is not allowing us to enjoy the kind of impact in margins which top line growth would imply.”

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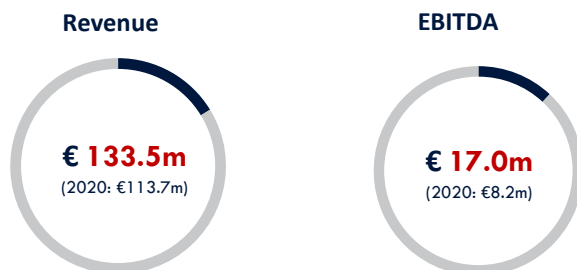
## Regional review of the first half 2021

### USA



The positive momentum in US fundamentals continued in the first half of the year. In the prevalent favorable macroeconomic environment, the robust housing market aided by low interest rates and a shortage of available housing stock, combined with growing number of infrastructure projects, provide the impetus of demand. The Mid-Atlantic region continued developing strongly and demand continued to grow in Florida, with differing trajectories along geographies. New York metro also confirmed the green shoots observed in Q1. Overall market tightness has manifested itself in increased logistics and raw materials costs, as well as labor shortages, resulting in a squeeze of profitability margins. Revenue in the USA recorded a 10.2% increase in US \$ terms in the first half of 2021 but was almost flat in Euro terms (+0.8%) at €479.3m. EBITDA reached €81.2m, (1.9% growth in US \$) in Euro 6.8% below the first half of 2020. The discrepancy is due to higher maintenance costs in H1 as well as increased logistics and labour costs.

### Greece & W. Europe



In Greece, the encouraging trends of demand recorded in 2020 continued in H1 2021, supporting the notion that the sector is entering a growth cycle. Demand continued to increase in the 2nd quarter after an already strong Q1. Residential development has picked up in the main urban centers while many peripheral construction projects and private investments are continuing across the country more than compensating for a small decline in tourism-related construction. The healthy market environment has been supportive of prices, which helped contain rising energy and freight costs. Group exports also increased during the period in response to the upsurge in global demand across markets served by our network. Export sales denominated in US \$ were however penalized by the weaker US \$ and profitability suffered from higher freight costs. Total revenue for region Greece and Western Europe in the first half of 2021 grew by 17.4% to €133.5m while EBITDA came in at €17m versus €8.2m in the first half of 2020.

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## Southeastern Europe



Performance in Southeastern Europe continued being strong across markets, with robust volume development. Although rising energy prices, electricity in particular, have softened profitability margins, thanks to higher levels of utilization of the cement plants overall performance remained at high levels. Key demand drivers, residential and commercial construction remain strong in the cluster of countries where the Group operates. Revenue for the region as a whole increased by 14.1% to €132.3m while EBITDA increased by 7.5% to €42m in the first half of 2021.

## Eastern Mediterranean



In Egypt, cement consumption was flat in the first half of the year. The trend however in March and in April leading up to the start of the Ramadan was indicative of a timid uptick of market demand. The drive from private residential and New Cities development remained in place. Although the pricing environment has significantly improved since the beginning of the year from low levels, higher costs partially offset improvement of margins. Still, Egypt in H1 turned a small positive EBITDA.

In Turkey, Adocim domestic sales volumes surged year on year, along with prices also reflecting the supply tightness of the market. Investment into new residential construction continues to provide a safe haven for savings, addresses the housing needs of the growing population and abides to the requirements of the new anti-seismic regulation. Furthermore, a multitude of small-scale manufacturing and industrial private investment projects enhance demand. The weakening of the local currency as well as exposure to foreign currency-denominated input costs, limited Turkey's profitability to a low contribution.

Total revenue in the Eastern Mediterranean reached €75.9m, a decline of 6.4% year on year, though there was a +8.6% growth in local currencies. EBITDA reached €2.4m posting a 1.4% increase versus the first half of 2020.

## Brazil (Joint venture)

The market in the North East of Brazil has continued to grow, posting a 15% increase versus the first half of 2020, continuing the upswing recorded for the last four quarters. Sales of our joint venture Apodi increased, based on stronger demand coming from the residential and commercial sectors. In the first half of the year Apodi posted an increase in Revenue to €36.7m (vs €29.9m in H1 2020) as well as in EBITDA at €8.8m vs €3.5m in 2020, enhancing its contribution to the Group's net results.

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## Financing and Investments

Group operating free cash flow reached €60.5m, a decrease of €8.4m compared to the first half of 2020. Cash flow generation benefited from higher EBITDA levels, but capital expenditure was €54.3m, increased by €13.8m compared to the covid restrained capex in 2020.

Net finance costs in the first half of 2021 were lower by €16.4m and came to €15.7m. This partly reflects lower debt balances and lower interest rates charged, as well as a positive variance vs last year's one-off €7m mark to market losses on US\$ interest rate hedges.

Group net debt at the end of the first half of 2021 was €691.4m, higher by €7m from the end of 2020. Cash balances were reduced to €93.7m, after repayment of €166m for matured bonds in June 2021.

On March 23, 2021 the Board of Directors decided the return of capital of €0.40 per share to all shareholders of the Company on record on April 29, 2021 which was paid on July 2<sup>nd</sup> 2021.

On 22<sup>nd</sup> June, 2021 the process for the cancellation of 5% of TCI's shares was completed. Following this transaction, the share capital of the company amounts to €1,159,347,807.86 and is represented by 78,325,475 shares. On June 30, 2021 TITAN Cement Group owned 1,307,520 own shares representing 1.67% of total voting rights.

## Financial Results of the second quarter of 2021

Trading in the second quarter provided further evidence of the positive effect of improving market fundamentals, returning confidence and pent-up demand. As was mentioned at the announcement of Q1 2021 results, on a comparable basis Q2 2021 EBITDA would be about €10m higher to account for the estimated maintenance cost deferred to Q2 in the current year.

Group consolidated revenue for the second quarter of 2021, reached €450.3m, a 12.2% increase over the second quarter of 2020. EBITDA declined by 10.1% mainly due to the deferral of maintenance shutdown and related costs at the Pennsuco plant in the US to Q2 2021 vs Q1 in 2020, - but also due to cost headwinds related to rising energy and freight prices impacting different geographies. Net Profit after Tax (NPAT) for the quarter reached €42.7m versus €38.2m in the second quarter of 2020.

<i>In million Euros</i>	Q2 2021	Q2 2020	% yoy
Revenue	450.3	401.5	12.2%
EBITDA	86.5	96.2	-10.1%
Net Profit after Taxes & Minorities	42.7	38.2	11.8%

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## ESG Performance review

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TITAN has made a good start towards its new Environmental, Social, and Governance (ESG) targets for 2025 and beyond, which were released earlier in the year and focus on four pillars, defined as material by its stakeholders: decarbonization and digitalization; growth-enabling work environment; positive local impact; and responsible sourcing, all underpinned by good governance, transparency and business ethics.

The Science Based Targets initiative (SBTi) validated the Group's Scope 1 and 2 CO<sub>2</sub> emissions reduction targets for 2030 as consistent with levels required to meet the goals of the COP21 Paris Agreement and keep warming to well below 2°C. TITAN is one of the first cement companies worldwide with decarbonization targets set and validated by the SBTi, a partnership between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). TITAN is now also monitoring Scope 3 CO<sub>2</sub> emissions from the supply chain across all cement operations. Emissions generated from the transportation and distribution of the Group's products in 2020 were verified by an external auditor.

TITAN continued to implement energy efficiency and zero waste management systems across its operations. Following the certification of the two plants in Egypt, 82% of the Group's production is now certified according to the ISO 50001 Energy Management System or covered by energy audits. Moreover, the highest Platinum rating (Zero Waste) under Eurocert's "Zero Waste to Landfill" standard was awarded to all of TITAN's cement plants in Greece. With the plants in the USA and Turkey having received similar certifications, the Group has now over 50% of its production certified for "Zero Waste to Landfill."

Positive local impact and community engagement remained an area of focus. The Group's subsidiary in North Macedonia received an Accolade at the country's "Sustainable Development Goals (SDG) Pioneer" awards, organized by the UN Global Compact Network and the civil association, Konekt, in acknowledgment of its initiatives towards good health and well-being (SDG 3), quality education (SDG 4), and climate change (SDG 13). In Greece, TITAN celebrated the planting of over 2,000,000 trees since the launch of its environmental restoration and tree-planting program in 1971. The Group's efforts in biodiversity, preservation of natural resources, and sustainability were also recognized at the 2021 Bravo Sustainability Awards, hosted by the QualityNet Foundation, where TITAN received two awards, one for its new ESG targets and one for the establishment of the first Phenological Garden in Greece, in partnership with Aristotle University of Thessaloniki.

Recognizing the continuous improvement of TITAN's ESG performance more broadly, MSCI upgraded the Group's ESG rating to AA.

The Fit for 55 proposal, a broad legislative package aiming to align EU policy with the new CO<sub>2</sub> emissions reduction goal of 55% by 2030, was released by the European Commission on 14 July, entering a consultation phase with the European Parliament and Member states, which is expected to be concluded in the second half of 2022. Its final form is not yet clear and it is not expected to have a direct impact on our operations in EU member countries, Greece and Bulgaria, for the next few years.

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## Outlook

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Construction activity has proved resilient to the challenging circumstances posed by COVID. With the worst of the global pandemic hopefully behind us, market fundamentals and the key drivers of demand are in place to support growth in 2021 and beyond. At the same time, operating profitability is held back by the spike in energy and freight costs, as well as by broader supply bottlenecks, in part a reflection of the sudden buoyancy of activity.

In the US, housing and infrastructure spending should continue to drive demand growth. Titan America backlogs are strong and growing. At the same time, labour shortages, logistics bottlenecks and growing input costs are impacting the entire value chain.

In Greece, demand is also on a growth path, driven by the recovery in housing in the key urban centres along with the many peripheral infrastructure projects across the country. The Greek market pick-up has so far taken place without any volumes being yet absorbed by the major planned infrastructure projects. These are expected to enhance consumption levels towards the end of the year and into 2022, laying the foundations for growth in the years ahead. The Group will continue to leverage its international trading network so as to optimize supply-demand dynamics across its geographic footprint. The tightness of global freight markets at present however and the attendant surge in freight rates, will challenge the profitability of this activity, as long as such conditions persist.

In Southeastern Europe, momentum in the sector is set to continue. A mix of residential, private commercial/industrial as well as infrastructure projects provide the varying backdrop of demand across the different countries in our cluster of operations. Macroeconomic conditions remain supportive with investment flowing into the region.

In Egypt, the recently (as of 1st July) imposed production quotas by the authorities, applicable to all cement producers, aim to address the long-standing structural imbalance in the country. While it is too early to gauge their full impact, the more favourable demand-supply balance seems to providing support for an improvement in prices. Coupled with improving macroeconomic prospects and recovering cement demand, this should lead to improved operating performance.

In Turkey, supportive government policies seem set to continue driving construction demand growth despite the precarious, state of the economy.

In Brazil, the National Union of Cement Industry expects that in 2021 cement demand will increase by 6% compared to 2020 levels with home renovations and new construction projects driving demand. Both consumer and construction confidence indices are increasing, reflective of both the activity in the residential housing market and public investment in infrastructure, generating good prospects for the industry into 2022.

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## Summary of Interim Consolidated Income Statement

<i>(all amounts in Euro thousands)</i>	For the six months ended 30/6	
	2021	2020
Revenue	821,068	786,285
Cost of sales	-661,553	-640,930
<b>Gross profit</b>	<b>159,515</b>	<b>145,355</b>
Other net operating income	879	2,111
Administrative and selling expenses	-83,402	-81,122
<b>Operating profit</b>	<b>76,992</b>	<b>66,344</b>
Net finance costs	-15,718	-32,121
Gain/(loss) from foreign exchange differences	3,159	-4,057
Share of profit/(loss) of associates and joint ventures	1,144	-1,785
<b>Profit before taxes</b>	<b>65,577</b>	<b>28,381</b>
Income tax	-7,565	-6,337
<b>Profit after taxes</b>	<b>58,012</b>	<b>22,044</b>
<b>Attributable to:</b>		
Equity holders of the parent	57,961	22,411
Non-controlling interests	51	-367
	<b>58,012</b>	<b>22,044</b>
<b>Basic earnings per share (in €)</b>	<b>0.7551</b>	<b>0.2897</b>
<b>Diluted earnings per share (in €)</b>	<b>0.7520</b>	<b>0.2884</b>

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

<i>(all amounts in Euro thousands)</i>	For the six months ended 30/6	
	2021	2020
<b>Operating profit</b>	<b>76,992</b>	<b>66,344</b>
Depreciation and amortization	65,599	70,448
<b>Earnings before interest, taxes, depreciation, amortization and impairment (EBITDA)</b>	<b>142,591</b>	<b>136,792</b>

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## Summary of Interim Consolidated Statement of Financial Position

<i>(all amounts in Euro thousands)</i>	<b>30/06/2021</b>	<b>31/12/2020</b>
<b>Assets</b>		
Property, plant & equipment and investment property	1,542,076	1,540,963
Intangible assets and goodwill	358,878	352,292
Investments in associates and joint ventures	91,838	85,610
Other non-current assets	17,751	19,248
Deferred tax assets	10,746	15,201
<b>Total non-current assets</b>	<b>2,021,289</b>	<b>2,013,314</b>
Inventories	276,053	248,586
Receivables, prepayments and other current assets	236,039	210,595
Cash and cash equivalents	93,695	206,438
<b>Total current assets</b>	<b>605,787</b>	<b>665,619</b>
Assets held for sale	1,281	-
<b>Total Assets</b>	<b>2,628,357</b>	<b>2,678,933</b>
<b>Equity and Liabilities</b>		
Equity and reserves attributable to owners of the parent	1,274,269	1,242,693
Non-controlling interests	21,278	23,990
<b>Total equity (a)</b>	<b>1,295,547</b>	<b>1,266,683</b>
Long-term borrowings and lease liabilities	679,775	666,993
Deferred tax liability	110,581	102,078
Other non-current liabilities	98,399	97,930
<b>Total non-current liabilities</b>	<b>888,755</b>	<b>867,001</b>
Short-term borrowings and lease liabilities	105,330	223,850
Trade payables, income tax and other current liabilities	338,725	321,399
<b>Total current liabilities</b>	<b>444,055</b>	<b>545,249</b>
<b>Total liabilities (b)</b>	<b>1,332,810</b>	<b>1,412,250</b>
<b>Total Equity and Liabilities (a+b)</b>	<b>2,628,357</b>	<b>2,678,933</b>



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## Summary of Interim Consolidated Cash Flow Statement

(all amounts in Euro thousands)

	For the six months ended 30/6	
	2021	2020
<b>Cash flows from operating activities</b>		
<b>Profit after taxes</b>	<b>58,012</b>	<b>22,044</b>
Depreciation, amortization and impairment of assets	65,599	70,448
Interest and related expenses	15,439	31,479
Provisions	2,104	3,693
Other non-cash items	3,039	13,340
Income tax paid	-4,037	-2,144
Changes in working capital	-29,350	-31,535
<b>Net cash generated from operating activities (a)</b>	<b>110,806</b>	<b>107,325</b>
<b>Cash flows from investing activities</b>		
Net payments for property, plant & equipment and intangible assets	-52,823	-40,331
Net proceeds from changes in investments to affiliates and other investing activities	276	627
<b>Net cash flows used in investing activities (b)</b>	<b>-52,547</b>	<b>-39,704</b>
<b>Cash flows from financing activities</b>		
Acquisition of non-controlling interests	-40,817	-1,455
Net (payments)/ proceeds from loans and leasing	-113,953	117,557
Interest and other related charges paid	-18,133	-24,271
Payments for shares bought back	-	-8,816
Other (payments)/proceeds from financing activities	-230	108
<b>Net cash flows (used in)/ from financing activities (c)</b>	<b>-173,133</b>	<b>83,123</b>
<b>Net (decrease)/ increase in cash and cash equivalents (a)+(b)+(c)</b>	<b>-114,874</b>	<b>150,744</b>
Cash and cash equivalents at beginning of the year	206,438	90,388
Effects of exchange rate changes	2,131	-793
<b>Cash and cash equivalents at end of the period</b>	<b>93,695</b>	<b>240,339</b>

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## **General Definitions**

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### **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 before impairment losses on goodwill 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 cash generated from operations plus income tax paid 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

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**11 Nov 2021** Publication of financial results for the Nine Months 2021

- This press release may be accessed on the website of Titan Cement International SA via this link <https://ir.titan-cement.com>
- For further information, please contact Investor Relations at +30 210 2591 257
- Titan's first half results will be discussed in a live conference call on Thursday, July 29, 2021 at 15:00 CEST. The conference call will be in English. Please register in advance of the conference using the following link: <https://87399.themediaframe.eu/links/titan210729.html> . The conference call will be available for replay from July 29, 2021 17:00 CEST.

The statutory auditor, PwC Réviseurs d'entreprise SA, represented by Didier Delanoye, has executed a review of the Interim Condensed Consolidated Financial Statements of Titan Cement International SA. The statutory auditor has no comments. For the statutory report, please refer to the Interim Condensed Consolidated Financial Statements of Titan Cement International S.A. on our website, <https://ir.titan-cement.com/en/investor-information/financial-results>

**DISCLAIMER:** *This report may include forward-looking statements. Forward-looking statements are statements regarding or based upon our management's current intentions, beliefs or expectations relating to, among other things, TITAN Group's future results of operations, financial condition, liquidity, prospects, growth, strategies or developments in the industry in which we operate. By their nature, forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results or future events to differ materially from those expressed or implied thereby. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this report regarding trends or current activities should not be taken as a report that such trends or activities will continue in the future. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any such forward-looking statements, which speak only as of the date of this report. The information contained in this report is subject to change without notice. No re-report or warranty express or implied, is made as to the fairness, accuracy, reasonableness or completeness of the information contained herein and no reliance should be placed on it. In most of the tables of this report, amounts are shown in € million for reasons of transparency. This may give rise to rounding differences in the tables presented in the trading update. This trading update has been prepared in English and translated into French and Greek. In the case of discrepancies between the two versions, the English version will prevail.*

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### 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 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.

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