

**Company Update: TITAN CEMENT GROUP Reason: Q1 2020 Results****Investment Thesis**

We downgrade Titan Cement Group's FV to €16.00 /share from €21.50/share previously, to reflect the expected decrease in FY '20 Revenues and profitability and the aggravated risk profile due to the COVID-19 repercussions. However, we maintain our long-term positive outlook thanks to the management's commitment towards operating efficiency and value creation for the shareholders.

As a reminder, the reaction of the Cement industry to changes in the macroeconomic environment is traditionally slow and this holds both during improving as well as deteriorating conditions. This time around should not be an exception: On one hand World GDP is set to shrink; on the other Constructions should be the first sector of the main street to enjoy the benefits of the expansionary fiscal policies.

With the above in mind, we account for the softness in demand, as evidenced across the board during the 6 week March-April lockdown. The US market that yields almost 60% of the group's revenues recorded a 10% decline. Greece recorded a 25% decline, South Eastern Europe and Brazil recorded a 30 to 40% decline and increased sales were booked only in Egypt.

As a result, we are incorporating a set-back to our model, projecting a low one-digit decline in Group Revenues throughout 2020 (which will affect Net Income and Cash Flow by at least 20%) and a significant rebound in demand and Revenues in 2021, as additional public infrastructure projects will start maturing. The lockdown period does not seem to get prolonged and the low oil price is an additional tailwind for the sector and the Group.

**Valuation**

Titan Cement Group is valued at €16.00 per share through a FCF exercise with an applied rate of 8.2%.

Date	18/5/2020
Fair Estimated Price	16.00 €
Investment Thesis	UV
Bloomberg Ticker	TITK:GA
Reuters Ticker	TTNr.AT
Price	10,84
Low / High Price 52w	8.90 /19.90
Market Cap (€mn)	894
P/E	16,1
EPS	0,67
EV/EBITDA	8,7

Summary Financials				
(€mn)	2018A	2019A	2020E	2021E
<b>Profit &amp; Loss Items</b>				
Total Net Revenues	1.490	1.610	1.565	1.707
EBITDA	260	267	265	297
Net Income	54	53	52	85
<b>Balance Sheet Items</b>				
Total Assets	2.870	2.863	2.908	2.903
Cash at Hand	171	90	194	156
Total Equity	1.471	1.410	1.428	1.461
<b>Cash Flow Items</b>				
Gross Cash Flow	136	116	52	85
Free Cash Flow	84	-32	126	80
<b>Key Financial Ratios</b>				
Revenue Growth	-1,0%	8,0%	-2,8%	9,1%
EBITDA Margin %	17,4%	16,6%	16,9%	17,4%
EPS	0,64	0,67	0,66	1,08
ROE	3,7%	3,8%	3,6%	5,8%
P/E (x)	30	28	24	18
Cash Dividend Yield %	2,8%	1,5%	2,7%	3,4%

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#### Σημειώσεις/Notes

P: Τρέχουσα Τιμή  
 MCAP: Κεφαλαιοποίηση  
 EPS: Καθαρά Κέρδη Ανά Μετοχή

Market Price  
 Capitalization  
 Earnings per Share

#### Οδηγός Συστάσεων/Ratings

**UV** Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος Underpriced/ Small Risk  
 Stock Price < 20% of Fair  
**UV1** Χαμηλή Αποτίμηση/ Κίνδυνος Underpriced/ Risk  
 Stock Price < 10% of Fair  
**FV** Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος Fairly Priced/ Small Risk  
 10% < Stock Price < 10%  
**OV1** Σωστή Αποτίμηση/ Κίνδυνος Fairly Priced/ Risk  
 Stock Price > 10% of Fair  
**OV** Υπερτιμημένη Μετοχή Overvalued  
 Stock Price > 20% of Fair  
**N/R** Μη Αποτιμημένη Μετοχή Not Rated

P/E: Λόγος Τιμής προς Κέρδη Price/Earnings Ratio  
 P/S: Λόγος Τιμής προς Πωλήσεις Price/Sales Ratio  
 D/A: Συνολικός Δανεισμός προς Παθητικό Total Debt/Assets Ratio  
 DY: Απόδοση Μερισματος Dividend Yield  
 ROE: Απόδοση Ιδίων Κεφαλαίων Return on Equity  
 FV: Τιμή Σωστής Αποτίμησης Fair Value Price