



EQUITY RESEARCH/UPDATE/CEMENT /TITAN CEMENT

16/05/16

Titan's Q1'16 results proved mostly inline with our expectations, characterized by solid revenue growth in the United States and points of concern regarding the Hellenic operations and the increased FX losses (-23mn) which hurt the Group's bottom line.

Hellenic Sector's sales decreased on a Q to Q basis due to the delay of public infrastructure projects a trend which the Group expects to continue for the entire FY16.

East Mediterranean sector results show a satisfactory sales growth and improved operating margin driven by the efforts towards operating efficiency. Similar operating results were reported for the SEE segment.

The US sector remains the key indicator for overall growth and profitability as its continues its rapid sales growth for another quarter.

Overall, Titan's Q1 16 results exceeded our expectations for the revenues growth in US sector as the group's performance proved very strong (+33% in revenues Q-Q basis). In our model we have factored a more conservative growth estimate for the US operations (+10% Y-Y) and no impact from FX. After the Q1 16 results we re-estimate US sector's growth and apply FX losses at the same level with FY 15 results. Due to this fine tuning we expect the Group to maintain its operating margin for FY16 while the negative FX impact is expected to lead to a slightly lower net profit margin.

We retain Titan's Fair Value to 18.60 Euros/Share in an attempt to account for the aggravation of the risk factor for Hellenic equities due to the current domestic crisis while maintaining stronger Cash Flow projections and further Debt reduction. We would like to point out that the continuing management efficiency of the Group offers conviction to our estimates and makes Titan one of the few value plays in the Domestic Market.

Symbol: TITK:GA

Market: Athens Stock Exchange

THESIS: FV

FAIR EST. VALUE: 18.60

Closing Price (13/05/16): **20.20**

Market Cap. 1.556m

P/E: N/A

Expected P/E: N/A

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