

## TITAN

Reuters : TITKr.AT Bloomberg : TITK GA

Sector: Cement

### Ownership Structure:

Kanellopoulos Family 51% (approx.)  
Institutionals and Free Float 49% (approx.)

Source: Company.

### Stock Data

Price (29/01/2007)	€ 43.2
Mkt Cap (in million)	€ 3,567
Shares (in million)	84.33

### Stock Ratios

	2004	2005	2006 E	2007 F
P / E	20.59	17.34	13.92	12.95
P / BV	5.60	4.18	3.39	2.83
EV / EBITDA	12.51	10.19	8.50	7.79
D / Y	1.23%	1.39%	1.65%	1.92%
ROE	27.20%	27.60%	26.89%	23.85%
ROIC	15.47%	16.77%	18.14%	17.50%
Net debt / Equity	0.63	0.45	0.31	0.21

### Summary Financials

P&L (in mil €)	2004	2005	2006 E	2007 F
Revenues	1,142.5	1,341.7	1,545.0	1,670.0
Gross Profit	416.3	489.1	570.0	610.0
OPEX	94.0	99.4	110.5	116.9
EBITDA	318.5	389.2	459.3	492.9
Financial Results	-12.2	-24.1	-20.0	-20.0
Depreciations	63.6	72.0	76.7	83.4
EBT	242.6	293.1	362.7	389.5
EAT & Minorities	177.0	210.1	261.7	281.3

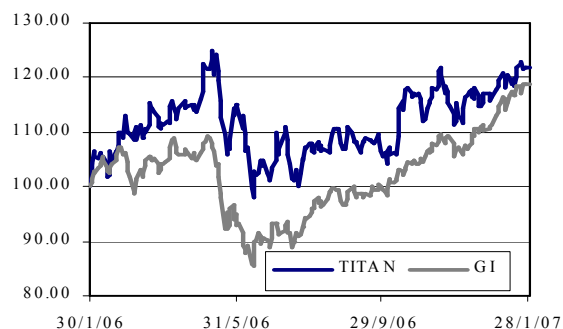
BS (in mil €)	2004	2005	2006 E	2007 F
Net Fixed Assets	1,084	1,258	1,369	1,450
Total Cur. Assets	449	546	642	717
Cash & Equivalent	78	95	118	136
<b>Total Assets</b>	<b>1,534</b>	<b>1,804</b>	<b>2,012</b>	<b>2,167</b>
Total Equity	651	872	1,074	1,285
L-Term Banks	408	425	380	330
S-Term Banks	85	65	70	75
<b>Liability &amp; Equity</b>	<b>1,534</b>	<b>1,804</b>	<b>2,012</b>	<b>2,167</b>

Source: Company Data & VRS Projections

## KEY INVESTMENT POINTS

- Titan Group has historically demonstrated solid revenue and profit growth, while its strong investment plan and international expansion offer significant business opportunities to fuel additional growth in future. Titan is under-capitalized leaving space for significant capacity additions through M&As or other financing schemes depending on future market conditions.
- During the 9-month period, consolidated turnover reached € 1,188 million, posting an increase of 19% y-o-y. EBITDA advanced by 28% y-o-y, settling at € 366 million. Net profit after minorities and taxes reached € 213 million edging up by 37% versus the 9-month period of 2005. The strong growth was attributed to higher demand for cement products and to a stable or even favorable pricing environment in most of the group's geographic markets.
- In Greece, the surge in demand for building materials continued in the 9-month period, improving operating profitability. In South Eastern Europe, operating profitability increased by 42% year-on-year, with Bulgaria and Egypt posting the strongest growth among the region's markets.
- Prices, forex and interest rates are key factors for Titan's financial performance. Pricing policy depends on market conditions and is a significant determinant of consolidated gross profit. Notwithstanding Titan's healthy capital structure, interest rates are also a key determinant of the group's net profitability.
- With regard to the announcement of the full year 2006 financial results, the Management has expressed concerns on the possible effect from the following two factors: the depth and duration of the decline of the residential sector in the US market, as well as the fuel prices and other raw material costs.

Relative Performance versus ASE G.I. (52 weeks)



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## INVESTMENT CASE

- ❖ In terms of revenues (based on 9-month 2006 IFRS accounts), North America, with € 559 million, was the strongest contributor in consolidated turnover, followed by the European Union (including Greece) with € 442 million and SE Europe with € 48 million. When it comes to EBIT, European Union was the largest generator with € 130 million, followed by North America with € 111 million, and SE Europe with € 48 million.
- ❖ Major factors driving the Group's future growth are the domestic construction sector, the allocation of the 4<sup>th</sup> CSF in the Greek market, as well as the US housing market. To meet any additional growth in demand, Titan plans to proceed with capacity increases in its international production units during 2007.
- ❖ US market presents the strongest growth potential for Titan Group. During the cumulative 9-month period of 2006, turnover and operating profit rose by 34% year-on-year reaping the grapes of group's strong investments and favorable pricing policy. However, during the third quarter of the year, the decline of the residential sector resulted in a decline of sales volume of building materials, and was partly offset by increases in public works and commercial activity.
- ❖ The strong Capex is core element of Titan's expansion strategy, both horizontally and vertically. Capital expenditure and acquisitions for the 9-month period of 2006 reached € 190 million, with the management placing an emphasis on new business development and stronger operating efficiency.

## CORPORATE PROFILE

- ❖ Titan is the leading cement and building materials producer in Greece, demonstrating at the same time a significant presence internationally. Titan owns and operates 11 cement plants in six countries. In 2005, the year with the last available full year results, the Group sold over 15 million tons of cement and other materials, over 5 million m<sup>3</sup> of ready mixed concrete, 20 million tons of aggregates and various other building materials. Titan Group's broader annual production capacity reaches 15 million tons, of which 6 million tons are located in Greece and 9 million tons in foreign markets.

## PEER GROUP COMPARATIVE RATIOS

Company	Country	Mkt Cap (€ mn)	P/E '06	P/BV '06
Lafarge	France	20,568	14.99	2.15
CEMEX	US	288,514	11.94	2.08
Taiheiyo	Japan	517,913	61.24	2.35
Shuie	China	2,256	4.79	1.50
India Cements	India	48,195	11.33	2.09
Heidelberg	Germany	12,964	15.13	2.53
Holcim	Switzerland	30,654	15.79	2.17
Italcementi	Italy	5,501	14.95	2.08
<b>Titan</b>	<b>Greece</b>	<b>3,567</b>	<b>13.92</b>	<b>3.39</b>

Data: Bloomberg estimates for fiscal 2006. Share prices as of 29 January 2007.

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