TITAN Cement SA

Industrials / Greece

Reuters/Bloomberg: TITCr.AT / TITC GA

December 17th, 2024

Titan: Cementing a Quality Proposition

Titan Cement has a lot going for them. On one hand, the 33% of its business that represents the European operations is set for solid growth, mainly on the back of solid demand from Greece (for the medium-to-longer term), but also positive prospects in the Balkan countries in which Titan has operations. On the other hand, c. 60% of the business relates to the exposure in the east coast of the US, a growing market, that is undersupplied and is expected to remain so in the foreseeable future. Key catalyst for Titan is the decision to list these US operations separately in the US taking advantage of the underlying attractiveness of the US business proposition and the higher valuation multiples the US listed peers enjoy. At current levels, Titan Cement trades at a 2025F P/E and EV/EBITDA of 9.1x and 5.7x, while cement and materials companies in the US trade at 2025F P/E and EV/EBITDA of 25.0x and 13.8x. Driven by the positive demand outlook, the profitability growth potential and the solid balance sheet, we initiate coverage of Titan Cement with a Buy recommendation and a target price of EUR 53.00 per share.

The dynamics of the east-coast US cement market are clear: strong demand driven by ongoing internal immigration and increasing mix towards cement and bricks residential buildings, while the supply is limited since new cement production capacity additions are notoriously difficult due to strict environmental regulations. For Titan, the combination of local production of c. 3.5m tons and more than 1.5m tons of imported cement through Titan's import terminal ensures a meaningful market share. In parallel investments in new technology and products that lower clinker to cement ratio allow for an effective cement capacity increase without directly investing in new capacity. Portland Cement Association (PCA) forecasts 2024-2029 demand CAGR of 3.7% for Florida and 2.3% for Virginia, the US areas where Titan operates. Taking this into consideration, we expect Titan US volumes to grow at 2.6% CAGR 2024-2029, while experiencing a 1% pricing growth per year on average. At the same time, we account margins to be maintained at the healthy 2024 levels over the coming years.

Demand in Greece is expected to remain strong for years to come given the high needs for construction in the country following almost 12 years of recession. The demand comes at higher margins vs. exports so we would expect growing profitability from the Greek operations over the coming years. For the Greek operations we expect a 2024-2029 CAGR of 3.8% in revenue and 4.5% in EBITDA.

We expect Titan's European business to benefit from operating flexibility as we estimate that the company is long CO2 rights. In addition, the company invests in a Carbon Capture facility in Kamari, Greece that will enable the production of 3m tons of zero-carbon cement, equivalent to more than 40% of its European Union volumes sold annually. This will give Titan Europe additional operating flexibility while other competitors could be forced to shut operations due to inability to obtain carbon credits.

We anticipate Titan Cement to post a 1.7% y-o-y revenue growth in 2024 to EUR 2,589m with EBITDA increasing 8.8% y-o-y to EUR 587.6m and net income at EUR 305.7m 13.8% higher vs. 2023. For the period 2023-2029, we forecast a 3.6% EBITDA and net income 4.8% CAGR respectively driven by solid demand and pricing. Despite increased spending over the past few years as a response to the environmental challenges of the sector and to better position itself for the day after, Titan's leverage remains low, estimated at 1.1x Net Debt-to-EBITDA for 2024. Strong profitability growth and relatively limited capex needs are expected to drive free cash flow higher, also allowing the group to maintain its healthy dividend strategy with a 12% dividend growth CAGR 2023-2029, in our numbers.

Titan has announced its intention to list the US operations that represent c. 60% of total Titan's EBITDA in US stock exchange in 1Q25, selling a 15% to 25% stake in the process. This will act to highlight the valuation discrepancy between Titan and US listed peers that trade at significantly higher valuation multiples.

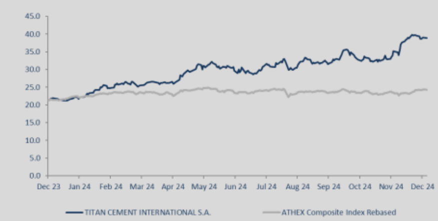
We initiate Titan Cement with a Buy rating and a target price of EUR 53.00 per share offering a 36% upside from current price levels. Our target price is a mix of DCF and Sum of the Parts. Our Blue-Sky Scenario Target Price is EUR 58.3 per share for a 50% upside from current levels. In our Grey Sky Scenario, the Target Price drops to EUR 34.9 per share giving a 10% downside from current price levels.

Rating	**Buy**
Target Price	**53.00**
Current share price* (EUR)	38.90
*16/12/24	

Stock data	
Market Cap (EUR m)	2,893.2
Free float	45.9%
EV (EUR m)	3,597.7
Number of shares (m)	74.4

Performance	**1m**	**3m**	**12m**
Absolute (%)	11.0	21.2	80.5
ASE (%)	4.3	2.9	13.5

ADV-3m (k)	49.09
Price high-12 m (EUR)	40.10
Price low-12m (EUR)	20.90



Titan Cement International S.A., together with its subsidiaries, produces, distributes, and trades in a range of construction materials in Greece and Western Europe, North America, Southeastern Europe, and the Eastern Mediterranean. The company provides cement; ready-mix concrete; aggregates and coarse materials. Titan Cement International S.A. was founded in 1902 and is based in Brussels, Belgium..

Shareholding structure: EDYVEM Public Company Ltd (48.9%), FMR LLCs (9.99%), Titan Cement International (5.2%)

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Investment Case

- **<u>Titan US expected to benefit by the large and persistent Cement undersupply</u>**
  In 2023, out of the 110mt of cement sold in US, 26mt, or 24% was imported[1]. This supply and demand gap is expected to remain or even increase in the medium term according to industry experts. Three main reasons contribute to sustain this imbalance:
    - Demand growth in the US and particularly in Florida and Virginia, the regions where Titan operates, are expected to experience a volume CAGR in 2024-2029 of 3.7% and 2.3% respectively, by Portland Cement Association (PCA).
    - New cement production capacity additions are not possible due to US environmental regulation. The only option for US local cement producers is to increase clinker alternatives in order to increase cement volumes, by effectively lowering the clinker to cement ratio.
    - Import capacity is also difficult to add, especially for greenfield projects/new competitors. Existing import terminals can increase capacity and Titan has recently done so. But the limited number of importers and the fact that they are large international players reduces the risk of import capacity over-investment.
    - As a result, we expect US cement operations to grow volumes at 2.6% and solid pricing developments leading to a total US revenue CAGR of 3.5% for 2024-2029. We expect stable margins after a very strong 2024 performance.

- **<u>Favourable medium term outlook for Titan Europe on the back of expansive policies and latent construction demand</u>**
    - We expect Titan's European operations to benefit from increased demand both in the Greek local market and Greek export market. Greece is emerging from a long-term underinvestment followed by Covid. The Greek economy is rebounding strongly and demand for infrastructure and residential construction is expected to remain strong in the medium term. In addition, all European segments should benefit from the easing rate cycle.
    - On the supply side, Greece and Bulgaria are affected by the European Carbon Emission regulation that limits CO_2 emissions of cement producers (along with other CO_2 emitting industries). This is expected to negatively affect cement producers that, unlike Titan, are not investing in reducing CO_2 processes or do not have access to CO_2 rights and will therefore be forced to shut European operations. Our understanding is that Titan has over the years accumulated Carbon Rights that could be used to offset carbon emissions in order to maintain production volumes at current levels despite carbon allowance dropping every year going forward. Titan is also proceeding with a Carbon Capture Project in Kamari, Greece that will allow the group 3m tons of zero CO_2 cement production per year, equivalent to more than 40% of volumes produced in the European Union, further increasing operating flexibility in Europe.
    - We expect the Greek segment to experience 3.8% revenue CAGR and 4.5% EBITDA CAGR in 2024-2029.

- **<u>US listing is expected to highlight the valuation discrepancy between US and European Companies in the sector</u>**
  Titan is planning to list its US business in the US as a separate listing and is in the process to sell 15%-25% of its shareholding. In our numbers, the US business contributes c. 60% of total EBITDA. We expect the upcoming listing to act as an opportunity for investors to realize that Titan is mainly a US business with a European arm and additional operations in Egypt and Turkey. Pure US competitors trade at 2025 EV/EBITDA multiples in the mid-teens due to cement and aggregates scarcity in the US. This compares with pure European peer valuations at 4x-6.5x EV/EBITDA. Total Titan business currently trades at 5.7.

Exhibit 1: Titan Revenue by Geography (in EUR)

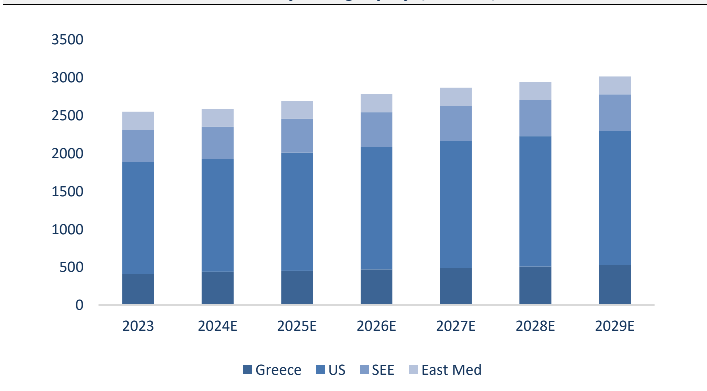
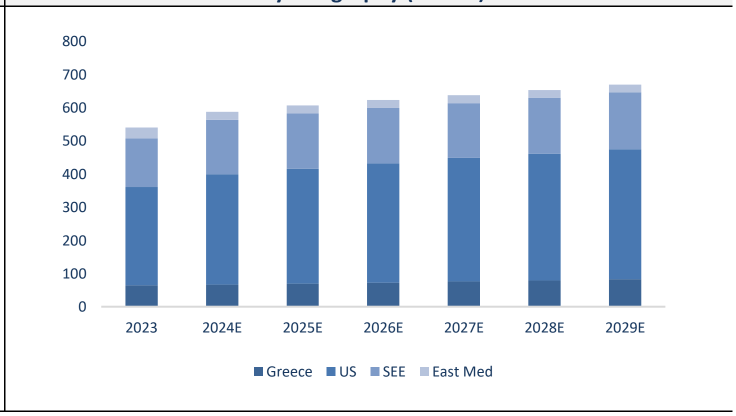


Exhibit 2: Titan EBITDA by Geography (in EUR)



Source: The Company, AXIA Research

[1] Concrete Financial Insights

- **Titan has low leverage and very strong cash flow generation**
  Titan free cash flow is increasing. This is a combination of increasing EBITDA combined with decreasing capex needs after 2027. This cash flow is sufficient to significantly reduce net debt while funding dividend payout growing at 12% and potentially buybacks. In addition, post US listing and equity stake sale, Titan will receive EUR 400-700m in cash proceeds. We currently do not include this in our modelling.

Table 1: Titan group cash generation and debt (in EUR)

	2023	2024E	2025E	2026E	2027E	2028E	2029E
Group EBITDA	**540.3**	**587.6**	**606.4**	**622.9**	**637.8**	**653.5**	**669.7**
Capex	**(214)**	**(240)**	**(245)**	**(250)**	**(255)**	**(178)**	**(169)**
FCF	**199**	**188**	**246**	**258**	**262**	**354**	**374**
Dividend	64	71	79	89	99	111	125
Gross Debt*	934	785	735	685	435	435	435
Net Debt*	660	627	507	381	250	40	(177)

*Source: The Company, AXIA Research, * including leases*

Valuation

Despite the strong growth Titan's share price has registered over the last two years, partially driven by the US listing announcement, we believe there is still significant upside in the stock on the back of solid demand tailwinds in the main geographies it operates while capacity increases can facilitate growth. The construction sector is exiting a low investment phase due to the high interest rates over the last 3 years.

We value Titan Cement EUR 53.0 per share derived as an average of DCF (EUR 51.4 per share) and Sum of the Parts target prices (EUR 54.6 per share).

DCF

In our DCF valuation, we reach a target price of EUR 51.4 per share leading to a 36% upside from current price levels. We assume:

- EBITDA CAGR 2023-2029 of c. 2.8% driven by top line growth combined with mix towards the higher profitability US business more than offset by increased costs.
- Capex levels peak in 2027 and drop thereafter
- A WACC of 9% with an exit EV/EBIITDA multiple of 7x

Table 2: DCF Valuation (Base Case, in EUR)

	FY24	FY25	FY26	FY27	FY28	FY29
Adj. EBITDA	588	606	623	638	654	670
Capex	(250)	(255)	(260)	(265)	(189)	(181)
Change in WC	(62)	(15)	(12)	(13)	(11)	(13)
Tax paid	(87)	(90)	(92)	(97)	(99)	(102)
Unlevered FCF	188	246	258	262	354	374
Sum of NPVs	1,349					
Terminal Value	3,047					
Enterprise Value	4,396					
+Associates -Minorities	78					
Net Debt (end-2024)	(660)					
Equity Value	3,815					
Num of shares (m)	74.2					
Target Price	51.4			**WACC**		9%
Current Price	39			**Exit EV/EBITDA**		7x
Upside (%)	32%					

Source: AXIA Research

Comps Valuation

In our Comp Valuation exercise, we consider the US and Ex-US divisions seperately.

European listed cement producers trade at a median 2025 P/E and EV/EBITDA of 9.0x and 4.6x respectively. These valuations include companies like Holcim that are listed in Europe but have operations in the US. The European cement sector is currently under increasing cost pressure as European regulation on CO2 emissions drives companies to invest more in either carbon capture or production efficiencies or modifications to accommodate a higher proportion of alternative cementitious materials. In addition, operating costs increase to accommodate the additional production complexities but we expect these costs can be passed on.

US cement producers trade at a significant premium to their European peers. The reason is threefold: 1) US regulation is not as restrictive on CO2 emissions. 2) US regulation is very restrictive on new cement production capacity installations creating high barriers to entry for new competitors. 3) Scarcity of aggregates in US is high. This results in higher multiples for US aggregates operations. This overall, results to US producers trading at a median 2025 P/E and EV/EBITDA of 25.0x and 13.8x respectively.

Table 3: Comps Valuation

	P/E			EV/EBITDA			FCF yield		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
European Companies									
Holcim AG	15.3x	14.0x	12.8x	9.1x	8.6x	8.2x	7.1%	7.9%	8.3%
Heidelberg Materials AG	11.0x	9.8x	8.9x	6.7x	6.3x	6.0x	9.1%	9.4%	10.1%
Buzzi S.p.A.	7.6x	7.2x	6.7x	5.0x	4.6x	4.4x	9.0%	9.7%	11.1%
Cementir Holding N.V.	9.1x	9.0x	8.5x	4.7x	4.5x	4.3x	8.6%	12.4%	12.5%
Vicat S.A.	6.4x	5.9x	5.4x	4.5x	4.3x	4.1x	17.2%	20.3%	21.6%
Median	**9.1x**	**9.0x**	**8.5x**	**5.0x**	**4.6x**	**4.4x**	**9.0%**	**9.7%**	**11.1%**
US Companies									
Martin Marietta Materials, Inc.	31.7x	26.0x	22.7x	18.3x	15.9x	14.5x	1.5%	3.3%	4.1%
Vulcan Materials Company	38.9x	30.5x	26.5x	19.9x	17.1x	15.5x	2.4%	3.1%	3.0%
Eagle Materials Inc.		17.9x	15.9x		11.7x	10.9x	4.5%	4.0%	4.2%
Summit Materials, Inc.	30.2x	24.1x	19.7x	11.3x	10.1x	9.3x	2.9%	4.4%	5.6%
Median	**30.9x**	**25.0x**	**21.2x**	**14.8x**	**13.8x**	**12.7x**	**2.6%**	**3.7%**	**4.1%**
Blended Average	**22.2x**	**18.6x**	**16.1x**	**10.9x**	**10.1x**	**9.4x**	**5.2%**	**6.1%**	**6.9%**
Titan	**9.4x**	**9.1x**	**8.9x**	**6.1x**	**5.7x**	**5.4x**	**6.5%**	**8.5%**	**8.9%**
Premium/(Discount)	-57%	-51%	-45%	-44%	-43%	-43%			

Source: AXIA Research

Sum of the Parts

We prefer comparable multiples based on EV in order to accommodate for different leverage levels among competitors. We favour EBITDA multiple and separate US and non US business. For the US business, we use a 10x EV/EBITDA multiple, at almost 30% discfount to US peers, as Titan US aggregates business is only 10% of total versus peers like Martin Marietta or Vulcan that have more than 50% in the mix. In the US, due to aggregates quarry scarcity, companies that have access to aggregates trade at high valuations. Nevertheless, the US cement business although might be valued at lower multiples compared to aggregates, they still trade at 2025 more than 11x EV/EBITDA on our estimates. We argue that a multiple of 10x EV/EBITDA for Titan's US business is adequate as it accounts for the smaller size and shareholding structure of the listing.

Table 4: Sum of the Parts (Base Case, in EUR)

FY26 Figures	EBITDA 2025	Multiple	EV	Net Debt	Equity	Per Share
US	346	10.0x	3,464	394	3,071	41.4
Non-US	260	4.8	1,248	266	981	13.2
Total	**606**	**7.5**	**4,712**	**660**	**4,052**	**54.6**
Upside						*40%*

Source: AXIA Research

In our Sum of the Parts valuation, we reach a target price of EUR 54.6 per share leading to a 40% upside from current price levels.

An additional valuation datapoint: The Holcim Case and similarities with Titan

Holcim has many operational similarities with Titan:

- Fairly low aggregates business mix at c. 10%
- US exposure of >60% very similar to Titan. We argue that Titan America exposure is all in US and particularly East Coast that experience better market dynamics.
- US business spin off is expected in 1H25

Exhibit 3: 2023 revenues per product

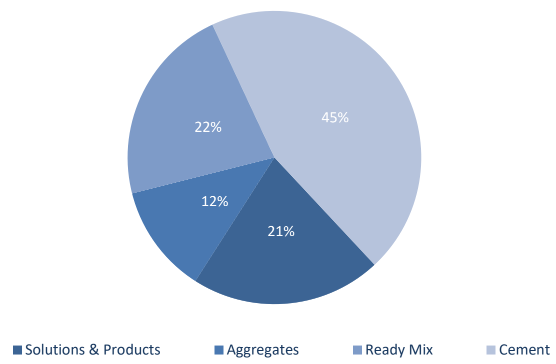
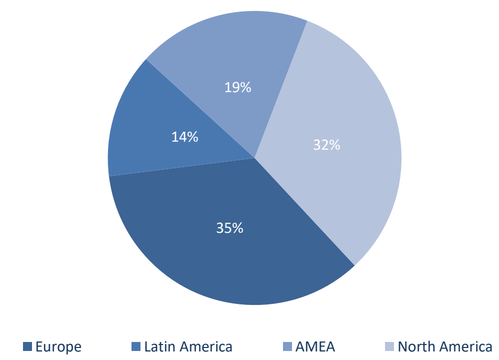


Exhibit 4: 2023 revenue split by geography



Source: The Company, AXIA Research

Holcim plans to spin off its US business in 1H25 and list it in NYSE, post shareholder approval at an EGM in 1Q25 among other approvals. We believe that the market already ascribes a higher valuation to Holcim's US business. We first take out the solutions business at a 12x multiple, leaving the non-solutions business at an implied 7.7x EV/EBITDA. Its main European peers (Heidelberg Materials, Buzzi, Cementir and Vicat trade at an average 2025 EV/EBITDA of 4.8x. Given Holcim Swiss listing, we assign a premium and assume its European business trades at 6.0x EV/EBITDA. So given total Holcim business trades at 8.6x, the implied US valuation is 11.3x 2025 EV/EBITDA. This provides an additional datapoint for Titans US division valuation. This is on the conservative side as the implied assumption is that Holcim's Solutions business is prorate distributed across all geographies when in reality, Solutions operations are skewed more to the US.

Table 5: Holcim Reverse Sum of the Parts (Base Case, in EUR)

	% of Mix	2025 EV/EBITDA
Total Holcim	100%	8.6x
Solutions	21%	12.0x
Holcim ex. Solutions	79%	7.7x
o/w Europe, Lat Am, AMEA	54%	6.0x
o/w US	25%	11.3x

Source: AXIA Research

Blue and Grey Sky scenarios

For our Blue Sky scenario, we assume that very solid demand in the US and Europe leads to stronger pricing for the segments at 2.5% versus our base case at 1% CAGR 2024-2029, stronger volumes in US at 3.3% growth and stronger margins by 250bps. In this case, Titan delivers an EBITDA CAGR of 5.7% for 2024-2029. **This leads to an average target price between our DCF and SOTP of EUR 58.3 per share.**

In our Grey Sky scenario, we assume that supply and demand imbalance shifts earlier than in our Base case. This leads to increased pricing pressure (at -3% CAGR 2024-2029) and margin weakening gradually to 20% in 2026 and further weakening to 17.5% in 2029. For our Sum of the Parts calculation, we apply a 7x EV/EBITDA multiple for the US business (versus 10x in our base case) and a 5x multiple for the non-US business (versus 4.8x before). **This leads to an average target price between our DCF and SOTP of EUR 34.9 per share.**

Table 6: Blue and Grey Sky scenario summary (in EUR)

Target Price	Base	Blue	Grey
DCF	**51.4**	59.8	33.2
SOTP	**54.6**	56.8	36.6
Average	**53.0**	58.3	34.9
Upside			
DCF	**32%**	54%	-15%
SOTP	**40%**	46%	-6%
Average	**36%**	50%	-10%

Source: AXIA Research

Company Description

Titan Cement International is a EUR 3bn market cap company listed in Euronext and Athens Exchange. Titan is a cement company that was established in Greece in 1902. It currently operates from 240 sites across 25 countries, in Greece and Western Europe, US, East Med and South East Europe (SEE). The company offers 3 main products, namely Cement, aggregates and ready-mix concrete. Cement currently at 60% of revenue mix is expected by the company to drop to below 45% of total mix in 2026 as ready-mix increases revenue participation as the company increases downstream integrated operations. More than 60% of sales are in the US, of which we estimate more than 80% are from goods produced in US soil. Titan Green Cement in Europe is expected to reach 44.7% in 2026.

The largest shareholder is E.D.Y.V.E.M. public company LTD, Paul and Alexandra Canellopoulos Foundation and TCI founders acting in concert with 48.89% shareholding. FMR LLC shareholding currently is 9.99% and Titan holds 5.2% treasury shares due to the active buyback.

Board of Director is chaired by Dimitris Papalexopoulos since 1 January 2023. He joined Titan in 1989 and he is a Titan veteran having served as CEO between 1996 and 2023. Current CFO, Michael Colakides took over the position in January 2014 and provides good continuity. The current Executive Director, Marcel Constantin Cobuz, assumed position on 15 October 2023 and brings international sector experience having previously served Lafarge Holcim as CEO of European operations among other international roles.

US operations

Titan operates on the east coast of US. The company has integrated 2 cement plants in Roanoke Virginia and Pennsuco Florida and 3 import terminals in Norfolk Chesapeake Virginia, Tampa Port Complex Florida, Essex Port Newark. The division operates 82 ready-mix plants, 8 quarries, 8 concrete block plants, 4 fly-ash processing plants. In US, Titan is responsible for the product delivery, hence it owns trucks and employs truck drivers for its operations. US plants produce 3.5mt at full capacity. In addition, Titan imports more than 1.5mt mainly from Greece and a smaller part from Turkey.

Greek and Western Europe operations

Titan operates 3 integrated cement plants in Thessaloniki, Kamari, Patras and a grinding plant in Elefsina, and import terminals in Marseille France, Venice and Ortona Italy, Hull UK. Greek cement capacity is slightly more than 6mt per year, and volume production in Greece is c. 4mt in total. 1.3mt is sold in the Greek market while 2.7 mt is exported. Roughly 2/3 of exports go to US, sold at prevailing international prices. The remaining 1/3 of exported volume is shipped to UK, Italy and France. Greek operations are subject to European CO2 emission regulations. Titan also operates 31 ready-mix plants and 26 aggregate quarries, 1 grinding plant and 1 dry mortar plant.

Balkan operations

Titan operations in the Balkans with presence in Bulgaria, Serbia, Fyrom, Albania and Kosovo amount to a total of 5 cement plants. We estimate that total Balkan volume sold at slightly below 4mt per year. Bulgaria-only operations are subject to European CO2 emission regulations. Titan also operates 5 ready-mix plants and 21 aggregate quarries in the region.

East Med operations

Titan operates 3 cement plants in the region, 1 in Turkey and 2 in Egypt with a total capacity of 7mt and volume sales in the region of just below 5mt. It also operates 6 ready-mix plants and 14 aggregate quarries. Egypt operates one clinker crusher utilising clinker from external (non-Titan produced) sources. The company operates a cement export terminal in Samsun, Turkey that primarily feeds Titan's US import terminals.

Brazil JV

Integrated cement plant Quixere, grinding plant Pecem. Brazilian operations are consolidated using the equity method.

Exhibit 5: Titan Revenue by Geography

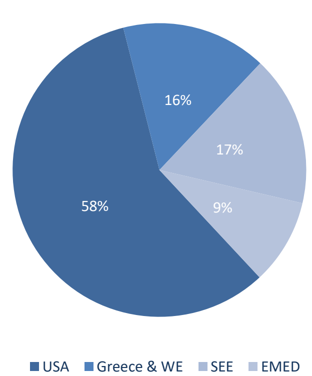
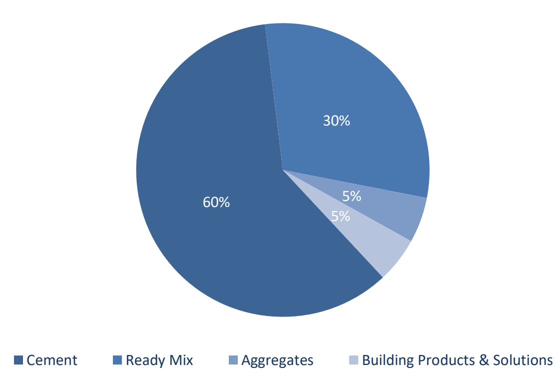


Exhibit 6: Titan Revenue by business line*



*Source: The Company, AXIA Research. * 2022 data*

Cement Industry: Regulation and Regional Performance

EU CO2 Regulation: Titan among the leaders in transformation

Europe CO2 emissions credit system and ETS

As the evidence of the effects attributed to climate change become more apparent, there is increased regulatory activity aiming to reduce greenhouse gas (GHG) emissions, especially CO2. The production of cement is characterized by high CO2 intensity and is therefore directly impacted by such regulatory changes, including the revision of the EU Emissions Trading Scheme (ETS), the Carbon Border Adjustment Mechanism (CBAM) regulation and national climate laws. Within TITAN's geographical footprint, legally binding climate change regulations are implemented in the EU (Greece and Bulgaria) through the EU Emissions Trading System (ETS), through a CO2 emissions cap. European Commission directive reads as follows: "Since 2013, there has been an EU-wide cap on emissions from power plants and industry installations. The cap is reduced annually in line with the EU's climate target, with a yearly reduction factor determining the pace of reduction. The reduction factor is applied to the reference cap value, namely the average total volume of allowances issued annually under the system over the 2008-2012 period. A reduction factor of 1.74% per year applied until 2020. Starting in 2021, the factor increased to 2.2% per year."

ETS is the main control mechanism through which the European Union exerts CO2 control on a clear predetermined path. According to the European Commission website[2] The EU ETS is based on a "cap and trade" principle. The cap refers to the limit set on the total amount of GHG that can be emitted by installations and operators covered under the scope of the system. This cap is reduced annually in line with the EU's climate target, ensuring that overall EU emissions decrease over time. By 2023, the EU ETS has helped bring down emissions from European power and industry plants by approximately 47%, compared to 2005 levels. The EU ETS cap is expressed in emission allowances with one allowance giving right to emit one tonne of CO2 eq. (i.e., carbon dioxide equivalent). Allowances are sold in auctions and may be traded. As the cap decreases, so does the supply of allowances to the EU carbon market. Under the system, companies must monitor and report their emissions on a yearly basis and surrender enough allowances to fully account for their annual emissions. If these requirements are not met, heavy fines are imposed.

While allowances are predominantly sold in auctions, companies receive some allowances for free. Companies may also trade allowances among themselves as needed. If an installation or operator reduces emissions, the company can either sell the spare allowances and/or keep them to use in the future. All these operations are recorded in the Union Registry.

Titan Green Targets

Titan is working in two main threads to decarbonize operations, targeting a 550 kg per tonne of cementitious product in 2026 from 608 in 2023. On one hand the chemical process of clinker production emits CO2. In order to improve CO2 emission performance, the Company works on reducing clinker requirements in its cement product. To this end Titan targets a Clinker to Cement ratio in Europe of 67.6% in 2026 from 75.7% in 2023. This will help reduce the clinker to cement ration of total Titan operations from 76.9% in 2023 in 73.2% in 2026.

In the longer term, Titan is adding a Carbon Capture facility in Kamari, Greece plant. The company has signed a grant agreement with EU Innovation fund for the project that has an estimated total cost of EUR 450-600m. The grant amounts to EUR 234m and allows for 1.9m tons of CO2 captured which is more than 20% of Company's scope 1 emissions.

Exhibit 7: Specific net CO2 emissions (Scope 1)

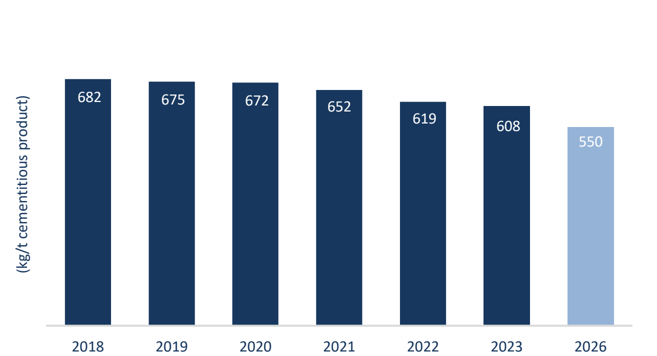
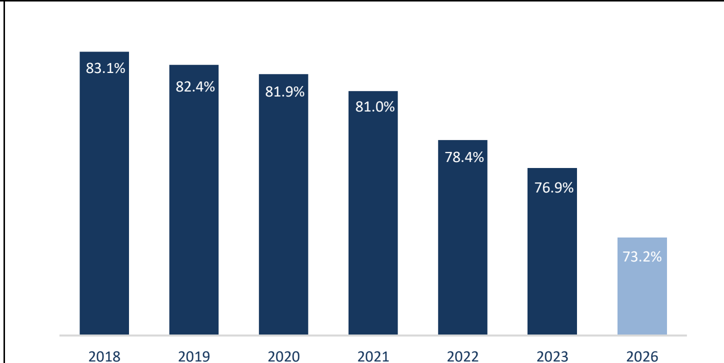


Exhibit 8: Clinker-to-cement ratio (%)

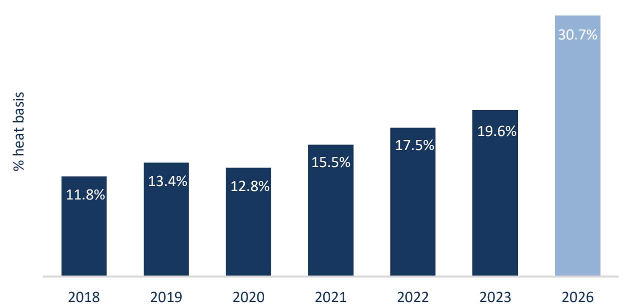


*Source: The Company, AXIA Research. * 2022 data*

[2] European Commission, "What is the EU ETS?", https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/what-eu-ets_en

The other CO_2 emission improvement avenue is through introducing alternative fuels in the thermal processes. To this end alternative fuels increased from 17.5% in 2022 to 19.6% in 2023 and the company has set a target of 44.7% for 2026 in Europe taking the total Company rate to 30.7%.

Exhibit 9: Alternative fuels substitution rate (%)



Source: The Company, AXIA Research

Titan’s Markets: High level view

US

US cement market has structural undersupply issues. In 2023, out of the 110mt of cement sold in US, 26mt or 24% were imported. National Emission Standards for Hazardous Air Pollutants Compliance Monitoring (NESHAP) constrains new capacity or capacity expansion of Cement and Clinker hence new supply either in greenfield or brownfield format. So, the local suppliers rely on efficiencies or clinker alternatives to boost cement capacity. In addition, cement import terminals also suffer from difficult permitting processes.

On the demand side, Titan is exposed to Virginia and Florida. According to PCA estimates cement volumes are expected to grow CAGR 2024-2029 by 3.7% in Florida and by 2.3% in Virginia. Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) government initiatives support Titans activities in US at a time when residential activity is subdued due to high interest rates. Interest rate easing cycle should help boost volume demand, while the devastating effect of recent hurricanes should underline the benefits of cement use versus lighter material options in housing construction. Florida is also expected to benefit from increased in-migration trends in the medium term[3] (1.5% population growth versus average 0.4% in US total).

The combination of increasing demand and restricted supply will lead to an increasing gap according to data provided by Summit Materials. This gap is covered by imports from Turkey, Canada, Vietnam, Greece and Mexico. Titan exports cement volumes currently both from its Greek plants (mainly) as well as Turkish plant.

Exhibit 10: US Cement Demand-Supply Imbalance

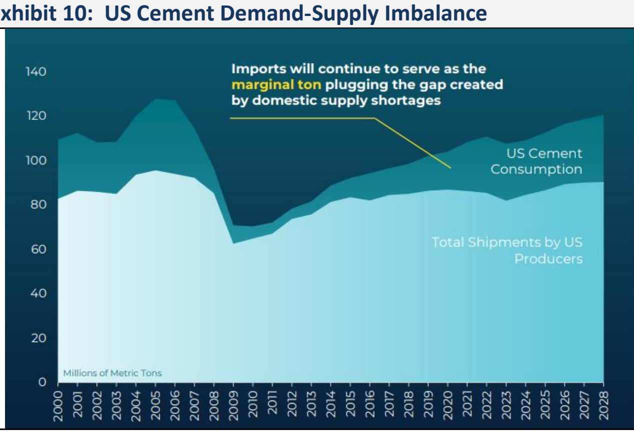
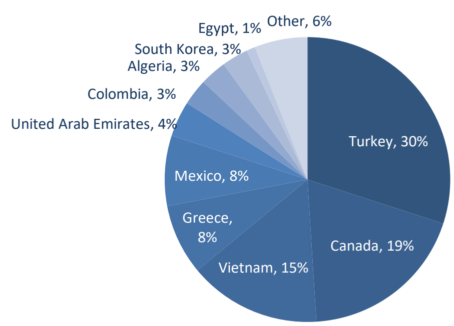


Exhibit 11: US Clinker and Cement Imports by Country of Origin



Source: Summit Materials, AXIA Research

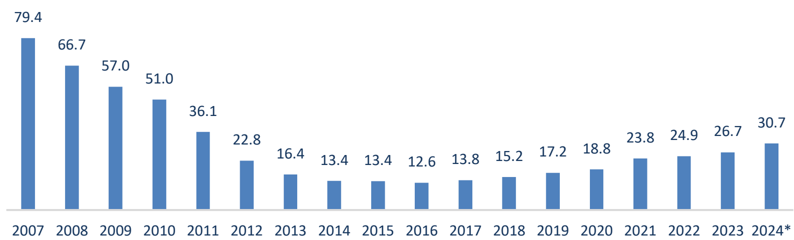
Europe

Cement production in Europe has been at around 180mt since 2018 with 2022 and 2023 estimates at c. 182.5mt[4]. European production capacity is expected to reduce as a result of incremental emissions regulation in Europe. At the same time, according to Statista, European market is expected to reach almost 203mt by 2028 with a 2023-2028 CAGR of 1.9%. This is the result of latent demand in construction post several years of slow investments due to high-interest rate environment and it will result in improved capacity utilisation and will act as a tailwind in cement pricing.

In **Greece,** cement consumption is estimated at 4mt per year currently with Titan supplying more than 1/3 of this. According to PWC, Greek infrastructure project pipeline is worth 44bn. On the residential side, building permit activity is continuing robustly with a 15% growth in 2024. The number of building permits in 2024, at 30.7k, remains significantly below the high of 79.4k in 2007, thus indicating there is still ample space for growth in residential construction.

[3] JBREC, Summit Materials
[4] Statista

Exhibit 12: Greece: Number of building permits (in thousands, per year)



Source: The Company, AXIA Research

Balkans are expected to grow at slightly ahead than 3% in 2025 and 2026. We assume that Titan Balkan region grows in line with this.

Table 7: GDP growth forecasts Balkans

	2025	2026
Bulgaria	2.9%	3.0%
Serbia	0.6%	0.5%
FYROM	2.6%	2.9%
Albania	1.0%	0.4%
Kosovo	5.0%	5.5%

Source: The Company, AXIA Research

East Med

Turkey is experiencing robust growth since last year's earthquake. On one hand, rebuilding damaged infrastructure currently undergoing creates incremental demand. In the long-term paradigm shift to infrastructure and residential building with improved structural characteristics creates a lasting improvement in demand.

Egypt currency devaluation affects Titan's reported revenue but the International Monetary Fund and European Investments improve the construction activity in the region supporting volumes in the medium term. Egypt total local cement demand is expected at 45mt for 2024 while production capacity is above 70mt[5]. Overcapacity is partly absorbed by exports that are expected to reach 15mt in 2024. While the government introduced production quotas in mid-2021 that helped stabilize pricing.

[5] Globalcement.com

Titan's Performance: Positive Outlook in all Markets

US

US business is supported from an expected 2.1% and 3.7% 2024-2029 CAGR demand in Virginia and Florida respectively according to PCA. Titan US available cement capacity is currently 10.1mt. This is the sum of local production capacity of c. 3.5mt. and import terminal capacity of 6.3mt. Titan sells c. 3.5mt of locally produced cement and more than 1.5mt of imported cement in US currently. US production capacity is guided to increase by 1mt to match demand by 2030 according to the company. We assume that Titan US maintains its market share with total US sales increase from 5.4mt in 2023 to 6.1mt in 2029 for a CAGR 2024-2029 of 2.6%. We prudently assume US market growth that is slightly lower than the expected market growth by PCA.

We conservatively assume that Titan US grows cement volumes inline with the market at a 2.6% CAGR 2024-2029. This is a combination of two offsetting factors: US produced cement volumes growing at 4.8% CAGR for this period as production efficiencies and product launches that allow a lower clinker to cement ratio allow for small capacity increases, while US imported cement volume grows at -2.5% CAGR 2024-2029. We estimate revenue CAGR 2024-2029 of 4.6% in US cement assisted by average 1% price increases annually.

We expect that ready-mix sales will also benefit from the cement volume expansion and low single digit annual price increases resulting in a total revenue CAGR 2024-2029 of 4.3%. US aggregates output remains stable in our numbers, resulting to marginal growth of 1% CAGR 2024-2029 due to price increases.

All in, US revenue growth is projected at 3.5% CAGR 2024-2029 from EUR 1,486m in 2024 to 1,766m in 2029 at stable margins. In our estimates, EBITDA will grow from EUR 333m in 2024 to 392m in 2029.

Table 8: Titan US PnL (in EUR)

	2023	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	1,477	1,486	1,559	1,615	1,672	1,718	1,766
EBITDA	296	333	346	359	373	382	392
margin %	20%	22%	22%	22%	22%	22%	22%

Source: The Company, AXIA Research

Table 9: Titan US PnL (in USD)

	2023	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	1,590	1,600	1,678	1,738	1,800	1,850	1,901
EBITDA	328	358	373	387	401	411	422
margin	20.6%	22.4%	22.2%	22.3%	22.3%	22.2%	22.2%
D&A		97	104	111	114	119	120
EBIT		261	269	276	287	292	301
Fin. Costs		-17	-14	-11	-7	-2	0
EBT		244	255	265	281	290	301
Tax		-51	-54	-56	-59	-61	-63
EAT		193	202	209	222	229	238
op. cash flow		336	348	378	392	404	413
Capex		123	125	128	130	133	136
DWC		-22	-25	-9	-9	-7	-9
FCF		139	144	186	193	202	206
PV FCF		139	131	154	145	138	128
NPV FCF		835					
PV Terminal Value		2,094					
EV		**2,928**					
Net Debt (4Q23)		394					
Equity Value		**2,536**					

Source: The Company, AXIA Research

A simple DCF with a terminal growth rate of 2%, WACC of 10% and an exit EBITDA multiple of 9x results in an EV of USD 2.93bn and an equity value of c. USD 2.54bn.

Greece

In Greece we expect volume rebound in activities. The country exits a long period of underinvestment in infrastructure and residential flowed by covid crisis. Greek cement exports to Europe are also expected to benefit by a more benign interest rate environment and a period of lower infrastructure and residential investments. We model total cement revenue growth of 3.8% CAGR 2024-2029, 1% coming from price growth and the remaining 2.8% from higher volumes sold. Aggregates and ready-mix business in the region grows at lower rates resulting in total Greek revenue growth of 3.8% CAGR 2024-2029. We assume that Greek exports to Europe experience a 2.4% volume growth for the period.

Table 10: Titan Grece PnL (in EUR)

	2023	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	408	437	452	469	488	507	527
EBITDA	65	67	69	73	76	79	83
Margin %	16%	15%	15%	15%	16%	16%	16%

Source: The Company, AXIA Research

Balkans

Titan has spare cement capacity in all European and EMEA countries where it operates. We estimate total capacity in Balkans slightly higher than 6mt while sold volumes at 4mt. Volumes sold are mainly dictated by market dynamics. We expect volume growth in these markets assisted by economic expansion on the back of ongoing investments in these economies and more favorable interest rate environment going forward. We model a 1.4% volume CAGR in Cement combined with a low single digit price growth resulting at a total revenue CAGR 2024-2029 of 2.5%.

Table 11: Titan Balkans PnL (in EUR)

	2023	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	422	427	445	458	466	474	483
EBITDA	147	165	167	167	166	168	171
Margin %	35%	38%	38%	37%	36%	36%	36%

Source: The Company, AXIA Research

East Med

East Mediterranean business experiences significant impact from local currency devaluations, both in Egypt and Turkey overpowering any underlying solid operating result. In Turkey, underlying business remains robust, as post 2023 earthquakes building activity in the country is strong. Rebuilding the damaged infrastructure and residential buildings and strengthening existing building infrastructure increase cement demand on top of the normal new building activities. The potential in Egypt although affected by the government-imposed quotas in production, is also significant given the needs of the country for housing and infrastructure.

Table 12: Titan East Med PnL (in EUR)

	2023	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	240	239	239	239	239	239	239
EBITDA	33	24	24	24	24	24	24
margin %	14%	10%	10%	10%	10%	10%	10%

Source: The Company, AXIA Research

Cash Flow Generation and Debt

CAPEX

- We estimate total Titan's maintenance capex at just below 100m per year. The company has guided for EUR 240m in 2024 and we expect capex to peak in 2027 at c. EUR 250m as the company invests in:
    - Operating efficiencies. Titan currently drives an investment cycle in digitalization of the plants to increase efficiencies through real-time-optimization. The company expects a >10% productivity improvement and 5-10% reduction in energy consumption.
    - New product launches that lower clinker to cement ratio. These require investments in plants to utilize clinker alternatives in cement production. Titan targets a Clinker to Cement ration of 67.6% in 2026 from 75.7% in 2023.

- Carbon capture. Kamari carbon capture project ''IFESTOS'' is a c. EUR 450-600m project partly funded by EUR 234m grant from the EU Innovation Fund expected to be completed by 2030. This leaves c. 50m per year of incremental capex for the project.
- Alternative fuels. Titan invests in replacing traditional fuels with renewable sources of energy. Titan targets a 44.7% alternative fuel substitution rate from 17.2% in 2023.

Free Cash Flow

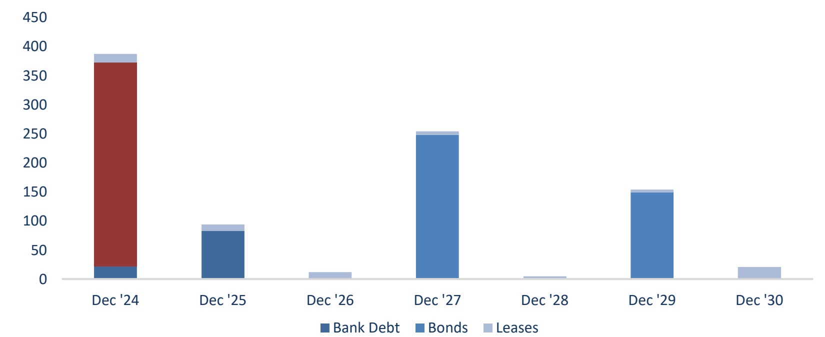
We expect EBITDA to experience a c. 2.6% growth in 2024-2029 driven by top line growth, mix effects and margin expansion. With Capex expectations peaking at 2027 free cash flow is anticipated to experience growth over the years with significant boost in 2028. We estimate 14.2% CAGR 2024-2029 in free cash flow growth. In addition, the upcoming listing of the US operations could result to an additional EUR 400-700m of cash proceeds. **This is not reflected in our numbers yet**.

Debt

Titan ended 2023 with gross bank debt of EUR 862m and total lease obligations of EUR 72.2m. Cash and Cash equivalents ended the year at EUR 274.5m resulting in total net debt of EUR 660m, 1.2x Net Debt/EBITDA. In light of the robust cash flow generation we expect Net Debt to be eliminated in 2028. Depending on the size and pricing of the US listing deleveraging could be much faster.

Debt expiry profile is depicted below as at FY2023 report and poses no significant risks. The EUR 350m bond with maturity date 16 November 2024 was repaid utilising own funds and bank lines.

Exhibit 13: Titan Group Debt Expiry profile (in EUR)



Source: The Company, AXIA Research, repaid in Nov 2024

Dividend/Buybacks

The company paid a EUR 0.85 dividend for 2023 (24% payout). In our estimates we assume a stable 35% payout ratio. The generated cashflow allows for comfortable coverage of capex needs and dividend payout while reducing debt significantly going forward. Titan currently runs a small buyback of 20m do not explicitly model any additional buybacks after 2025.

Table 13: Titan group cash generation and debt (data as of FY23, in EUR)

	2023	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	2,547	2,589	2,694	2,781	2,865	2,938	3,014
EBITDA	540.3	587.6	606.4	622.9	637.8	653.5	669.7
DWC	-54	-62	-15	-12	-13	-11	-13
Net Finance Costs	-51	-36	-32	-29	-17	-17	-17
Tax	-67	-87	-90	-92	-97	-99	-102
Capex	-224	-250	-255	-260	-265	-189	-181
FCFe	**144**	**152**	**214**	**229**	**245**	**337**	**357**
Dividend	64	71	79	89	99	111	125
Gross Debt	934	785	735	685	435	435	435
Net Debt	660	627	507	381	250	40	(177)

Source: AXIA Research

Financial assumptions

Revenue

- We expect 1.7% revenue growth y-o-y in **FY24**. US revenue grow inline with Titan average driven by solid demand despite Hurricane Debby in August and Hurricane Helene in September, and robust pricing. Greece grows 7.1% driven mainly by volume and solid pricing both locally but also internationally. Balkans and East Mediterranean grow 1% and -0.6% on our numbers.
- We assume a **3.1% CAGR revenue growth in 2024-2029** period.
    - In our numbers, **US** is growing 3.5% CAGR for the period driven by 2.5% total cement volume increase inline with the market and 1% price increases per year on average. Total cement volume growth is a result of strong domestic volume growth of 4.8% partly offset by reducing import volumes at -3% CAGR. Aggregates and ready-mix numbers grow at slightly lower rates compared to cement.
    - **Greek** business also grows at 3.8% CAGR 2024-2029. We expect Greek cement, aggregates and ready-mix volumes in Greece and European cement export volumes to experience robust growth in the period driven by years of under-investments and easing interest rate environment, assisted by 1% yearly price increases on average.
    - We expect the business in **Balkans** to continue experiencing robust growth going forward almost at 2.5% CAGR 2024-2029.

EBITDA

- We expect total EBITDA margin to decrease by 50bps between 2024 and 2029 driven by increased costs that are not passed through. On our estimates, EBITDA grows 2.6% CAGR
    - In US EBITDA margins remain flat after very strong margins in 2024.
    - Greece only expands margins by 50 bps in the period resulting in a total EBITDA CAGR of 4.5%.
    - We assume margins in Balkans contract as the region already experiences EBITDA profitability close to 40%

Depreciation, Interest, Tax

We expect depreciation and amortization charges to increase inline with the increased Capex programs, from EUR 152m in 2023 to EUR 196m in 2029. Finance costs are on a downward trend by the combined effect of Groups borrowings and interest rates decreasing. We assume an effective tax rate of 22%.

Table 14: Titan group cash generation and debt (in EUR)

	2023	2024E	2025E	2026E	2027E	2028E	2029E
Group Revenues	**2,547.0**	**2,589.1**	**2,693.6**	**2,780.6**	**2,865.0**	**2,938.4**	**3,014.4**
Greece/West Europe	407.8	436.9	451.6	469.3	487.9	507.2	527.4
US	1,476.9	1,486.2	1,558.8	1,614.6	1,672.2	1,718.2	1,766.0
SEE	422.4	427.5	444.7	458.2	466.5	474.4	482.5
East Med	239.9	238.5	238.5	238.5	238.5	238.5	238.5
Group EBITDA	**540.3**	**587.6**	**606.4**	**622.9**	**637.8**	**653.5**	**669.7**
margin	*21.2%*	*22.7%*	*22.5%*	*22.4%*	*22.3%*	*22.2%*	*22.2%*
Greece/West Europe	**64.7**	**66.6**	**69.3**	**72.5**	**75.9**	**79.4**	**83.1**
margin	*15.9%*	*15.3%*	*15.4%*	*15.5%*	*15.6%*	*15.7%*	*15.8%*
US	**295.9**	**332.6**	**346.4**	**359.3**	**372.5**	**381.9**	**391.5**
margin	*20.0%*	*22.4%*	*22.2%*	*22.3%*	*22.3%*	*22.2%*	*22.2%*
SEE	**146.6**	**164.5**	**166.8**	**167.2**	**165.6**	**168.4**	**171.3**
margin	*34.7%*	*38.5%*	*37.5%*	*36.5%*	*35.5%*	*35.5%*	*35.5%*
East Med	**33.2**	**23.8**	**23.9**	**23.9**	**23.9**	**23.9**	**23.9**
margin	*13.8%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*
Group EBIT	**388.4**	**430.0**	**439.8**	**445.8**	**456.4**	**463.7**	**478.2**
Finance Costs	(51)	(36)	(32)	(29)	(17)	(17)	(17)
Associates/Other	2.6	2.8	2.8	2.9	3.0	3.0	3.1
Earnings Before Tax	**339.7**	**397.1**	**410.9**	**420.0**	**442.3**	**449.7**	**464.2**
Tax	(67)	(87)	(90)	(92)	(97)	(99)	(102)
Rep. Net Income	**268.7**	**305.7**	**316.4**	**323.4**	**340.7**	**346.4**	**357.6**

Source: AXIA Research

All in, we estimate a net income 2024-2029 CAGR of 3.2%.

Risks

Macro and Geopolitical Risk could affect growth. The construction sector has experienced 3 years of subdued residential activity due to prolonged increased interest rate environment. Consensus expectations are for a more benign interest rate environment going forward. Nevertheless, construction activity is inherently cyclical and affected by economic cycles.

In addition, economies could be more negatively affected if prolonged periods of conflict create further uncertainty and another upward shock in energy costs that in turn would push inflation and interest rates higher. Geopolitical risks are increasingly a threat, not only considering the conflict regions but also increased tariffs that could lead in subdued economic activity. This would off-course impact construction activity.

Energy prices. Energy represents 30-40% of cement production cost. Geopolitical risk or the transition to green energy could temporarily or for more prolonged periods affect Titan's operating costs adversely.

New construction methods could take increased market share. In the areas where Titan operates, especially in the US, there is a trend towards more cement in construction as due to the increasingly more impactful hurricane seasons people turn from lighter construction in residential, to bricks/cement construction. Cement has been around for 100s of years but new building methods utilizing new materials could in theory disrupt the cement/ready-mix and aggregate used volumes.

New regulation is another uncertainty. CO2 emission regulation is set up in Europe offering predictability in emission requirements. This gives cement producers enough visibility and time to prepare operations for the upcoming changes. In theory, policy planning could always disrupt the status quo especially in countries with uncertain political outcomes. This might place companies in positions with limited time to adjust in new policies.

Appendix: Titan Competitors

US

Martin Marietta

Martin Marietta's activities are in the building materials sector with a presence in the US. The company supplies aggregates through its network of c. 360 quarries, mines and distribution yards in 28 states, Canada and The Bahamas. Its product portfolio extends to cement and downstream offerings, including ready-mixed concrete, asphalt and paving focusing on vertically integrated structured markets. The company operates 2 cement plants and several cement distribution facilities in Texas, ready-mixed concrete plants in Arizona and Texas and asphalt plants in Arizona, California, Colorado and Minnesota.

Geographically, Martin Marietta's operations are across 28 US states, Canada, and the Bahamas. Key markets include Texas, Colorado, and North Carolina. In particular, the Building Materials business can be broken down into two segments (regions), East Group and West Group. The East Group consists of the East division (active in aggregates) and the Central division (active in aggregates and asphalt) with operations in **Florida and Virginia** as well as other states. On the other side, the West Group is comprised of the Southwest division (active in aggregates, cement and ready-mix) and the West division (active in aggregates, asphalt and ready-mix). The company also has a Magnesia Specialties segment producing magnesia-based chemical products used in industrial, agricultural and environmental applications, and dolomitic lime primarily for steel production and soil stabilization, with production facilities in Ohio and Michigan while products are being shipped to customers both in the local market and globally.

In terms of revenues, the Building Materials business generated 95% of total revenues in 2023 with East Group contributing 41% to total revenues and West Group contributed 55% of total revenues. Magnesia Specialties sales complemented group revenues generating 5% of total revenues.

Martin Marietta's revenues reached USD 6.78bn in 2023 and were primarily driven by the sale of aggregates, which accounted for 59% of total revenues in 2023 and were complemented by ready-mix concrete (14% of total), asphalt and paving (12% of total), cement operations (10% of total) and magnesia specialties (4% of total). Adjusted EBITDA (EBITDA from continuing operations) stood at USD 2.13bn, up 33% y-o-y with EBITDA margin standing at 31.4% versus 26.0% in 2022.

As of November 25, 2024, Martin Marietta's market capitalization is c. USD 30.6bn. As of end-September 2024, the company's total debt stood at USD 4.04bn and cash at USD 52m. The company's 2025 P/E ratio is at 26.0x and EV/EBITDA multiple at 15.9x.

Exhibit 14: 2023 revenues per product

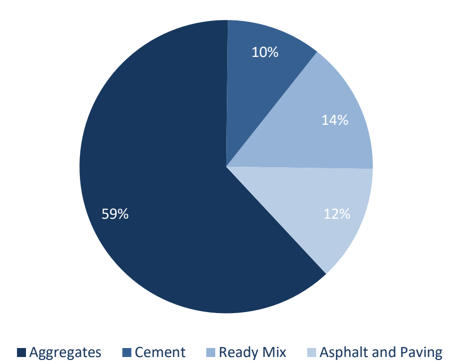
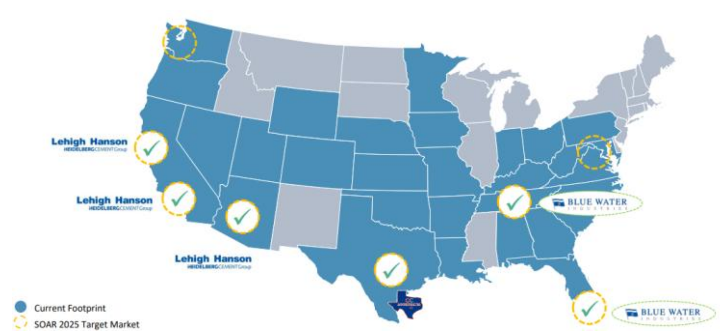


Exhibit 15: Presence in the US market



Source: The Company, AXIA Research

Vulcan

Vulcan Materials Company is a leading supplier of construction aggregates and producer of downstream products such as asphalt mix and ready-mix concrete and a small portion of revenues is calcium products (0.1% of 2023 sales). The company owns production facilities such as aggregates quarries, asphalt plants, and ready-mix concrete plants located across the US (Southeast, Mid-Atlantic, Southwest and Texas), and operations in Mexico and the Caribbean. In particular, according to the 2023 Annual Financial Report, Vulcan operates 397 aggregates facilities, 66 asphalt facilities and 63 ready-mix concrete facilities across the US. Among Vulcan's top 10 revenue generating markets in 2023 were **Virginia and Florida** where Titan Cement also has presence.

The company's products (aggregates, asphalt and ready-mix concrete) are sold across all markets (Gulf Coast, East and West). In particular, aggregates are produced and sold in 23 states, the US Virgin Islands, Washington DC, the Bahamas, Canada, Honduras and Mexico. Asphalt mix and related services are sold in Alabama, Arizona, California, New Mexico, Tennessee and Texas while ready-mix concrete is sold in California, Maryland, Virginia, the US Virgin Islands and Washington DC. Regarding Calcium that represents a small part of sales (0.1% of total in 2023), the company has a single calcium operation in Florida where it produces calcium products that are under Gulf Coast sales.

In 2023, the group's total revenues amounted to USD 7.78bn (excluding intersegmental sales) with aggregates contributing 71%, ready-mix concrete 15% and asphalt 14%, with c. 90% of gross profit generated by aggregates. In terms of regions, in 2023, 49% of revenues were attributed to sales in the Gulf Coast, 27% of sales were generated in the East market and 24% in the West market. Adjusted EBITDA for 2023 was USD 2.01bn, up 6.4% y-o-y, resulting in an EBITDA margin of 25.8% versus 22.2% in 2022.

As of November 25, 2024, Vulcan's market capitalization is c. USD 38.1bn. As of end-September 2024, the company's total debt stood at USD 3.33bn and cash at USD 434m. Vulcan's 2025 P/E ratio and EV/EBITDA multiple are 30.5x and 17.1x respectively.

Exhibit 16: 2023 revenues per product

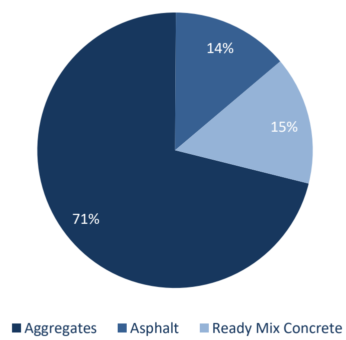
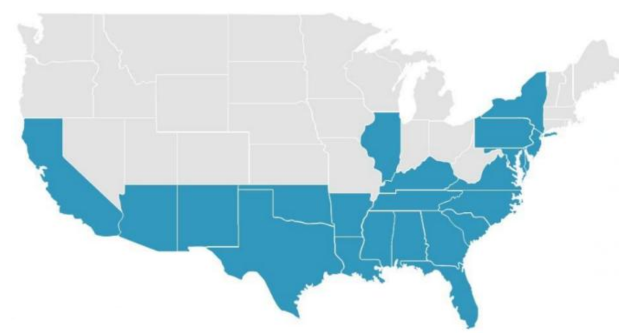


Exhibit 17: Presence in the US market



Source: The Company, AXIA Research

Eagle Materials

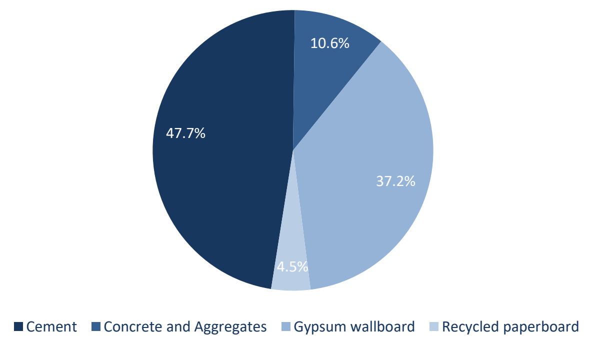
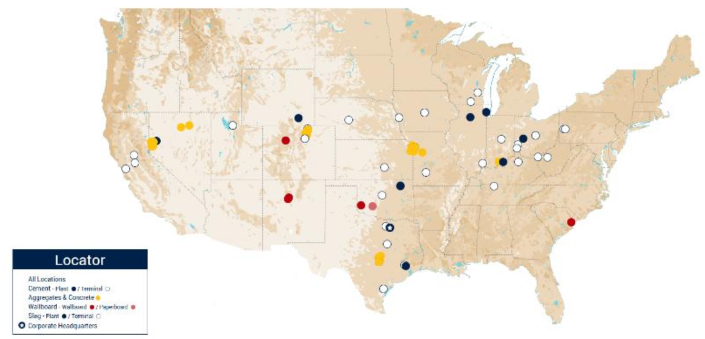
Eagle Materials is a producer of building materials. Activities are split into two sectors, Heavy Materials that include cement, aggregates and concrete segments and Light Materials that include the gypsum wallboard and recycled paperboard segments.

The company owns and operates 8 cement plants and one slag grinding facility in Illinois, Kentucky, Missouri, Nevada, Ohio, Oklahoma, Texas and Wyoming. The clinker capacity reaches c. 6.7 million tons (c. 6% of total US clinker capacity). In addition, the company operates more than 30 cement storage and distribution terminals.

With regards to the aggregates segment, Eagle Materials is active in the mining and extraction from quarries. Facilities are located in Central Texas, Kansas City Area, Northern Colorado, Northern Kentucky and Northern Nevada and the estimated annual production capacity is c. 6.05 million tons. Furthermore, the company produces ready-mix concrete with 30 plants located in Central Texas, Kansas City Area, Northern Colorado and Northern Nevada. Finally, with regards to Light Materials, the company owns and operates 5 gypsum wallboard plants.

In 2023 (fiscal year ending in March 2024), Eagle Materials posted revenue of USD 2,259.3bn with cement contributing 47.7% to total group revenue, concrete and aggregates contributing 10.6%, gypsum wallboard 37.2% and recycled paperboard 4.5%. Adjusted EBITDA stood at USD 834.5m with adjusted EBITDA margin at 36.9% and reported EBITDA reached USD 810m with EBITDA margin standing at 35.9%.

As of November 25, 2024, Eagle Materials' market capitalization was c. USD 10.6bn. As of end-September 2024, the company's total debt stood at USD 1.08bn and cash at USD 93.9m. The company's 2025 P/E ratio is at 17.9x and EV/EBITDA at 11.7x.

Exhibit 18: 2023 revenues per product	Exhibit 19: Presence in the US market
	

Source: The Company, AXIA Research

Summit Materials

Summit Materials produces and sells aggregates, cement, ready-mix concrete, asphalt paving mix, and concrete products. There are 3 segments reported by the company, West, East and Cement segments. The West segment consists of West and South regions and includes operations in Texas, Utah, Arizona, Colorado, Idaho, Wyoming, Oklahoma, Arkansas and British Columbia, Canada, supplying aggregates, ready-mix concrete, asphalt paving mix and paving and related services. During 2023, the segment generated c. 61% of total revenue.

The East segment includes consists of East and Central regions and serves markets extending across the Midwestern and Eastern United States, most notably in Kansas, Missouri, **Virginia, Florida**, North Carolina, South Carolina, Georgia and Nebraska where the company supplies aggregates, ready-mix concrete, asphalt paving mix and paving and 9 related services. In 2023, the East segment generated c. 25% of total revenue. The Argos USA operations acquired after year end serves markets across the Southeast United States, notably in Florida, Georgia, South Carolina, North Carolina, Alabama, as well as the Mid-Atlantic United States in Maryland and Virginia.

Summit operates 237 quarries and sand deposits across the US, British Columbia and Canada. In 2023, c. 83% of aggregates production was sold directly to outside customers while the remaining amount was further processed and sold as a downstream product. The company also produces and sells cement operating 2 cement plants, Davenport, Iowa and Hannibal, Missouri cement plants while the merger with Argos USA this year added 4 more cement plants and two grinding facilities in Atlanta, Georgia and Tampa, Florida and made Summit the fourth-largest cement producer in the US, with a production capacity of 11.8 million tons per year. The Argos USA assets also include 8 ports and 10 inland terminals across the East and Gulf Coast regions, with a total installed cement grinding capacity of 9.6 million tons per annum and a total import capacity of 5.4 million tons of cement per annum. Summit also has 9 distribution terminals along the Mississippi River. Moreover, at the end of 2023, the company operated 92 ready-mix concrete plants. The Argos USA operations acquired after year end include 140 ready-mix concrete plants. Finally, in terms of asphalt production, Summit operated 30 asphalt paving mix plants across 21 states.

In 2023, Summit reported revenue of USD 2.62bn, posting an increase of 8.6% y-o-y and adjusted EBITDA of 578m, rising 17.6% y-o-y with adj. EBITDA margin at 26% vs. 22% in 2022. Ready-mix concrete represented 28.4% of total revenue, aggregates represented 25.3%, cement represented 13.6%, paving and services 12.2%, asphalt 11.9% and other 8.6%. For 2024, the company projects adjusted EBITDA of c. USD 950-1,010m.

As of November 25, 2024, Summit's market capitalization is USD 8.9bn. As of end-September 2024, Summit holds debt of USD 2.8bn and cash of USD 737m. The company's 2025 P/E is at 24.1x and EV/EBITDA at 10.1x.

At the end of November 2024, Summit announced that it has entered into a definitive agreement with Quikrete Holdings for USD 52.50 per share in cash for a total EV of c. USD 11.5bn at an estimated 2025 EV/EBITDA of 10.4x and P/E of 25.0x. The premium is 36% to Summit's unaffected 90-day VWAP (October 23, 2024 is the unaffected date and is the last trading day before the disclosure of the receipt of a non-binding acquisition proposal) and c. 29% to unaffected share price (the share price was USD 40.62 on October 23, 2024). The closing of the transaction is expected in 1H25.

Exhibit 20: 2023 revenues per product

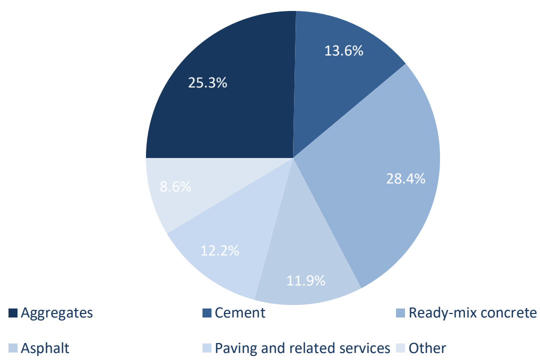
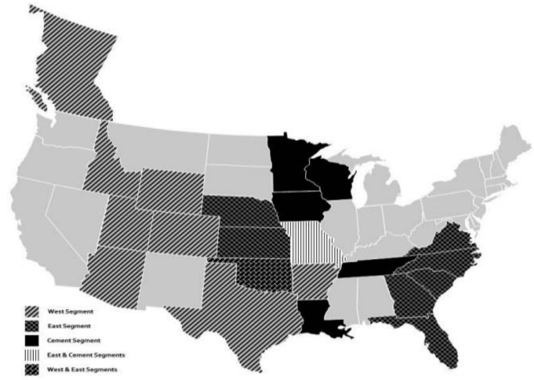


Exhibit 21: Presence in the US market



Source: The Company, AXIA Research

Europe

Holcim

Holcim operates in the building materials industry with a presence in the Americas, Europe, and EMEA. The company operates 4 divisions. Aggregates (crushed stone, sand and gravel) are serviced through its network of approximately 648 quarries.

Holcim has 148 cement plants, 1,179 ready-mix sites and 83 asphalt sites. Holcim operates a network of 2,269 retail sites (hardware stores and construction materials depot) across Latin America.

The company reported CHF 27bn in 2023 and recurring EBIT of CHF 4.76bn at a 17% margin.

As of November 25, 2024, Holcim market capitalization is c. CHF 53bn. As of end-September 2024, the company's net financial debt stood at CHF 10.8bn. The company currently trades at 2025 P/E ratio of 14.0x and at an EV/EBITDA multiple of 8.6x.

Exhibit 22: 2023 revenues per product

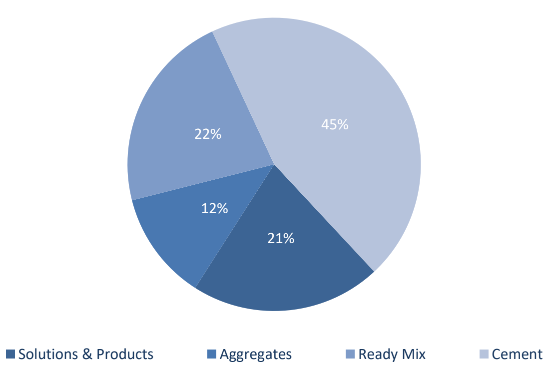
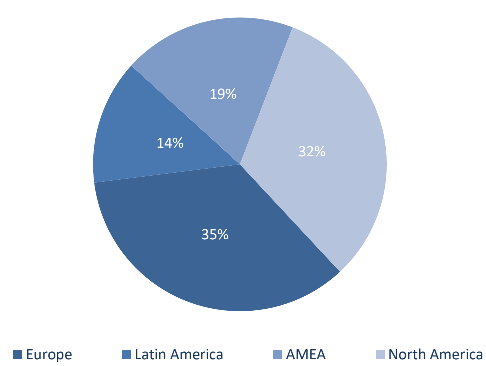


Exhibit 23: 2023 revenue split by geography



Source: The Company, AXIA Research

Holcim plans to spin off its US business in 1H25, post shareholder approval at an EGM in 1Q25 among other approvals. We believe that the market already ascribes a higher valuation to Holcim's US business. We first take out the solutions business at a 12x multiple, leaving the non-solution business at an implied 7.7x EV/EBITDA. Its main European peers (Heidelberg Materials, Buzzi and Cementir, trade at an average 2025 EV/EBITDA of 4.8x. Given Holcim Swiss listing we assign a more than 10% premium and assume its European business trades at 6x EV/EBITDA. So given total Holcim business trades at 8.6x the implied US valuation is 11.3x EV/EBITDA 2025. This provides an additional datapoint for Titans US division valuation. Solutions are mainly in US so implied valuation

Table 15: Holcim Reverse Sum of The Parts

	% of Mix	2025 EV/EBITDA
Total Holcim	100%	8.6x
Solutions	21%	12.0x
Holcim ex. Solutions	79%	7.7x
o/w Europe, Lat Am, AMEA	54%	6.0x
o/w US	25%	11.3x

Source: AXIA Research

Heidelberg Materials

Heidelberg Materials has exposure to the widest geographical range in the sector. It has presence in 5 continents and 3,000 locations spanning USA, Germany, United Kingdom, Australia, France, Indonesia, Canada, Italy among others.

The company has total 170mt of cement capacity and 19bnt of aggregates reserves. It operates 1,313 ready-mix sites and 88 asphalt sites. Heidelberg materials is one of the most technologically advanced in the sector already achieving a clinker to cement ratio of 69.4% in 1H24. It has a solid plan to develop 14 Carbon Capture (CC) projects the majority with added Usage and/or Storage by 2030. Two of those, namely the 400kt CO2 Brevik, Norway Carbon Capture and Storage (CCS) and the Devnya, Bulgaria OxyCal pilot project will be operational in 2024.
The company reported EUR 21.2bn in 2023 and an operating EBITDA of EUR 4.3bn at a 20.1% margin.

As of November 25, 2024, Heidelberg Materials has a market capitalization of c. EUR 21bn. As of end-June 2024, the company's net financial debt stood at EUR 6.8bn. The company currently trades at 2025 P/E ratio of 9.8x and at an EV/EBITDA multiple of 6.3x.

Exhibit 24: 2023 revenues per product

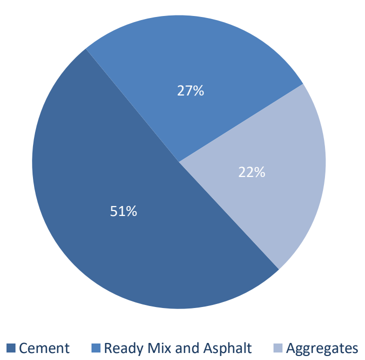
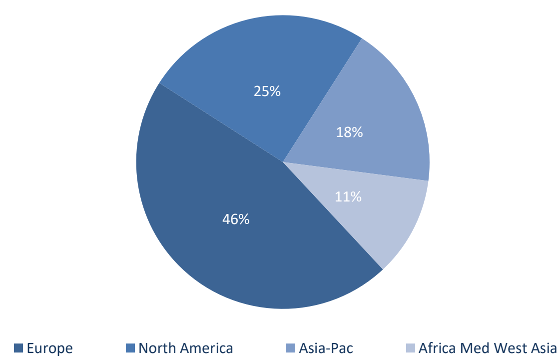


Exhibit 25: 2023 revenue split by geography



Source: The Company, AXIA Research

Vicat

Vicat is present in Europe, Americas, Asia and Africa. In Europe, it operates 5 cement plants in France with a total capacity of 4.6mt and two grinding plants and in Switzerland one cement plant with a total capacity of 1mt. In addition, it has 2 terminals and one grinding plant in Italy. In Americas the business is split between US (2 cement plants, 4.3mt capacity) and Brazil (1 plant, 3.8mt capacity). In Asia, the main operations are in India (2 cement plants, 9mt capacity +2 terminals) with an additional plant in Kazakhstan (1.6mt capacity). In Africa it has 1 cement plant in Senegal (4mt capacity) and grinding plants in Mali (0.8mt of cement) and Mauritania (0.5mt of cement). Operationally Vicat reports its business in Turkey (2 plants 5.1mt capacity, 5 quarries) and Egypt (1 plant 3.8mt capacity) under the Mediterranean division.
Vicat has a clinker to cement ratio of 76.8% with 32% alternative fuel mix. The company reported EUR 3.9bn in 2023 and an operating EBITDA of EUR 740m at a 18.8% margin.

As of November 25, 2024, Vicat has a market capitalization of c. EUR 1.6bn. As of end-June 2024, the company's net financial debt stood at EUR 1.6bn. The company currently trades at depressed valuation multiples, 2025 P/E ratio of 5.9x and at an EV/EBITDA of 4.3x.
There are several contributors to this depressed valuation. Vicat's Americas' exposure is not sole US; it is 50-50 split between US and less appealing Brazil. In addition, weakness in the core markets of France and Switzerland and exposure to lower quality regions outside US and Europe all contribute to the lower valuation multiple.

Exhibit 26: 2023 revenues per product

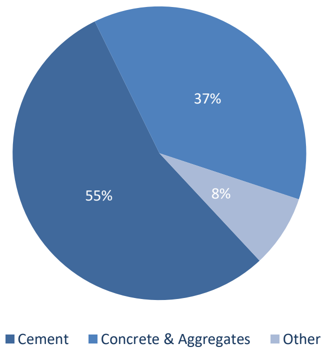
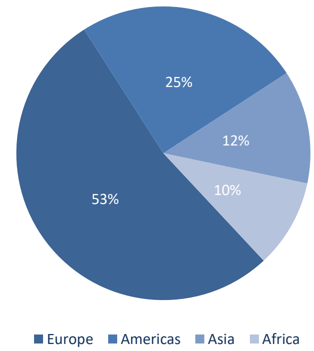


Exhibit 27: 2023 revenue split by geography



Source: The Company, AXIA Research

Detailed Financials

P&L	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
Group Revenues	**2,282.2**	**2,547.0**	**2,589.1**	**2,693.6**	**2,780.6**	**2,865.0**	**2,938.4**	**3,014.4**
growth y-o-y		*11.6%*	*1.7%*	*4.0%*	*3.2%*	*3.0%*	*2.6%*	*2.6%*
Greece	334.4	407.8	436.9	451.6	469.3	487.9	507.2	527.4
US	1,306.3	1,476.9	1,486.2	1,558.8	1,614.6	1,672.2	1,718.2	1,766.0
SEE	385.9	422.4	427.5	444.7	458.2	466.5	474.4	482.5
East Med	255.6	239.9	238.5	238.5	238.5	238.5	238.5	238.5
Group EBITDA	**331.2**	**540.3**	**587.6**	**606.4**	**622.9**	**637.8**	**653.5**	**669.7**
growth y-o-y		*63.1%*	*8.8%*	*3.2%*	*2.7%*	*2.4%*	*2.5%*	*2.5%*
margin	*14.5%*	*21.2%*	*22.7%*	*22.5%*	*22.4%*	*22.3%*	*22.2%*	*22.2%*
Greece	**31.8**	**64.7**	**66.6**	**69.3**	**72.5**	**75.9**	**79.4**	**83.1**
margin	*9.5%*	*15.9%*	*15.3%*	*15.4%*	*15.5%*	*15.6%*	*15.7%*	*15.8%*
US	**184.8**	**295.9**	**332.6**	**346.4**	**359.3**	**372.5**	**381.9**	**391.5**
margin	*14.2%*	*20.0%*	*22.4%*	*22.2%*	*22.3%*	*22.3%*	*22.2%*	*22.2%*
SEE	**95.0**	**146.6**	**164.5**	**166.8**	**167.2**	**165.6**	**168.4**	**171.3**
margin	*24.6%*	*34.7%*	*38.5%*	*37.5%*	*36.5%*	*35.5%*	*35.5%*	*35.5%*
East Med	**19.6**	**33.2**	**23.8**	**23.9**	**23.9**	**23.9**	**23.9**	**23.9**
margin	*7.7%*	*13.8%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*	*10.0%*
Group EBIT	**155.8**	**388.4**	**430.0**	**439.8**	**445.8**	**456.4**	**463.7**	**478.2**
Finance Costs	(21)	(51)	(36)	(32)	(29)	(17)	(17)	(17)
Associates/Other	1.9	2.6	2.8	2.8	2.9	3.0	3.0	3.1
Earnings Before Tax	**137.2**	**339.7**	**397.1**	**410.9**	**420.0**	**442.3**	**449.7**	**464.2**
Tax	(27)	(67)	(87)	(90)	(92)	(97)	(99)	(102)
Net Income	**109.6**	**268.7**	**305.7**	**316.4**	**323.4**	**340.7**	**346.4**	**357.6**

Balance Sheet								
Property, plant & equipment	1,664.5	1,688.9	1,833.2	1,938.9	2,039.6	2,141.5	2,159.2	2,166.7
Intangible assets	83.9	79.6	79.6	79.8	80.0	80.2	80.5	80.7
Other non-current Assets	433.7	421.6	421.8	421.8	421.8	421.8	421.8	421.8
Total non-current assets	**2,182.1**	**2,190.1**	**2,334.6**	**2,440.5**	**2,541.4**	**2,643.5**	**2,661.4**	**2,669.2**
Inventories	394.7	395.5	461.1	479.7	495.2	510.2	523.3	536.8
Receivables and prepayments	294.8	325.7	319.2	332.1	342.8	353.2	362.3	371.6
Cash and Cash Equivalents	105.7	274.5	157.6	227.9	303.7	184.5	395.1	612.2
Other Current Assets	17.0	25.6	25.6	25.6	25.6	25.6	25.6	25.6
Total current assets	**812.2**	**1,021.4**	**963.5**	**1,065.3**	**1,167.3**	**1,073.5**	**1,306.3**	**1,546.2**
Total Equity	**1,424.3**	**1,583.1**	**1,822.2**	**2,063.5**	**2,302.4**	**2,548.1**	**2,787.7**	**3,025.2**
Long-term borrowings	122.5	377.8	28.3	28.3	28.3	28.3	28.3	28.3
Other non-current liabilities	873.7	404.4	954.0	904.0	854.0	604.0	604.0	604.0
Total non-current liabilities	**996.2**	**782.3**	**982.3**	**932.3**	**882.3**	**632.3**	**632.3**	**632.3**
Short-term borrowings	122.5	377.8	28.3	28.3	28.3	28.3	28.3	28.3
Trade and other payables	387.7	386.3	383.4	399.9	413.8	426.5	437.6	447.8
Other current liabilities	63.6	81.9	81.9	81.9	81.9	81.9	81.9	81.9
Total current liabilities	**573.8**	**846.1**	**493.6**	**510.1**	**524.0**	**536.7**	**547.8**	**558.0**

Cash Flow Statement	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
Profits/(loss) before taxes	137.2	339.7	397.1	410.9	420.0	442.3	449.7	464.2
Depreciation (+ amortization)	153.4	157.7	166.5	177.0	181.5	189.8	191.5	0.0
Impairment of tangible and intangible assets	152.2	153.4	157.7	166.5	177.0	181.5	189.8	191.5
Provisions	28.1							
Exchange differences	17.8	28.1						
Interest expense	40.5	44.9	35.6	31.8	28.8	17.0	17.0	17.0
Other non cash items	(24.5)							
Operating profit before changes in working capital	**352.6**	**570.3**	**590.4**	**609.2**	**625.8**	**640.8**	**656.5**	**672.8**
(Increase)/decrease in inventories	(99.9)	(14.4)	(65.6)	(18.6)	(15.5)	(15.0)	(13.1)	(13.5)
(Increase)/decrease in trade and other receivables	(71.5)	(55.3)	6.5	(12.9)	(10.7)	(10.4)	(9.0)	(9.4)
Increase/(decrease) in operating long-term receivables/payables	0.7	16.4						
Increase/(decrease) in trade & other payables (excluding banks)	78.7	(0.6)	(2.9)	16.5	14.0	12.6	11.1	10.2
Cash generated from operations	**260.6**	**516.5**	**528.4**	**594.2**	**613.5**	**628.0**	**645.5**	**660.1**
Income tax paid	**(16.7)**	**(67.0)**	**(87.4)**	**(90.4)**	**(92.4)**	**(97.3)**	**(98.9)**	**(102.1)**
Net cash flows from operating activities	**244.0**	**449.6**	**441.1**	**503.8**	**521.1**	**530.7**	**546.6**	**558.0**
Purchase of property, plant and equipment	(234.5)	(214.0)	(240.0)	(244.8)	(249.7)	(254.7)	(178.3)	(169.4)
Purchase of intangible assets	(7.4)	(10.0)	(10.2)	(10.4)	(10.6)	(10.8)	(11.0)	(11.2)
Other Investing Activities	6.4	3.7						
Net cash flows from investing activities	**(235.5)**	**(220.3)**	**(250.2)**	**(255.2)**	**(260.3)**	**(265.5)**	**(189.3)**	**(180.6)**
Net cash flows after investing activities	**8.5**	**229.3**	**190.9**	**248.7**	**260.9**	**265.2**	**357.3**	**377.4**
Purchase of treasury shares	(23.8)	(14.9)	(35.0)					
Proceeds from sales of treasury shares	0.8	1.1						
Interest paid	(35.6)	(44.9)	(35.6)	(31.8)	(28.8)	(17.0)	(17.0)	(17.0)
Dividends paid	(38.6)	(45.7)	(70.7)	(79.2)	(88.7)	(99.3)	(111.2)	(124.6)
Proceeds from borrowings	561.5	367.0	(149.6)	(50.0)	(50.0)	(250.0)		
Payments of borrowings	(426.0)	(381.4)						
Lease payments	(16.0)	(17.1)	(17.0)	(17.3)	(17.7)	(18.0)	(18.4)	(18.8)
Net cash flows from (used in) financing activities	**22.2**	**(136.0)**	**(307.9)**	**(178.3)**	**(185.1)**	**(384.4)**	**(146.7)**	**(160.4)**
Cash and equivalents BoP	**79.9**	**105.7**	**194.5**	**77.6**	**147.9**	**223.7**	**104.5**	**315.1**
Change	25.8	88.8	(117.0)	70.3	75.7	(119.2)	210.7	217.0
Cash and equivalents EoP	**105.7**	**194.5**	**77.6**	**147.9**	**223.7**	**104.5**	**315.1**	**532.2**

Per share data	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
EPS	1.4	3.6	4.1	4.3	4.4	4.6	4.7	4.8
BVPS	18.4	20.8	24.1	27.3	30.4	33.7	36.8	40.0
DPS	0.60	0.85	0.95	1.07	1.19	1.34	1.50	1.68

Valuation ratios	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E
P/E	8.3	6.0	9.4	9.1	8.9	8.5	8.3	8.1
EV/Adjusted EBITDA	5.2	4.3	6.1	5.7	5.4	5.0	4.6	4.2
EV/Adjusted EBIT	11.0	6.0	8.4	7.9	7.5	7.1	6.5	5.8
EV/Sales	0.8	0.9	1.4	1.3	1.2	1.1	1.0	0.9
P/BV	0.7	1.0	1.6	1.4	1.3	1.2	1.1	1.0
RoCE	5.1%	12.0%	13.0%	12.6%	12.3%	12.4%	12.3%	12.6%

Source: The Company, AXIA Research

Disclosures

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AXIA Research 12-month rating*	
Buy	The stock to generate total return** of and above 10% within the next 12-months
Neutral	The stock to generate total return**between -10% and 10% within the next 12-months
Sell	The stock to generate total return** of and below -10% within the next 12 months
Under Review	Stock's target price or rating is subject to possible change
Restricted	Applicable Laws / Regulation and AXIA Ventures Group Limited policies might restrict certain types of communication and investment recommendations
Not Rated	There is no rating for the company by AXIA Ventures Group Limited

* Exceptions to the bands may be granted by the Investment Review Committee of AXIA taking into account specific characteristics of the Subject Company
**Total return: % price appreciation equals percentage change in share price from current price to projected target price plus projected dividend yield

Rating history for Titan Cement International S.A.

Date	Rating	Share Price (EUR)	Target Price (EUR)
18/03/2021	Buy	14.36	18.50
20/07/2023	Buy	18.26	UR
17/12/2024	Buy	38.90*	53.00

*Share price as of 16/12/2024

AXIA Ventures Group Limited Rating Distribution as of today

Coverage Universe	Count	Percent	Of which Investment Banking Relationships	Count	Percent
Buy	17	53%	4	4	13%
Neutral					
Sell					
Restricted					
Not Rated	3	9%	1	1	3%
Under Review	12	38%	2	2	6%

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