



## Company Update: TITAN Cement Group Reason: Update

### Investment Thesis

Since our last update (18 November 2020) Titan Cement Group's stock recorded an outstanding rally of +35% surpassing our target price. We are upgrading our target price to 19,20EUR (+10% upside potential from current levels ) to account for the ongoing improvement in the overall results of the last two quarters (4Q20 and 1Q21).

Covid uncertainty is fading away: USA remains resilient and Greece and South West Europe could boost the group's results due to the uptick in both retail and government projects. Additionally, the South East Europe segment continues expanding and Brazil's JV is growing with a healthy pace. Worth noting that the Egyptian Army's plant has started increasing the offering prices, offering some optimism regarding the operations in Egypt.

We still believe that Titan Cement Group is set to be one of the winners of this crisis. Construction is a going concern, infrastructure projects are high on President Biden agenda, and Titan Cement continues checking the boxes of SGE investing with a pilot installation at Kamari plant that would capture CO2 emissions and convert them to useful chemicals (Project Recode2) and the Pennsulo cement plant in the USA that earned the highest level of certification for zero waste.

### Valuation

Titan is valued at 19,20€ per share through a FCF exercise with an applied WACC rate of 8.1%.

Even though, the actual recorded cost of debt in 2020 could easily justify the use of a smaller WACC of 7.44%, we keep the applied WACC unchanged at 8.1% to remain at the safe side.

Date	17/5/2021
Fair Estimated Price	19,20 €
Investment Thesis	UV
Bloomberg Ticker	TITK:GA
Reuters Ticker	TTNr.AT
Price	17,58
Low / High Price 52w	10.12 / 17.58
Market Cap (€mn)	1449
P/E (2021)	49,0
EPS (2021)	0,35
EV/EBITDA (2021)	8,6



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*For important disclosure information, please refer to the disclaimer page of this report.*

*All N. Chrysochoidis Stock Brokerage I.S.S.A. research is available on the company website and FactSet.*



Summary Financials					
(€mn)	2019A	2020A	2021E	2022E	2023E
<b>Profit &amp; Loss Items</b>					
Total Net Revenues	1.610	1.607	1.560	1.629	1.699
EBITDA	267	286	256	267	278
Net Income	53	2	29	30	34
<b>Cash Flow Items</b>					
Free Cash Flow	83	201	96	144	151
CAPEX	191	84	110	110	110
<b>Key Metrics</b>					
Revenue Growth	8,0%	-0,2%	-2,9%	4,4%	4,2%
EBITDA Margin %	16,6%	17,8%	16,4%	16,4%	16,4%
Debt/(Debt/Equity)	41,3%	40,6%	40,6%	40,6%	40,6%
WACC	8,1%	8,1%	8,1%	8,1%	8,1%
EPS	0,64	0,02	0,35	0,36	0,41
DPS	0,14	0,20	0,40		
Total Debt/EBITDA(x)	3,46	3,11	3,47	3,33	3,19
EV/EBITDA(x)	8,97	6,35	8,55	8,72	8,37
P/E (x) at year end	29	755	49	53	47



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