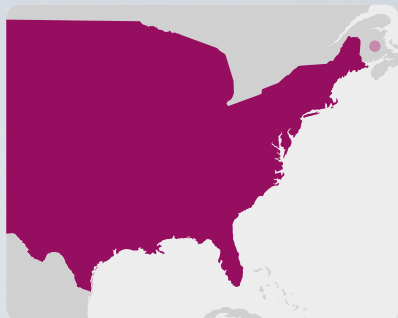


# Regional performance

## USA



With growing markets, robust performance and a favorable outlook, we are well positioned to maximize the benefits of our investments.

### 2016 Performance highlights

#### Financial

##### Turnover

53% of Group

**€794 m**

(2015: €680 m)



##### EBITDA

52% of Group

**€145 m**

(2015: €101 m)



##### Total assets

42% of Group

**€1,159 m**

(2015: €1,006 m)



#### Non-Financial

##### SOCIAL

Lost time injuries frequency rate (LTIFR) for employees in 2016 (per 1,000,000 man hours)

**1.73**

(2015: 2.05)

Our operations meet country-specific regulations for **health and safety**\*.

##### Total training hours

**16,647**

(2015: 14,659)

##### ENVIRONMENTAL

We use relevant **voluntary management systems** such as LEED (Leadership in Energy and Environmental Design), Green Star NRMCA and Energy Star which are "unit-focused".

### Principal products/activities



Cement



Ready-mix concrete



Aggregates



Building blocks



Fly ash

### Key facts

**2**

Cement plants

**6**

Quarries

**84**

Ready-mix plants

**15**

Distribution terminals

**9**

Concrete block plants

**8**

Fly ash processing plants

\* In particular, we meet MSHA standards (Mine Safety & Health Administration) and OSHA standards (Occupation Health and Safety Administration). There are internal management monitoring systems, but not certified systems.

# Management review

## Market overview

During 2016, the US cement market continued to demonstrate solid fundamentals, supported by favorable conditions in the economy. Labor markets remained strong, while income growth, consumer confidence and business sentiment improved.

Demand for building materials in the USA continued to expand in 2016, with overall construction spending increasing by 4.5% to \$1.16 trillion – led by the private sector, including the residential construction segment. Cement consumption in the US grew by 2.4% to 94.4 million metric tons. However, consumption in TITAN America's markets grew at a much stronger rate – improving 10.9% year on year in the South Atlantic States (including Virginia, North and South Carolina and Florida), where TITAN's US plants are located.

## Regional performance

In 2016, demand improved in each of our regional markets in the USA, with a notable acceleration evident in Virginia and the Carolinas, where performance had previously lagged behind earlier improvements in the Metro New York and Florida markets. Combined with better pricing and improvements in manufacturing and distribution costs, the USA delivered a significant improvement in financial performance in 2016. EBITDA grew to €145.2 million – a 44% improvement compared to 2015 and the highest level recorded since 2006. Our capital expenditure program – \$200 million over the last two years – has contributed to a significant improvement in operating results.

## Key areas of operation

### Florida

According to the US Geological Survey, cement consumption in Florida increased by 9.9% to 7.0 million metric tons in 2016. At the same time, the Florida cement sector benefited from increased market prices. Demand and sales prices for construction aggregates and fly ash were also higher, contributing to the overall improvement in profitability. In the concrete products segment (ready-mix and concrete block), strong trends in residential and commercial construction delivered improvements in volumes and profitability.

### Virginia, North and South Carolina

Growth in cement consumption accelerated in the Mid-Atlantic region in 2016. In Virginia, cement consumption increased 9.7% to 1.9 million metric tons, according to the US Geological Survey, while consumption in North Carolina improved year on year by 21.9% (the highest growth rate in the US), reaching 2.7 million metric tons. Ready-mix demand in the areas served by TITAN's Mid-Atlantic business grew at a robust rate, however, fly ash contributions were constrained by available supply.

## New York/Metro

According to the US Geological Survey, cement consumption in the New York Metropolitan area was 1.8 million metric tons in 2016, increasing 4.1% over 2015. A strong market performance by the regional import terminal at Port Newark resulted in another year of strong performance in sales volumes, turnover, and profitability.

### Pennsuco awarded Zero Waste Certification



TITAN America's Pennsuco Complex became the first facility of its kind in the USA to be officially certified as a Gold Level Zero Waste Facility. To qualify for this Certification, we were required to demonstrate greater than 90% diversion from landfill use for a minimum of 12 consecutive months. This included reducing, reusing, recycling or composting discarded materials or recovering

materials for productive use. Alongside this effort, waste costs for materials to landfill and other non-recycling initiatives for 2016 were around 17% below budget. Employee participation and education was crucial to this success, as were new policies and procedures, which will now be embedded across all locations in the Florida business unit.



## Looking ahead

We expect continued growth in the USA's construction markets, driven mainly by the residential and commercial segments. Much anticipated gains from public works are also expected to materialize beyond 2017, as per the announced increase of spending in infrastructure.

Consistent with this positive outlook, the Portland Cement Association forecasts average growth in USA cement consumption of approximately 3.7% per year between 2017 and 2021. Even higher combined growth rates are expected in Florida, Virginia and the Carolinas, where our investments have positioned us to capture growth opportunities and deliver higher levels of profitability and free cash flow.