

Joint ventures



PRINCIPAL PRODUCTS/ACTIVITIES



OPERATIONAL UNITS

2	3	8	8	12
Cement plants	Grinding plants	Quarries	Ready-mix plants	Distribution terminals

Improved operational performance in our Joint Ventures in Turkey and Brazil.

Market overview

Our joint ventures comprise Adocim, a Turkish cement business in which TITAN purchased a 50% share in 2008, and Cimento Apodi, a Brazilian cement manufacturer in which TITAN invested in 2016 and now owns a 50% equity share.

In Turkey, domestic cement consumption increased by 8% year-on-year, reaching 72 million metric tons on the back of strong demand from public works and projects carried out by public-private partnership schemes. The Turkish lira depreciated during the year, resulting in an upward pressure on fuel prices and lower earnings in euro terms.

Our first year of operation in Brazil provided evidence of the market's potential as it starts to emerge from deep recession. Brazil returned to positive GDP growth for the first time in three years, with the economy growing 1% year-on-year. Cement consumption continued to decline in 2017, down by 6% compared to 2016 and by 25% from the peak year of 2014. However, positive indications emerged in the second half of the year, with the slowest rate of decline in two years.

Government reforms, falling inflation and lower interest rates have helped to stimulate consumer spending, indicating the beginning of a recovery phase and likely future growth in cement consumption.

Regional performance

In Turkey, Adocim's sales were under pressure from increased competition due to an additional 2 million metric tons of new capacity in the nearby region. Production costs were affected by higher fuel prices, while the depreciation of the Turkish lira affected profitability in euro terms. Net profit of our subsidiary attributable to the Group amounted to €0.5 million in 2017, versus €3.6 million in 2016.

Despite the shrinking market, Apodi managed to increase its sales and share of the Brazilian cement market. Operational improvements and adjustments in pricing in the second half of 2017 led to an improvement in overall financial performance. Net results of our subsidiary attributable to the Group was a €9.5 million loss in 2017.



Tokat cement plant, Turkey

Looking ahead



In Turkey, domestic demand is likely to continue growing into 2018, spurred by major public investments and public-private partnership projects, with some volatility risks.

In Brazil, improvements in the key macro-economic indicators and anticipated stronger economic growth in 2018 are encouraging for the construction sector, creating expectations for the return of growth in the cement sector over the next few years.