Building sustainable partnerships

H1'2016

Results Presentation

InterCement

Disclamer

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Economic adversity penalized results…

… justifying one-off impairment in Brazil, constraining operations and consolidation in euros.

12 million tons of cement and clinker sold. 1H consumption down in Brazil (political/economic crisis); Argentina (planned retraction following Macri adjustment programme) and exports (lower commodities prices).

Despite price increase, Sales (€897M) contracted 31% (or 11% excluding €290M forex impact).

EBITDA contracted to €166M,i.e. 40% yoy, though operating efficiency initiatives and lower participation on concrete business mitigated slowdown and €62M exchange losses effects.

Brazil –construction sector highly affected by political/economic instability observed in H1;
Argentina – leading contributor to EBITDA, though growth offset by peso devaluation;
Paraguay – Q2 EBITDA growth reflected rump-up completion;
Egypt – higher competition while industry upgrades energy matrix;
Mozambique – growth, despite political/economic instability impact on consumption;
South Africa – commercial dynamics showed. Maintenance stoppages curbed EBITDA;
Portugal – contraction of local market; lower commodity price affected exports;
Cape Verde – market dynamics overcame previous quarter.

Net Losses (€271M) reflected goodwill impairment (€243 one-off charges) in addition to lower EBITDA and exchange losses.

Assets totalled €5,877M, with rigorous disciplined CAPEX, while Net Debt slightly increased to €2,638M influenced to BRL appreciation.

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1. Operations Review

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Atypical portfolio momentum impacted volumes sold

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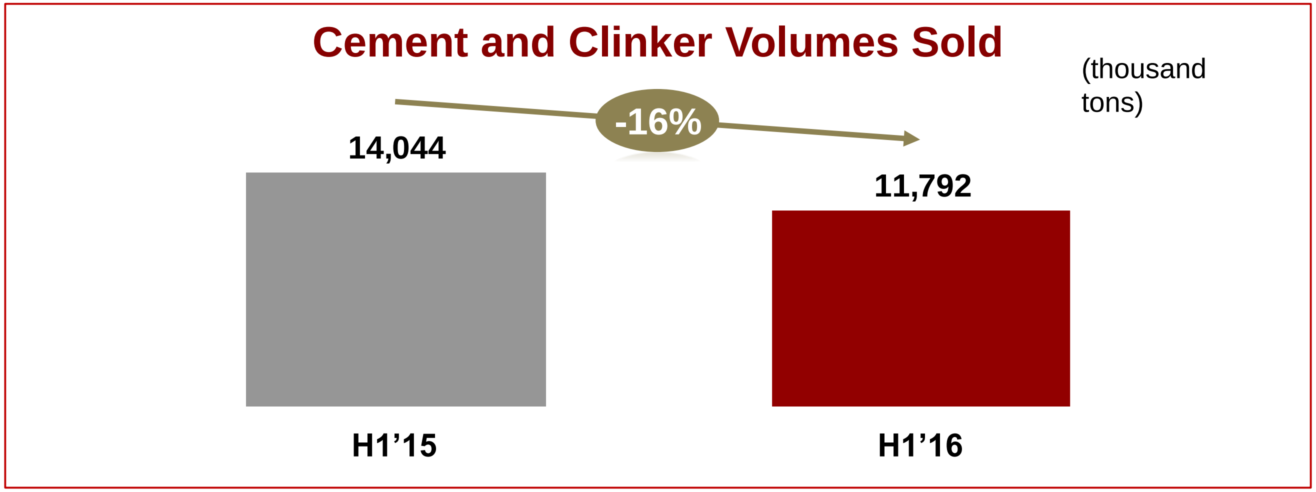
Brazil reflected H1 market constraints, Portugal dropped and exports reflected commodities price performance. Argentina compared to a previous record year.
Stable Africa: general volumes growth offset delayed sales in Egypt.



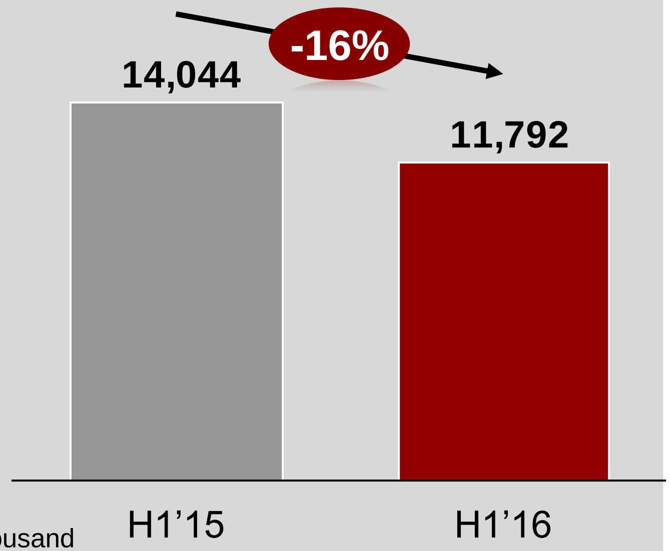
Cement and Clinker Volumes Sold						
(thousand tons)	Jan - Jun			2nd Quarter		
	2016	2015	Var. %	2016	2015	Var. %
Brazil	4,288	5,379	-20.3	2,021	2,648	-23.7
Argentina	2,772	3,226	-14.1	1,364	1,710	-20.3
Paraguay	201	196	2.8	112	98	14.7
Portugal	1,523	2,367	-35.7	793	1,248	-36.4
Cape Verde	104	89	17.4	55	43	28.1
Egypt	1,560	1,769	-11.8	708	898	-21.1
Mozambique	782	664	17.8	414	372	11.2
South Africa	658	625	5.2	342	319	7.5
Sub-Total	**11,889**	**14,315**	**-16.9**	**5,810**	**7,336**	**-20.8**
Intra-Group Eliminations	-97	-271	-64.1	-48	-84	-43.2
Consolidated Total	**11,792**	**14,044**	**-16.0**	**5,762**	**7,251**	**-20.5**

Sales: contraction and forex offset price increase

Average **Cement Price increase** mitigated lower activity**.**
Concrete and Aggregates pressure Sales - lower volumes following sale of assets.
Adverse FOREX impact (22%) drives Sales down 31%.

Cement and clinker Volumes Sold

(thousand tons)



Cement price contribution	**+11.4%**
Concrete Volumes (m3)	**-35.3%**
Aggregates Volumes (ton)	**-26.9%**

Forex -22.3%

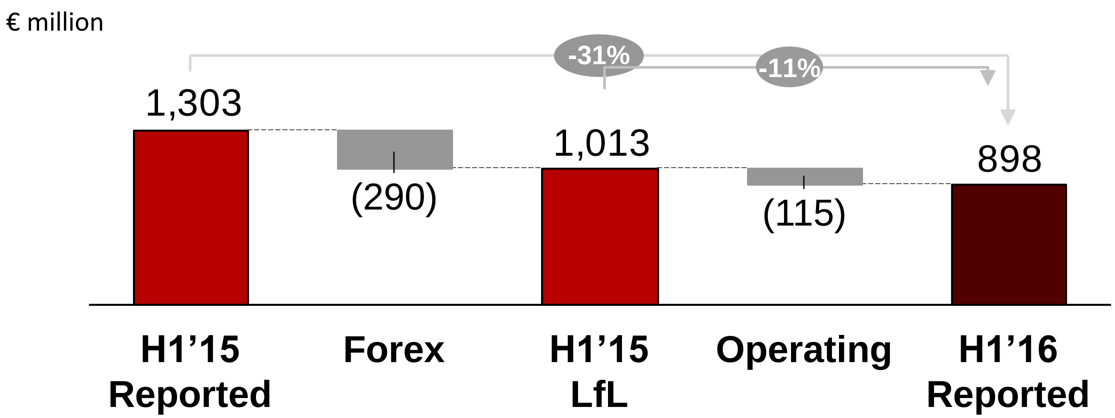
Reported Sales change in € **-31%**

YoY Change

Sales: Brazil suffered and Argentinian peso adjusted

Forex penalized by €290M. Brazil suffered from local context. Portugal held back. Egypt addressed market competition. Import flow in Paraguay pressured prices.
Argentina local strength showed. Mozambique outstood. South Africa delivered.

Sales - BU opening								
(€ million)	Jan - Jun				2nd Quarter			
	2016	2015	Var. %	Var. % LC	2016	2015	Var. %	Var. % LC
Brazil	257.2	474.4	-45.8	-32.6	121.7	227.5	-46.5	-38.0
Argentina	268.9	364.2	-26.2	19.3	135.1	196.0	-31.0	10.8
Paraguay	23.3	27.0	-13.7	0.4	12.9	12.9	-0.1	13.7
Portugal	114.4	150.6	-24.0	-24.0	60.5	79.6	-24.0	-24.0
Cape Verde	17.1	13.5	26.4	26.4	8.9	6.7	32.2	32.2
Egypt	95.9	123.7	-22.5	-10.8	43.3	63.0	-31.3	-17.1
Mozambique	64.0	73.4	-12.8	31.3	29.9	40.8	-26.6	19.7
South Africa	49.3	61.2	-19.3	4.5	26.2	31.3	-16.5	6.1
Trading / Shipping	82.8	173.1	-52.2	-52.2	34.6	85.2	-59.4	-59.4
Others	22.4	23.6	-5.0	-5.0	11.4	11.6	-1.3	-1.3
Sub-Total	**995.4**	**1,484.6**	**-33.0**	**-16.7**	**484.6**	**754.6**	**-35.8**	**-21.2**
Intra-Group Elimin.	-97.9	-182.0	**-46.2**	**-46.2**	-41.2	-88.6	**-53.5**	**-53.5**
Consolidated Total	**897.5**	**1,302.6**	**-31.1**	**-11.4**	**443.4**	**666.0**	**-33.4**	**-15.7**



Brazil: pressured volumes and prices - construction sector reacted to political economic crisis while competition increased with new capacity entrance. Forex penalized by €93M.

Argentina: Commercial assertiveness drove Sales up, as accommodating inflation, while volumes adjusted following record high sales in 2015. Forex penalizes Sales by €140M.

Paraguay: import pressure, affected prices.

Portugal and Cape Verde: Portuguese local market comparison affected by recent conclusion of big public works. Importers contracted following commodities prices yoy drop.

Egypt: competitive environment penalized local prices.

Mozambique: strong performance clouded by €25M forex impact.

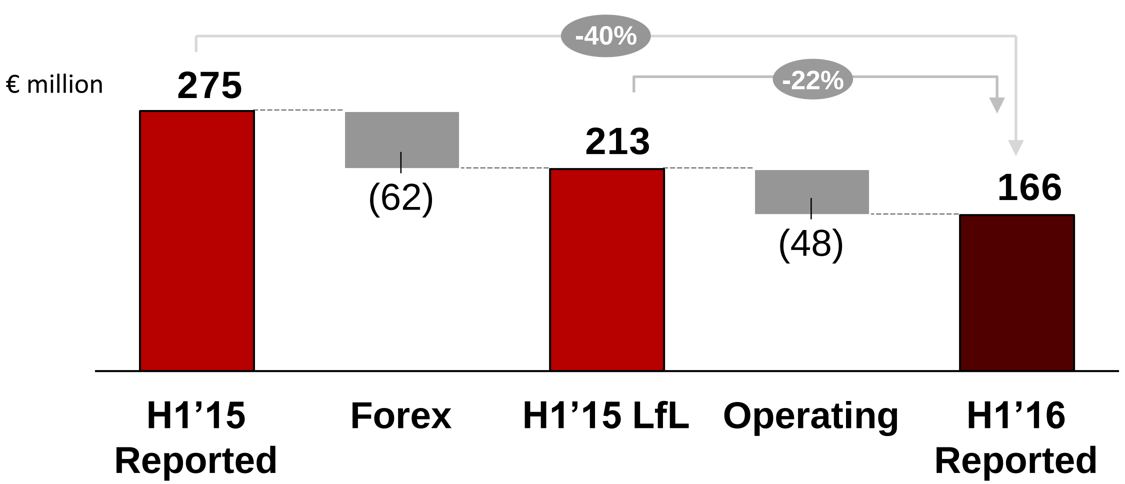
South Africa: commercial dynamics drove up volumes and prices. Forex penalized Sales by €14M.

Trading: lower exports affect trading results.

Combination of contexts contracted EBITDA

Reestructuring package addressing market challenges, mitigated contraction and forex.
Lower fixed costs dilution.
Forex penalizes by €62M.

EBITDA - BU opening								
(€ million)	Jan - Jun				2nd Quarter			
	2016	2015	Var. %	Var. % LC	2016	2015	Var. %	Var. % LC
Brazil	28.8	82.3	-65.0	-56.5	12.1	41.7	-71.1	-66.3
Argentina & Paraguay	70.7	95.3	-25.9	15.8	35.6	51.3	-30.7	8.1
Portugal & Cape Verde	25.1	35.6	-29.4	-29.4	17.0	25.9	-34.5	-34.5
Africa	42.4	57.6	-26.3	-7.5	24.9	30.8	-19.1	6.5
Trading & Others	-1.5	4.7	s.s.	s.s.	-1.8	3.8	s.s.	s.s.
Consolidated Total	**165.5**	**275.5**	**-39.9**	**-22.4**	**87.7**	**153.5**	**-42.9**	**-28.0**
EBITDA margin	***18.4%***	***21.1%***	***-2.7 p.p.***	***-2.6 p.p.***	***19.8%***	***23.0%***	***-3.3 p.p.***	***-3.4 p.p.***



Brazil: Despite adjustment and efficiency initiatives, lower activity on a higher competitive market drove EBITDA down.

Argentina and Paraguay: Loma Negra EBITDA rise, despite energy subsidies redraw. Peso depreciation drove EBITDA down 28%. Paraguayan EBITDA margin benchmarks internally (37%), despite imports pressure on local prices.

Portugal and Cape Verde: Lower activity drove EBITDA down despite CO2 permits sale.

Egypt: competitive environment refrained prices. On going energy matrix upgrade already drove margin up 2.6pp. New coal mill starting up to further boost margin .

Mozambique: market leadership was reinforced and allowed translation to prices of higher cost production – following metical depreciations vs USD. Margin grew 3p.p..

South Africa: Sales growth offset by maintenance interference and forex.

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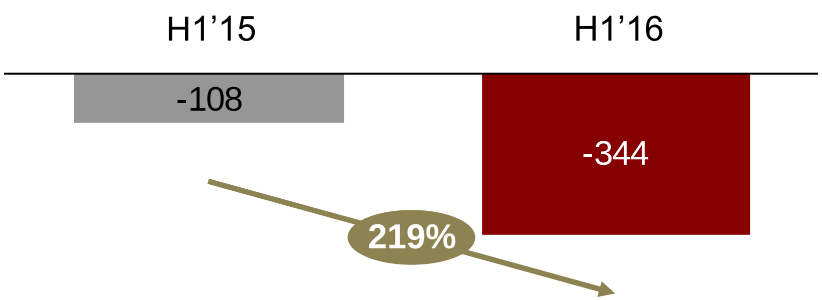
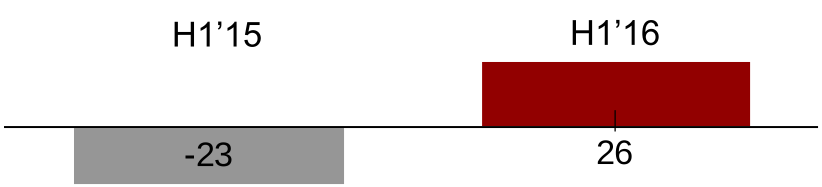
Goodwill impairment outstood. Forex affected Financials.

Depreciation, Amortizations and Impairments



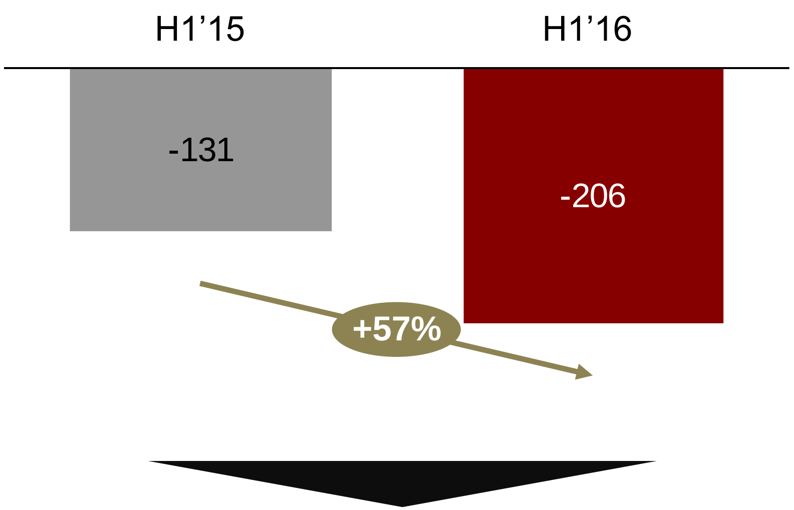
Despite Brazil potential, political/economic context observed and institutional outlook consensus demanded €243M goodwill impairment registration.

Income Taxes



Taxes followed Earnings before Taxes evolution.

Financial Results



Accounting effects of Forex fluctuations on Intercompany Loans.

€ million YoY change

Net Results: one off Brazil impairment constrained

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Net Results reflected goodwill impairment in Brazil (€243M), slowdown of operating income, and exchange rate effect on operating and financial results.

Income Statement

(€ million)	Jan - Jun			2nd Quarter		
	2016	2015	Var. %	2016	2015	Var. %
Sales	**897.5**	**1,302.6**	**-31.1**	**443.4**	**666.0**	**-33.4**
Net Operational Cash Costs	732.0	1,027.2	-28.7	355.7	512.5	-30.6
Operational Cash Flow (EBITDA)	**165.5**	**275.5**	**-39.9**	**87.7**	**153.5**	**-42.9**
Deprec. Amort. and Impairments	343.5	107.6	219.3	293.1	54.2	440.5
Operating Income (EBIT)	**-178.0**	**167.9**	**n.m.**	**-205.4**	**99.3**	**n.m.**
Financial Results	-205.8	-131.4	56.7	-124.5	-91.9	35.4
Pre-tax Income	**-383.8**	**36.5**	**n.m.**	**-329.9**	**7.3**	**n.m.**
Income Tax	-25.9	22.7	n.m.	-22.6	3.5	n.m.
Net Income	**-357.8**	**13.8**	**n.m.**	**-307.3**	**3.8**	**n.m.**
Attributable to:						
Shareholders	-271.1	22.6	n.m.	-231.4	5.0	n.m.
Minority Interests	-86.8	-8.7	n.m.	-75.8	-1.2	n.m.

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Impairments and Forex affected Balance Sheet

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€5,877M Total Assets. Equity reflected impairments and forex.

Net Debt reached €2.638M, +18% vs December, but +4% YoY.

Consolidated Balance Sheet Summary			
(€ million)	Jun 30 2016	Dec 31 2015	Var. %
Assets			
Non-current Assets	4,235	4,212	0.6
Derivatives	227	239	-5.0
Current Assets			
Cash and Equivalents	672	791	-15.1
Derivatives	20	25	-18.2
Other Current Assets	723	645	12.1
Total Assets	**5,877**	**5,911**	**-0.6**
Shareholders' Equity attributable to:			
Equity Holders	839	1,049	-20.0
Minority Interests	459	452	1.6
Total Shareholders' Equity	**1,299**	**1,500**	**-13.5**
Liabilities			
Loans & Obligations under finance leases	3,542	3,291	7.6
Derivatives	16	7	118.5
Provisions & Employee benefits	130	137	-5.6
Other Liabilities	891	975	-8.6
Total Liabilities	**4,579**	**4,411**	**3.8**
Total Liabilities and Shareholders' Equity	**5,877**	**5,911**	**-0.6**

FCF: Lower EBITDA, CO2 permits and lawsuit settlement

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Continued EBITDA contraction;
Working capital affected by lawsuit settlement and CO_2 permits management;
Interest paid in Q2'15 benefit from cancelation of derivative instrument;
CAPEX discipline and austerity - quick return investments are prioritized.

	2015				2016		
(€ million)	Q1	Q2	H1	Year	Q1	Q2	H1
Adjusted EBITDA	122	158	280	545	79	91	170
Change in Working Capital	-124	21	-103	11	-78	-78	-156
Others	2	-7	-5	-59	-15	-3	-19
Operating Activities	**0**	**172**	**172**	**498**	**-14**	**10**	**-4**
Interests Paid	-58	-25	-83	-222	-51	-61	-111
Income taxes Paid	-1	-27	-28	-47	-6	-13	-19
Cash Flow before investments	**-59**	**120**	**61**	**229**	**-71**	**-64**	**-135**
CAPEX	-48	-28	-76	-109	-28	-47	-76
Assets Sales / Others	8	2	10	61	1	3	4
Free Cash Flow to the company	**-99**	**94**	**-6**	**182**	**-98**	**-108**	**-206**
Borrowings, financing and debentures	112	36	148	237	24	157	181
Repayment of borrowings, financ. and debent.	-38	-141	-179	-411	-38	-4	-42
Dividends	0	-50	-50	-50	0	-61	-61
Other investment activities	40	20	59	57	-18	17	-1
Changes in cash and cash equivalents	14	-42	-27	15	-130	2	-129
Exchange differences	38	-29	9	-48	-14	9	-5
Cash and cash equivalents, End of the Period	854	783	783	768	623	635	635

Debt Profile: no material commitments before 2019

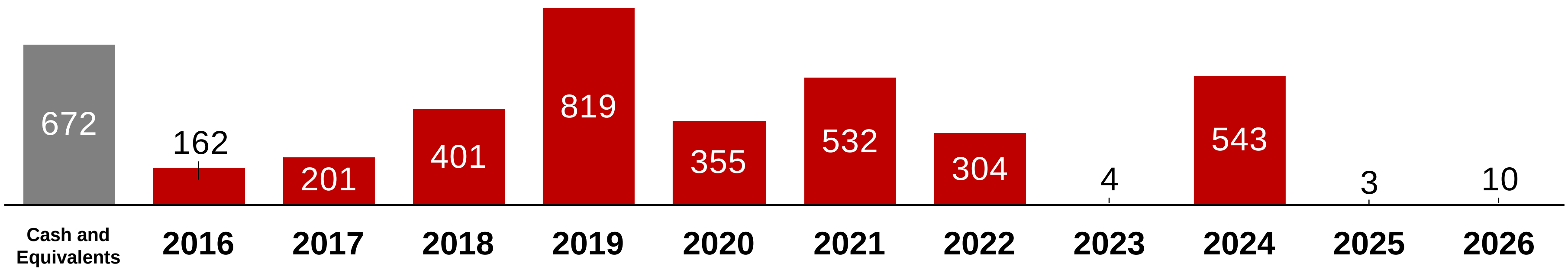
Liquidity covers needs up to 2018.

Average debt maturity of 5 years.

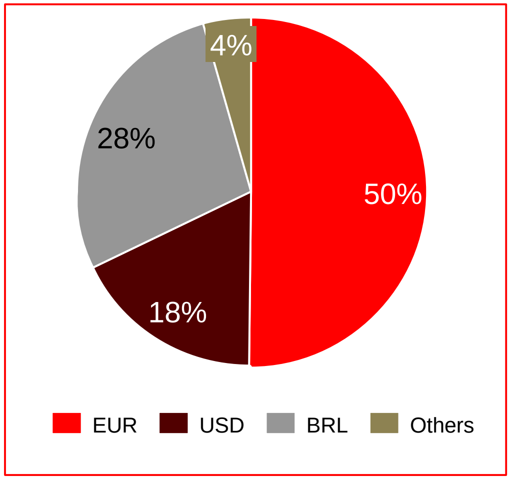
June 30, 2016

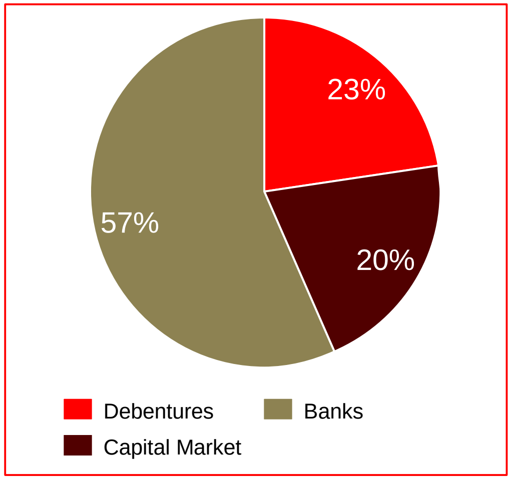
Maturities:

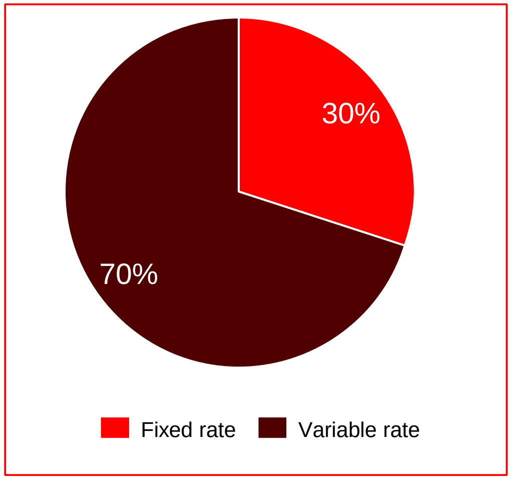
€ million



Profile:







Note: debt profile includes derivatives

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Present demands focus on future growth capture

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Discipline and focus addressing current adversity to grab portfolio's future potential.

Brazil: undeniable potential. Political/economic recent events and new production capacity determine prudent expectations. 1^{st} recovery signs anticipate a more positive H2'16 – industry prices started recovering in August, InterCement margin is to improve.

Argentina: InterCement assumes leadership for a new growth cycle. Margin up on Q2, and to progress with consumption recovery to new record high levels in 2017.

Paraguay: capacity optimization progress in a growing market.

Portugal: internal market to overcome lack of investment, while InterCement takes operations reestructuring plan to recover EBITDA mg to 25% level.

Cape Verde: tourism to stimulate activity**.**

Egypt: growth and consumption potential. Energy matrix current optimization to boost with coal mill start-up in September. New competitive level to rise EBITDA margin to 25% level.

Mozambique: political/economical instability concerns represses expectations. Improvement of local structure prepares InterCement to anticipated increasing competition.

South Africa: rising consumption to benefit from infrastructure plan start-up. Commercial dynamics mitigates recent new entrants impact.

InterCement strategy focused on (i) efficiency increase – industrial grid optimization and development of new products/services – and (ii) deleveraging – rigorous discipline in CAPEX, pursue opportunities to monetize non core assets and divest minority holdings.

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Thank you!

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