Building sustainable partnerships

2016

Results Presentation

InterCement

Disclamer

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Challenging 2016 stimulates efficiency and consolidation.

2016 results reflect an atypical combination of adverse contexts - persistence of political and economic instability in Brazil and unfavorable FX across InterCement portfolio-, reducing EBITDA by 33% vs 2015.

2016 highlights:

- Cement and clinker volumes reach 24 MT (-14%), reflecting the slowdown in Brazilian consumption, the adjustment of the Argentine market and the slowdown in exports from Portugal;
- Sales (-26%) follow volumes trend and are further penalized by the exchange rate effect, while average LMU cement price increases 10%. Ex-FX sales are down by 10%.
- EBITDA falls 33% (-17% ex-FX), justified by activity reduction, weaker portfolio currencies and cost inflation. Recent efficiency pack mitigates adverse context, despite implementation costs. Excluding non recurrent costs EBITDA would have reached €393M.
- 19% EBITDA margin, kept at international peers level.
- Financial results incorporate negative accounting effects of exchange rate fluctuations.
- Net profit attributable to shareholders is negative at €508M, reflecting the goodwill impairment in Brazil (€391M).
- FCF is negative at €86M, despite the positive performance in Q4 (€138M).
- Net Debt: €2,609M. Assets monetization of €92M restrained debt increase.

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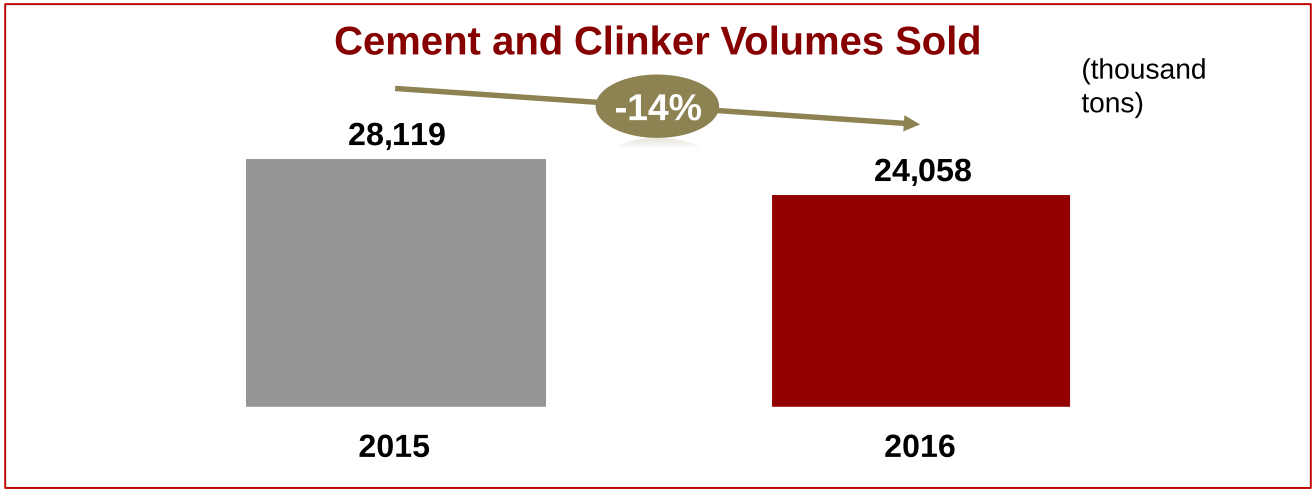
Brazil contribution drops while adjusting to lower consumption levels. Argentina corrects from record high volumes in 2015 and export destinations suffers from lower commodity prices. Argentina, Paraguay and Africa lead H2 improvement on H1.

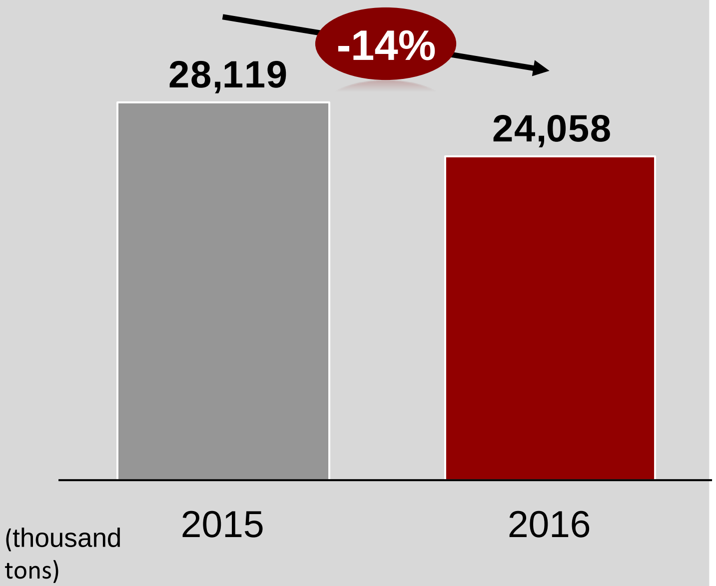


Cement and Clinker Volumes Sold						
(thousand tons)	Jan - Dec			4th Quarter		
	2016	2015	Var. %	2015	2014	Var. %
Brazil	8,514	10,528	-19.1	1,969	2,423	-18.7
Argentina	5,893	6,572	-10.3	1,544	1,646	-6.2
Paraguay	464	398	16.4	128	96	33.8
Portugal	2,990	4,427	-32.5	866	1,126	-23.1
Cape Verde	197	167	17.6	40	38	5.4
Egypt	3,190	3,384	-5.7	808	905	-10.7
Mozambique	1,653	1,585	4.3	387	446	-13.2
South Africa	1,424	1,438	-1.0	413	369	11.7
Sub-Total	**24,323**	**28,499**	**-14.7**	**6,156**	**7,049**	**-12.7**
Intra-Group Eliminations	-266	-380	-30.0	-106	-42	151.6
Consolidated Total	**24,058**	**28,119**	**-14.4**	**6,049.3**	**7,007.0**	**-13.7**

Sales: assets sale, lower volumes and FX offset price increase.

Cement volumes drop 14% on a lower consumption and higher competitive environment.
New strategic approach to concrete business in Brazil and Mozambique determines assets sale or rent.
Avg. price increase in LMU:10%.
Avg. currency depreciations across all InterCement portfolio.

Cement and clinker Volumes Sold



Cement price Contribution (LMU) — +9.8%

Concrete Volumes (m3) — -35.3%

Aggregates Volumes (ton) — -26.2%

FX -18.3%

Reported Sales change in € — -26%

YoY Change

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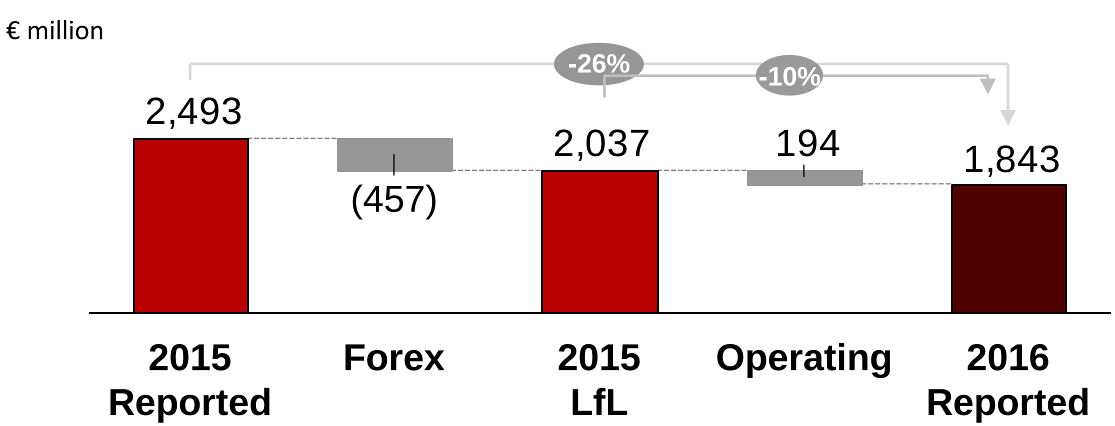
Sales drop 26%, though 10% ex-FX – as LMU sales increase allover except for Brazil and exports. H2 over performs H1.

Sales - BU opening								
(million euros)	Jan - Dec				4th Quarter			
	2016	2015	Var. %	Var. % LC	2016	2015	Var. %	Var. % LC
Brazil	524.5	814.2	-35.6	-32.7	127.3	133.5	-4.7	-32.6
Argentina	592.5	763.7	-22.4	25.7	164.6	200.4	-17.9	33.5
Paraguay	52.3	53.5	-2.3	8.3	14.2	12.7	12.4	18.4
Portugal	227.9	291.9	-21.9	-21.9	60.5	74.1	-18.3	-18.3
Cape Verde	32.4	26.1	24.1	24.1	6.6	5.9	11.6	11.6
Egypt	176.9	217.2	-18.6	1.1	33.4	51.1	-34.6	11.5
Mozambique	123.8	161.4	-23.3	25.6	27.7	41.2	-32.8	16.2
South Africa	111.5	130.7	-14.7	0.2	32.9	32.5	1.0	7.4
Trading / Shipping	173.3	301.9	-42.6	-42.6	57.7	75.4	-23.5	-23.5
Others	37.4	45.8	-18.4	-18.4	4.6	9.0	-48.6	-48.6
Sub-Total	**2,052.3**	**2,806.4**	**-26.9**	**-12.7**	**529.5**	**635.8**	**-16.7**	**-7.6**
Intra-Group Elimin.	-209.3	-313.2	**-33.2**	**-33.2**	-65.9	-70.7	**-6.7**	**-6.7**
Consolidated Total	**1,843.0**	**2,493.3**	**-26.1**	**-9.5**	**463.6**	**565.1**	**-18.0**	**-7.7**



Brazil: greater idleness of the cement industry, drives adjustments do higher competition. Rationalization of assets requires logistics fit transition. Concrete assets sale and rental.

Argentina: commercial approach addresses new economic cycle. Avg ARS down by 39%.

Paraguay: successful commercial strategy enabled sales growth above market performance.

Portugal: slower internal market and exports drop. **Cape Verde** benefited from foreign investment in tourism.

Egypt: coal mill start up on Q4 brings the required flexibility to address a high competitive environment. EGP avg depreciation 20%.

Mozambique: volume increase, despite market slowdown. 40% MZN avg depreciation.

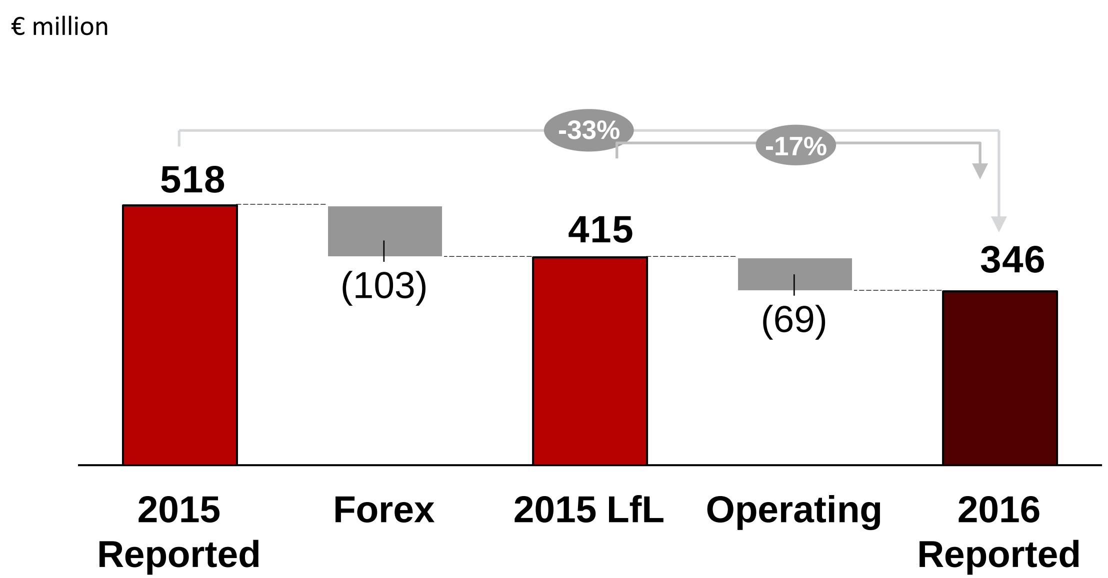
South Africa: floods in Durban prevent volumes growth.

Trading: oil price dependent economies decreased imports, thus affecting exports.

EBITDA: Lower sales and inflation mitigated by efficiency pack.

Efficiency pack: aggressive marketing, industrial grid optimization, cost-cutting and productivity , new concrete strategy, flexibility of energy matrix and operations support restructuring. Pack costs €47M.
EBITDA increases throughout 2016 (excluding non recurrent costs in Q4).
FX affects consolidation in € and inflation of cost structure. Lower activity impacts fixed costs dilution.

EBITDA - BU opening								
(million euros)	Jan - Dec				4th Quarter			
	2016	2015	Var. %	Var. % LC	2016	2015	Var. %	Var. % LC
Brazil	62.2	173.2	-64.1	-62.5	10.3	49.1	-79.0	-82.2
Argentina & Paraguay	163.2	200.2	-18.5	26.6	52.6	59.5	-11.6	36.7
Portugal & Cape Verde	38.0	32.1	18.4	18.4	3.9	-8.8	n.m.	-143.7
Africa	84.6	109.4	-22.6	-0.7	21.7	28.8	-24.7	5.6
Trading & Others	-2.3	2.8	n.m.	n.m.	0.0	-0.2	n.m.	n.m.
Consolidated Total	**345.7**	**517.7**	**-33.2**	**-16.7**	**88.4**	**128.3**	**-31.1**	**-18.2**
EBITDA margin	***18.8%***	***20.8%***	***-2.0 p.p.***	***-1.6 p.p.***	***19.1%***	***22.7%***	***-3.6 p.p.***	***-2.4 p.p.***



Brazil: Lower sales mitigated with initial output from efficiency pack - reinforced marketing approach, industrial grid optimization (3 mills and 2 kilns mothball), productivity program, restructuring (headcount reduction), new concrete business strategy. Efficiency pack implementation non-recurrent costs of €25M (Q4) affect EBITDA.

Argentina and Paraguay: increased margin mirrors the company's success addressing higher efficiency challenges. Paraguay overcomes technical performance delivering a 37% EBITDA margin – InterCement benchmark.

Portugal and Cape Verde: efficiency measures, plus €8M non recurrent negative impact in 2015 trigger EBITDA growth.

Egypt: cost cutting initiatives and new coal mill drives Q4 EBITDA margin above 30%.

Mozambique: operational improvement measures trigger LC EBITDA growth (30%).

South Africa: Durban floods and industrial constraints affected both commercial and industrial operations.

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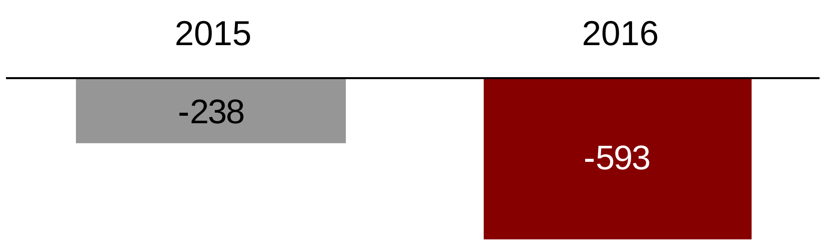
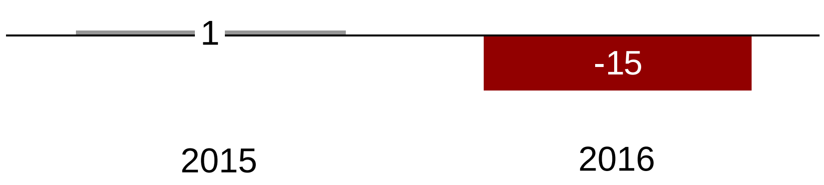
FX affected financial expenses. Brazil's goodwill impairment registration.

Depreciation, Amortizations and Impairments



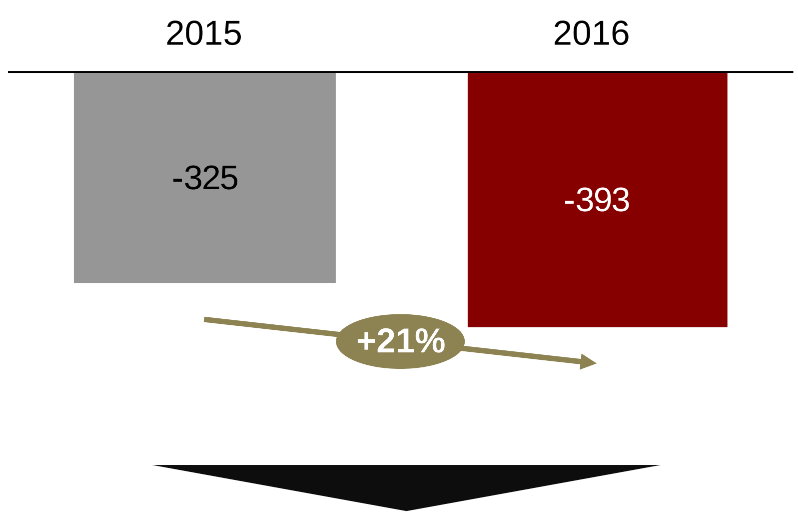
Depreciation and Amortizations reflect FX. Impairments comprehends Brazilian goodwill impairment registration (€391M).

Income Taxes Credits



Tax credits deviate from Earnings before Taxes evolution, as goodwill impairments are disregarded for Tax Credit accountability.

Financial Results



FX fluctuations on Intercompany Loans (with no cash impact) penalize Financial Results in 2016, while 2024 Senior Notes acquisition benefit.

€ million

YoY change

Net Loss reflects lower activity, FX and impairment.

Net Results turn negative on the back of: lower EBITDA generation, FX impacts and €391M impairment registration.

Income Statement

(million euros)	Jan - Dec 2016	Jan - Dec 2015	Jan - Dec Var. %	4th Quarter 2016	4th Quarter 2015	4th Quarter Var. %
Sales	**1,843.0**	**2,493.3**	**-26.1**	**463.6**	**565.1**	**-18.0**
Net Operational Cash Costs	1,497.2	1,975.5	-24.2	375.2	436.8	-14.1
Operating Cash Flow (EBITDA) [1]	**345.7**	**517.7**	**-33.2**	**88.4**	**128.3**	**-31.1**
Depreciations, amort. & impairments	593.0	238.3	148.9	186.5	77.1	142.1
Operating Income (EBIT)	**-247.3**	**279.4**	**n.m.**	**-98.1**	**51.3**	**n.m.**
Financial Results	-393.0	-324.6	21.1	-89.3	-140.1	-36.3
Pre-tax Income	**-640.4**	**-45.2**	n.m.	**-187.4**	**-88.8**	**111.0**
Income Tax	15.0	-1.5	n.m.	58.7	-16.2	n.m.
Net Results	**-655.4**	**-43.7**	**n.m.**	**-246.1**	**-72.6**	**n.m.**
Attributable to:						
Shareholders	-508.3	-20.2	n.m.	-202.5	-69.5	n.m.
Minority Interests	-147.1	-23.4	n.m.	-43.5	-3.1	n.m.

[1] EBITDA: Operating Results plus Amortizations and Impairments on Tangible Fixed Assets and Goodwill.

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Balance Sheet affected by FX and impairment

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€5,419M Total Assets. Equity reflects FX and impairment.

Net Debt reaches €2,609M, +10% vs December 2015, though not changing materially in the last 6 months.

Consolidated Balance Sheet Summary			
(million euros)	Dec 31 '16	Dec 31 '15	Var. %
Assets			
Non-current Assets	3,957	4,212	-6.0
Derivatives	215	239	-9.8
Current Assets			
Cash, Equivalents and Securities	591	791	-25.4
Derivatives	26	25	6.8
Other Current Assets	629	645	-2.4
Total Assets	**5,419**	**5,911**	**-8.3**
Shareholders' Equity attributable to:			
Equity Holders	564	1,049	-46.3
Minority Interests	391	452	-13.3
Total Shareholders' Equity	**955**	**1,500**	**-36.3**
Current Liabilities			
Loans & Obligations under finance lease:	336	117	186.7
Derivatives	8	3	231.3
Provisions & Employee benefits	1	1	0.4
Other Current Liabilities	569	620	-8.1
Non-current Liabilities			
Loans & Obligations under finance lease:	3,090	3,174	-2.7
Derivatives	7	5	62.3
Provisions & Employee benefits	114	137	-16.3
Other Non-current Liabilities	338	356	-5.0
Total Liabilities	**4,464**	**4,411**	**1.2**
Total Liabilities & Shareholders Equity	**5,419**	**5,911**	**-8.3**

FCF: Lower EBITDA mitigated by non core assets sales.

FCF negative by €86M, unlike 2015 €182 cash generation. H2 partially recovers from H1.

- EBITDA contraction, lawsuit settlement, CO2 permits management and client/supplier policy penalize Operating Activities FCF generation.
- Interest paid comparison affected by the cancelation of derivative instrument in 2015.
- Assets Sales: vessels (Portugal) and a partial indirect participation on hydropower plant (Brazil).

Free Cash Flow

(€ million)	2015	2016			
	Year	H1	H2	Q4	Year
Adjusted EBITDA [1]	545	170	223	128	393
Change in Working Capital	11	-156	64	54	-92
Others	-59	-19	-63	-57	-82
Operating Activities	**498**	**-4**	**224**	**125**	**220**
Interests Paid	-222	-111	-131	-26	-243
Income taxes Paid	-47	-19	-19	-9	-38
Cash Flow bef. investments	**229**	**-135**	**74**	**90**	**-61**
CAPEX	-109	-76	-42	-28	-117
Assets Sales / Others	61	4	87	76	92
Free C. Flow to the company	**182**	**-206**	**120**	**138**	**-86**
Borrowings, financ. & debent.	237	181	56	32	238
Repaym. of Borrowings , financ. & debent.	-411	-42	-248	-149	-290
Dividends	-50	-54	0	0	-54
Other investment activities	57	-8	-12	-13	-20
Chang. in cash & cash equiv.	15	-129	-84	8	-213
Exchange differences	-48	-5	-9	8	-14
Cash and equivalents, EoP	768	635	541	541	541

[1] Adjusted EBITDA: adjustment consists of non-recurring costs

Debt Profile: no material commitments before 2019

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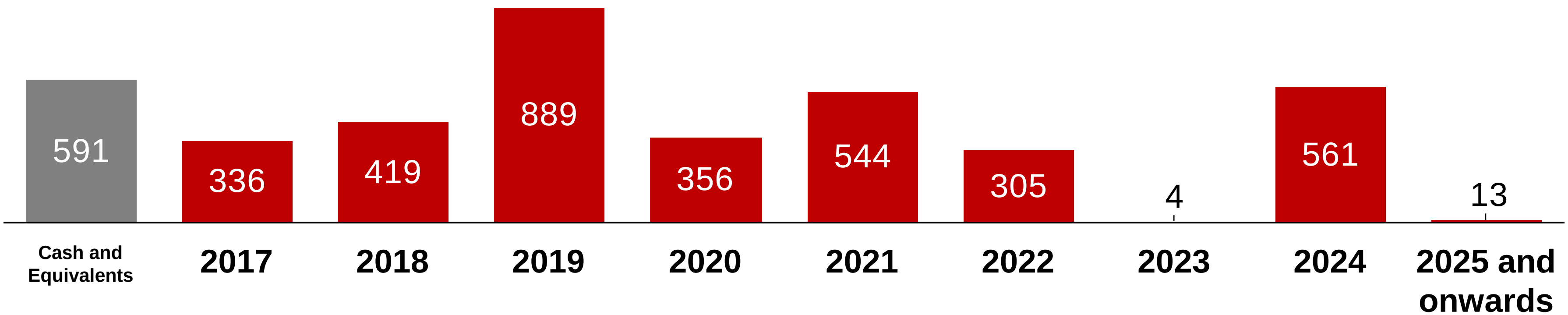
Liquidity covers needs up to 2018.

Average debt maturity of 4 years.

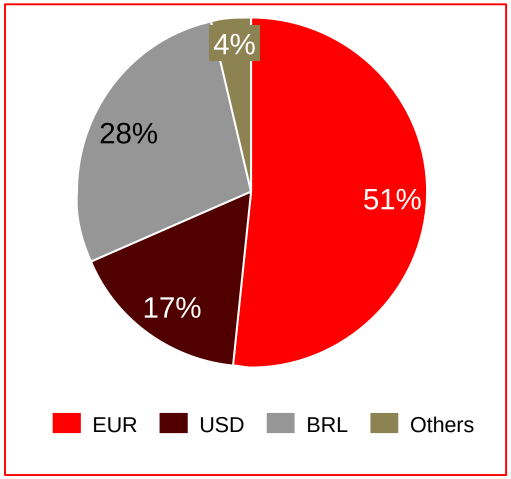
December 31, 2016

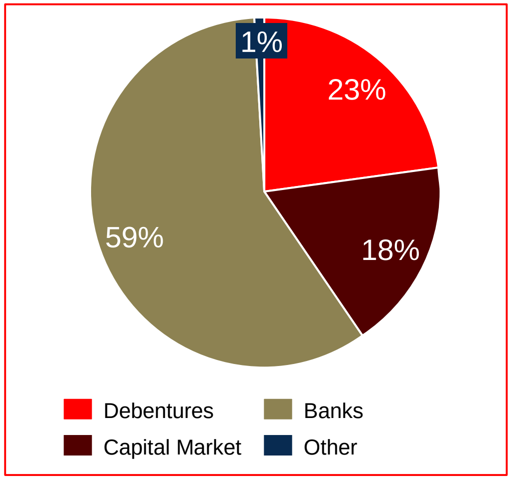
Maturities:

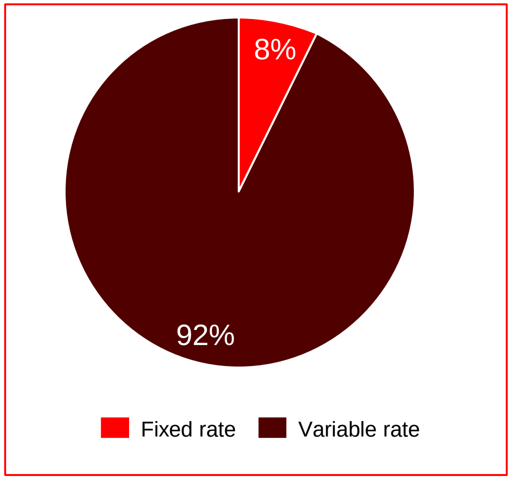
€ million



Profile:







Note: debt profile includes derivatives

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Outlook: Positioned to grab favorable trend. Deleverage.

Efficiency, discipline and agility – Efficiency pack to further deliver in 2017, endowing InterCement to grab a more favorable business environment. Capex discipline to cope with deleveraging, following energy investments completion.

Reinforced capital structure – EBITDA generation to increase and working capital program to deliver. Sale of minority interests and monetization of assets to progress on the short-run.

Per country:

Brazil – Subdued GDP growth for 2017. Specific costumer oriented measures should prove value accretive while residential sector will be market's main driver. Altogether consumption is expected to decrease 5 to 7%, and albeit an EBITDA margin increase EBITDA figures will underperform.

Argentina – Following 2016 economic adjustments, economy is expected to grow 2.7%. This, plus an infrastructure plan, increased confidence and a bumper agricultural harvest is expected to lead to +8% cement consumption. InterCement will pursue commercial and operational efficiency, benefitting from its leading position.

Paraguay – With a GDP growth forecast of 3.6% cement consumption is expected to increase by c. 8%, allowing the company's EBITDA margin to remain the internal benchmark.

Portugal and Cape Verde – EBITDA should recover as to benefit from a more favorable internal market and stronger export performance. Cape Verde EBITDA is to grow following the development of tourist infrastructures.

Egypt – Cement consumption to increase by 3% to 5%. Recent energy matrix update enhances cost structure. Local competition may constrain the offsetting of the inflation of imported raw materials, restricting the expected increase of EBITDA margin.

Mozambique – The political and economic context, combined with the prospects of a water crisis, will require caution in the beginning of 2017. EBITDA margin is to reveal the recently implemented efficiency program.

South Africa – Considering the 2016 performance, affected by external events, EBITDA is expected to recover bringing EBITDA margin up to 30%.

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Thank you!

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