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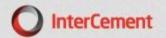
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# Markets revert to growth on Q3



Favorable perspectives materialize on Q3'16, as volumes, sales and EBITDA grow vs. Q2.

**Results still behind 2015:** markets reversion yet to compensate long downturn, while adverse forex hits cost structure and conversion to euros.

**Volumes** are still 12% behind Q3'15 and so are **Sales** (-23%). Though cement price increase in LMU offsets lower volumes, forex and concrete and aggregates assets sale penalize. Ex forex Sales: -8%.

**Efficiency grows: EBITDA margin is up 1pp** on Q3'15 to 19.1 %. Reinforced commercial dynamics, suspension of Cubatão (Brazil) and Loulé (Portugal) units, optimization of energy matrix and redesigned support to operations start delivering.

**EBITDA is 19% behind Q3'15**. Adverse forex on cost structure and translation to euros penalize. Ex forex EBITDA close to Q3'15 (-2%).

**Net Income** is negative on Q3 (-€52M), though higher than Q2 - which registered the €253M goodwill impairment (Brazil) conditioning the 9M'16 figure (-€409M).

Free Cash Flow: -€18M vs €36M in Q3'15, though improving vs Q2 – higher working capital efficiency and disciplined CAPEX.

Initiatives in progress targeting **Net Debt** reduction, from the €2.645M registered by September 30, 2016.

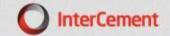




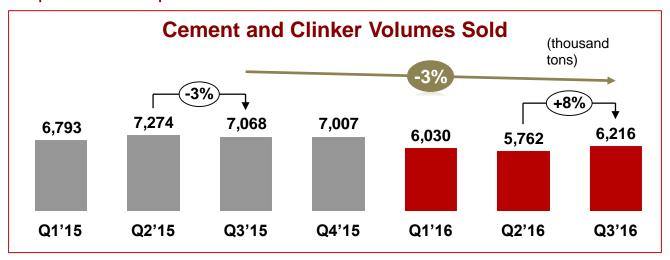
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- Results
- Financing Structure

## Volumes below 2015, but consumption reverts on Q3.

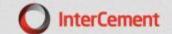


**South America** leads Q3 reversion: Brazil rise; Argentina corrected adjustment from record high 2015; Paraguay grows steadily. **Africa** improved. **Portugal** dropped on lower exports and internal consumption - despite recent improvement.



Cement and Clinker Volumes Sold							
(thousand tons)	3 <sup>rd</sup>	<sup>l</sup> Quarter	Jan - Sep				
	2016	QoQ	YoY	2016	YoY		
Brazil	2,257	11.7%	-17.2%	6,545	-19.2%		
Argentina	1,576	15.5%	-7.3%	4,348	-11.7%		
Paraguay	134	19.9%	25.7%	335	10.8%		
Portugal	600	-24.3%	-35.7%	2,124	-35.7%		
Cape Verde	53	-4.6%	29.5%	157	21.2%		
Egypt	822	16.0%	15.8%	2,382	-3.9%		
Mozambique	484	16.9%	1.8%	1,266	11.2%		
South Africa	353	3.2%	-20.2%	1,011	-5.3%		
Sub-Total	6,279	8.1%	-12.0%	18,167	-15.3%		
Intra-Group Eliminations	-62	29.6%	-6.7%	-159	-52.8%		
Consolidated Total	6,216	7.9%	-12.0%	18,008	-14.7%		

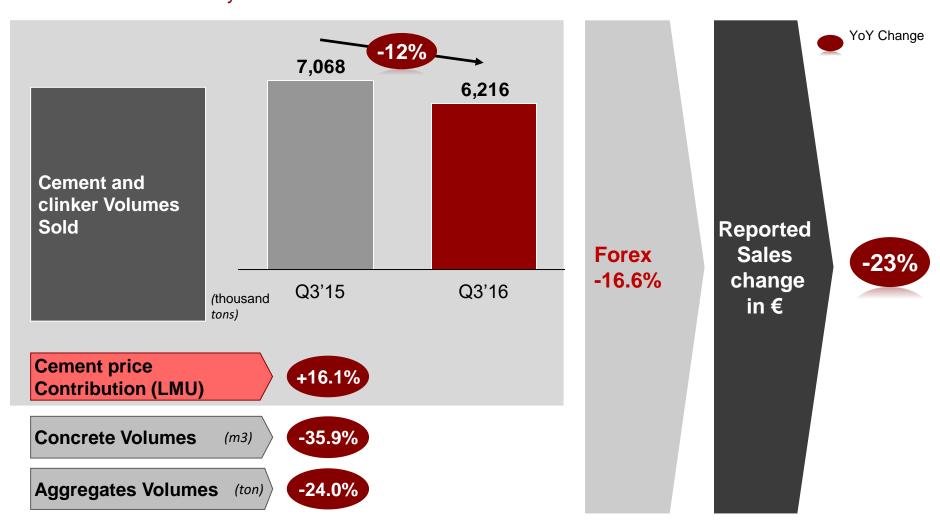
## Sales: lower volumes offset by price increase. Forex penalizes.



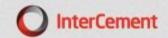
#### Q3 performance:

Average Cement Price increase overcome lower cement volumes.

Adverse FOREX impact (17%) together with Concrete and Aggregates assets sales drive Sales down by 23%.



# Sales behind, but waking in South America and Africa. Forex.

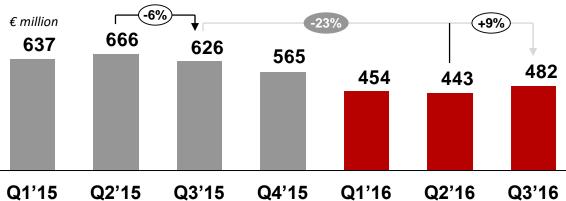


Q3 consumption and higher price improve on Q2 – Sales rise 9%.

Sales still behind Q3'15: -23% (ex-forex: -8%).

Brazil starts recovering. Portugal still stands behind. Egypt overcomes competition. Argentina strength is offset by forex. Mozambique outstands despite (38% forex depreciation). South Africa responded.

		Sale	s - BU op	ening				
(C : II: )	3 <sup>rd</sup> Q	uarter		Jan - Sep				
(€ million)	2016	QoQ	YoY	YoY LC	2016	YoY	YoY LC	
Brazil	140.0	15.0%	-32.1%	-33.0%	397.2	-41.6%	-32.8%	
Argentina	159.0	17.6%	-20.2%	29.7%	427.9	-24.0%	22.9%	
Paraguay	14.7	14.3%	6.6%	13.2%	38.0	-6.8%	5.0%	
Portugal	53.0	-12.4%	-21.1%	-21.1%	167.4	-23.1%	-23.1%	
Cape Verde	8.7	-2.3%	30.7%	30.7%	25.7	27.8%	27.8%	
Egypt	47.5	9.7%	11.9%	26.8%	143.4	-13.7%	-1.1%	
Mozambique	32.1	7.2%	-31.5%	23.4%	96.1	-20.1%	28.5%	
South Africa	29.3	11.8%	-21.0%	-12.5%	78.6	-20.0%	-2.6%	
Trading / Shipping	32.8	-5.3%	-38.6%	-38.6%	115.6	-49.0%	-49.0%	
Others	10.3	-9.6%	-21.7%	-21.7%	32.7	-11.0%	-11.0%	
Sub-Total	527.4	8.8%	-23.1%	-9.4%	1,522.8	-29.8%	-14.3%	
Intra-Group Elimin.	-45.5	10.4%	-24.8%	-24.8%	-143.4	-40.9%	-40.9%	
Consolidated Total	481.9	8.7%	-23.0%	-7.6%	1,379.4	-28.5%	-10.1%	
	-6%)—							



**Brazil:** favorable signs materialized: Consumption reverts to growth - Q3 is up 15% on Q2; price increases in late Q3. Though already rising Sales still behind Q3'15 by 32%.

**Argentina:** Commercial assertiveness on leadership role drives Sales up accommodating inflation. Despite heavy rains in Q3, volumes are back on growth track meeting expected correction from record high 2015. Forex penalized Sales by €77M on Q3 and €215M for the 9M. **Paraguay:** high growth supports sale increase while import pressure fades. Forex penalized.

**Portugal and Cape Verde**: Though signaling recovery on Q3, Portuguese performance reflected the conclusion of 2015 big public works. Exports followed commodities prices drop. Cape Verde grows on tourism.

**Egypt:** Sales grow 12% vs Q3'15 (27% LMU) - new flexibility and response to local price pressure offset adverse impact.

**Mozambique:** strong performance clouded by €21M forex impact on Q3.

**South Africa:** commercial dynamics addressed competition. Forex and weather condition penalize Q3.

## EBITDA: efficiency grew but forex penalized

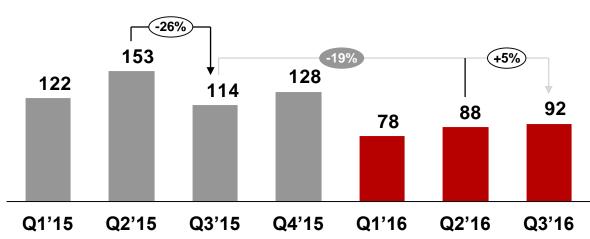


EBITDA margin grows 0.8pp: commercial assertiveness, industrial grid adjustment, energy matrix optimization and corporate restructuring yet to reveal full potential.

Forex penalizes cost structure and translation by €20M. Ex forex EBITDA close do Q3'15 (-2%). Continuous improvement throughout 2016. Q3 is 5% up on Q2.

EBITDA - BU opening								
(C:11:)	3 <sup>rd</sup> Quarter				Jan - Sep			
(€ million)	2016	QoQ	YoY	YoY LC	2016	YoY	YoY LC	
Brazil	23.0	90.6%	-45.0%	-44.6%	51.8	-58.3%	-51.9%	
Argentina & Paraguay	40.0	12.4%	-11.8%	35.8%	110.7	-21.3%	22.3%	
Portugal & Cape Verde	9.1	-46.4%	68.9%	68.9%	34.2	-16.5%	-16.5%	
Africa	20.5	-17.5%	-10.9%	9.2%	62.9	-21.9%	-2.7%	
Trading & Others	-0.8	-56.5%	-53.0%	-53.0%	-2.3	n.m.	n.m.	
Consolidated Total	91.8	4.7%	-19.4%	-1.8%	257.3	-33.9%	-16.1%	
EBITDA margin	19.1%	-0.7 p.p.	0.8 p.p.	1.1 p.p.	18.7%	-1.5 p.p.	-1.3 p.p.	

€ million



**Brazil**: Recent reversion from a low consumption level on a competitive and presently overserved market. Commercial dynamics grabs new trend while efficiency package — Cubatão suspension, new concrete approach, redesigned support to operations - starts delivering. Q3 EBITDA doubles Q2.

**Argentina and Paraguay**: Loma Negra LMU EBITDA rises 38%, with recent growth correction trend in Q3. Higher commercial and operational efficiency addressed new local dynamics, cost inflation and subsidies redraw. Peso drove EBITDA down 12%. Q3 EBITDA is 12% up on Q2, in euros. **Paraguayan** EBITDA was driven by Sales and operating fining. EBITDA margin benchmarks internally (38%).

**Portugal and Cape Verde**: CO2 lower costs benefit Q3.Lower activity drove EBITDA down.

**Egypt:** EBITDA rises 18% on Q3'15.Recent new coal mill to boost operating efficiency. EBITDA mg at start-up already rises (1p.p.).

**Mozambique:** severe metical depreciation (38%) affects dollarized cost structure and translation to euros.

**South Africa:** adverse weather conditions further aggravated by forex.



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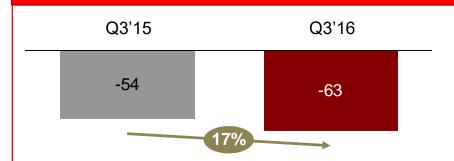
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3. Financing Structure

## Forex affected Financials. Tax credits increased.

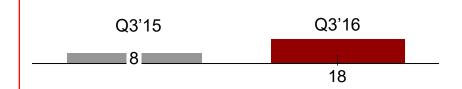


## **Depreciation, Amortizations and Impairments**



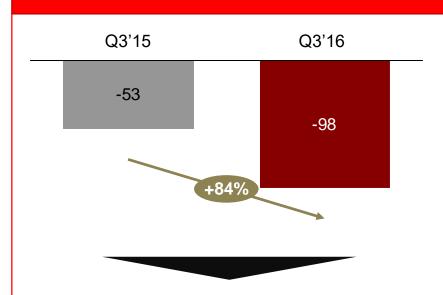
Depreciation and Amortizations reflect forex. 9M'16 figure comprehends Q2'16 Brazilian goodwill impairment registration (€243M).

### **Income Taxes Credits**



Tax credits follow Earnings before Taxes evolution.

## **Financial Results**



Accounting effects of Forex fluctuations on Intercompany Loans benefit Q3'15. Senior Notes acquisition benefit Q3'16.

## **Constrained Net Results - lower activity and Forex.**



Net Results turn negative on a pre-reversion context – slower EBITDA generation combined with forex impacts. 9M'16 Net Results mirrors goodwill impairment in Brazil (€243M).

Income Statement									
/G \	3 <sup>rd</sup> Quarter				Jan - Sep				
(€ million)	2016	2015	QoQ	YoY	2016	2015	YoY		
Sales	481.9	625.5	8.7%	-23.0%	1,379.4	1,928.1	-28.5%		
Net Operational Cash Costs	390.1	511.6	9.7%	-23.7%	1,122.1	1,538.8	-27.1%		
Operational Cash Flow (EBITDA)	91.8	113.9	4.7%	-19.4%	257.3	389.4	-33.9%		
Deprec. Amort. and Impairments	63.0	53.6	-78.5%	17.4%	406.5	161.2	152.1%		
Operating Income (EBIT)	28.8	60.3	n.m.	-52.2%	-149.2	228.2	n.m.		
Financial Results	-98.0	-53.2	-21.3%	84.4%	-303.8	-184.5	64.6%		
Pre-tax Income	-69.2	7.1	n.m.	n.m.	-453.0	43.7	n.m.		
Income Tax	-17.7	-7.9	-21.9%	122.7%	-43.6	14.8	n.m.		
Net Income	-51.5	15.1	-83.2%	n.m.	-409.3	28.9	n.m.		
Attributable to:									
Shareholders	-34.7	26.7	-85.0%	n.m.	-305.8	49.3	n.m.		
Minority Interests	-16.8	-11.6	-77.9%	44.5%	-103.6	-20.4	n.m.		



# Forex and Q2 impairment affected Balance Sheet

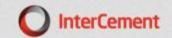


€5,563M Total Assets. Equity reflects forex and Q2'16 impairments.

Net Debt reaches €2,645M, +18% vs December, though not changing materially since June.

Consolidated Balance Sheet Summary								
(€ million)	Sep 30 2016	Dec 31 2015	Var. %					
Assets								
Non-current Assets	4,127	4,212	-2.0					
Derivatives	181	239	-24.1					
Current Assets								
Cash and Equivalents	556	791	-29.8					
Derivatives	23	25	-5.6					
Other Current Assets	675	645	4.7					
Total Assets	5,563	5,911	-5.9					
Shareholders' Equity attributable to:								
Equity Holders	777	1,049	-25.9					
Minority Interests	418	452	-7.6					
Total Shareholders' Equity	1,194	1,500	-20.4					
Liabilities								
Loans & Obligations under finance leases	3,390	3,291	3.0					
Derivatives	16	7	122.7					
Provisions & Employee benefits	126	137	-8.2					
Other Liabilities	837	975	-14.2					
Total Liabilities	4,369	4,411	-1.0					
Total Liabilities and Shareholders' Equity	5,563	5,911	-5.9					

# FCF: Lower EBITDA mitigated by WC and Forex discipline.

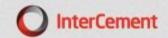


EBITDA contraction and Q2 items- lawsuit settlement and CO2 permits management –penalize Operating Activities FCF generation vs 9M'15.

9M Interest paid comparison penalized with cancelation of derivative instrument in Q2'15. Q3 improves on Q2 - working capital release and capex discipline.

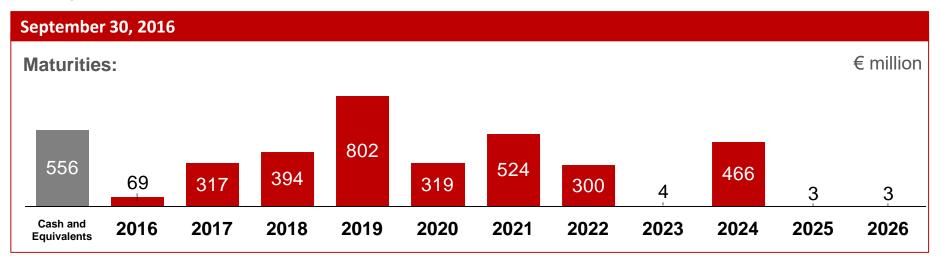
Free Cash Flow								
(€ m illion)	20	15	2016					
	Q3	9M	Q1	Q2	Q3	9M		
Adjusted EBITDA *	117	397	79	91	96	266		
Change in Working Capital	47	-56	-78	-78	10	-146		
Others	-4	-9	-15	-3	-6	-25		
Operating Activities	161	332	-14	10	99	95		
Interests Paid	-90	-174	-51	-61	-105	-217		
Income taxes Paid	-4	-31	-6	-13	-9	-29		
Cash Flow before investments	67	127	-71	-64	-16	-151		
CAPEX	-33	-109	-28	-47	-13	-89		
Assets Sales / Others	1	12	1	3	11	15		
Free Cash Flow to the company	36	30	-98	-108	-18	-224		
Borrowings, financing and debentures	59	207	24	157	24	206		
Repayment of borrowings, financ. and debent.	-137	-316	-38	-4	-99	-141		
Dividends	0	-50	0	-54	0	-54		
Other investment activities	-89	-29	-18	10	1	-7		
Changes in cash and cash equivalents	-131	-159	-130	2	-92	-220		
Exchange differences	-47	-38	-14	9	-17	-22		
Cash and cash equivalents, End of the Period	605	605	623	635	526	526		

## Debt Profile: no material commitments before 2019

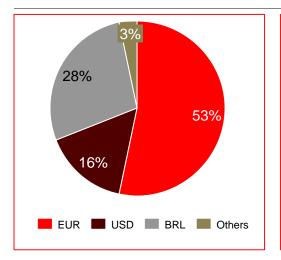


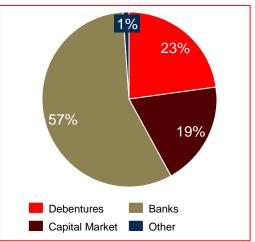
Liquidity covers needs up to 2018.

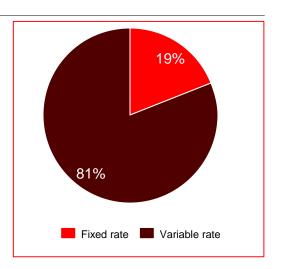
Average debt maturity of 4 years.



#### **Profile:**







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Thank you!

