INTERIM CONSOLIDATED FINANCIAL REPORT

1st Quarter

2017

Building Sustainable Partnerships

InterCement
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InterCement operations improve on Q1

EBITDA grew 8% (YoY) as efficiency increased on the back of the initiatives pursued in the last two years. EBITDA margin rose 1.4pp to 18.6%.

Working capital seasonality together with future increasing activity and circumstantial inventory management required further investment, which combined with higher capex disbursements - energy upgrade conclusion and environmental compliance - prevented FCF generation.

New growth cycle in Argentina, outstanding deliver capacity in Paraguay, Portuguese market recovery and South Africa operational dynamics, along with local currency average price adjustment (+10%) and favorable Brazilian currency performance, kept Sales at Q1'16 level, overcoming lower consolidated cement and clinker volumes sold (-6.8%). A lagging Brazilian market and the challenges brought in by Egypt and Mozambique were no obstacles for InterCement to grab new growth opportunities in its portfolio.

Cash Costs were down by 2%, reflecting market adjustment initiatives.

Financial results, unlike Q1'16, were not negatively affected by forex.

Net Income recovered by 39%, though still negative (€-31M).

Net Debt increased 4.9%, from December 31th 2016, reflecting the negative Free Cash Flow (€-103M) - justified by seasonality, inventory management and capex.

As further described in subsequent events, asset monetization progressed, improving liquidity profile, and the sale of minority interests evolved, targeting InterCement deleveraging process - which is also to benefit from the expected full year positive Free Cash Flow generation.

Income Statement			
(€ million)	1st Quarter		
	2017	2016	YoY
Sales	**453.0**	**454.1**	**-0.2%**
Net Operational Cash Costs	368.8	376.2	-2.0%
Operational Cash Flow (EBITDA)	**84.2**	**77.9**	**8.2%**
Deprec. Amort. and Impairments	51.1	50.4	1.3%
Operating Income (EBIT)	**33.1**	**27.4**	**20.8%**
Financial Results	-60.9	-81.3	-25.1%
Pre-tax Income	**-27.8**	**-53.9**	**-48.4%**
Income Tax	3.2	-3.3	-197.4%
Net Income	**-31.0**	**-50.6**	**-38.6%**
Attributable to:			
Shareholders	-26.3	-39.6	-33.5%
Minority Interests	-4.7	-11.0	-57.1%

1. Q1'17 Performance

EBITDA and EBITDA margin increased, despite lower activity. Focus on commercial assertiveness and operating efficiency – industrial grid adjustment, energy matrix optimization and redesigned support to operations.

Set-up for short-term growth and inventory management to minimize variable costs required working capital investment. Capex addressed energy upgrade and environmental requirements. Furthermore, seasonality affected performance, resulting in negative FCF.

Cement and Clinker Volumes Sold still reflected exposure to the Brazilian crisis, the on-going adjustment of the Egyptian economy and the adverse context in Mozambique.

However, Argentina rise in the new growth cycle, Paraguay benchmarking, strong Portuguese market recovery and South Africa operating excellence drivers, together with price adjustments (+10%), offset lower volumes from other geographies, kept sales at Q1'16 level.

Volumes reached 5.6 million tons in Q1. Brazilian crisis, Egypt's economic adjustments and adverse Mozambican context, penalized demand and drove consolidated volumes sold down by 6.8%.

Sales kept at Q1'16 level. Favourable market conditions in Argentina, Paraguay deliver capacity, Portuguese recovery and South African operating dynamics, together with average price adjustment (+10%) to overall cost inflation, offset lower volumes sold.

EBITDA grew 8%, while EBITDA margin went up 1.4p.p. to 18.6%, despite the rising energy cost pressure.

Reinforced commercial strategy combined with increasing efficiency initiatives pack undertook in late 2015 and 2016 – adjustments on the industrial grid, optimization of energy matrix and redesigned support to operations – delivered on a lower activity scenario, revealing the company's new potential to grab market opportunities in rising favourable scenarios.

New efficiency initiatives progressed, implicating €4.5M indemnity and compensation expenses – mostly registered in Egypt (€2.8M). Excluding non-recurrent costs, EBITDA would have reached €88.7M, growing 13%, and EBITDA margin would have improved to 19.6%.

Depreciations Amortisations and Impairments, kept at Q1'16 level.

Financial Results improved by 25% - unlike Q1'16, were not penalized by foreign exchange rates performance.

Net Income, though enhanced 39%, was still negative (€-31M).

Free Cash Flow on Q1 (€-103M) degraded by 5%. In the seasonally most demanding quarter, set up for a new growth cycle in some markets together with active inventory management – stoppages planning and variable cost efficiency approach mode - required further working capital investment. Capex addressed the remaining new Egypt coal mill commitments, fast return coprocessing investments and environmental required initiatives.

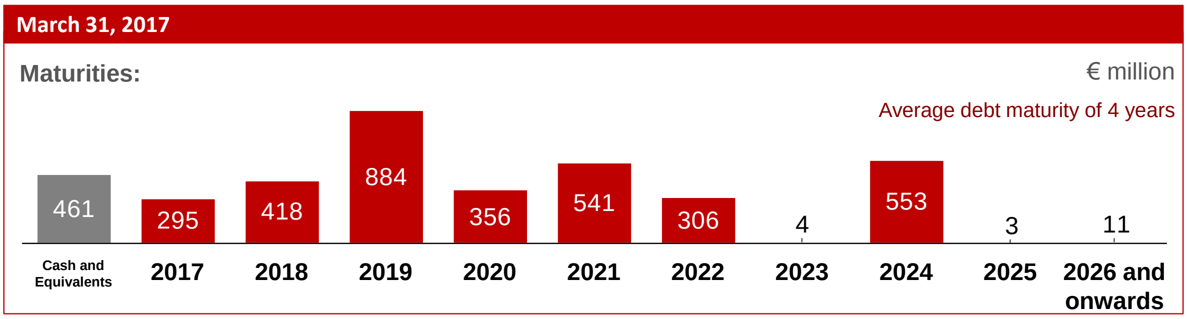
Free Cash Flow		
(€ million)	1st Quarter	
	2017	2016
Adjusted EBITDA *	89	79
Change in Working Capital	-113	-78
Others	-5	-15
Operating Activities	**-29**	**-14**
Interests Paid	-26	-51
Income taxes Paid	-6	-6
Cash Flow before investments	**-61**	**-71**
CAPEX	-44	-28
Assets Sales / Others	2	1
Free Cash Flow to the company	**-103**	**-98**
Borrowings, financing and debentures	22	24
Repayment of borrowings, financ. and debent.	-52	-38
Dividends	0	0
Other investment activities	32	-18
Changes in cash and cash equivalents	-101	-130
Exchange differences	1	-14
Cash and cash equivalents, End of the Period	441	623

* Adjusted for non-recurrent figures.

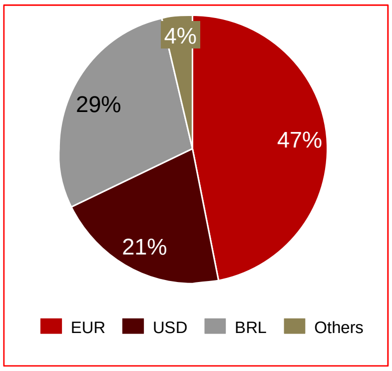
Total Assets stood at €5.351M, a similar level to December 31, 2016.

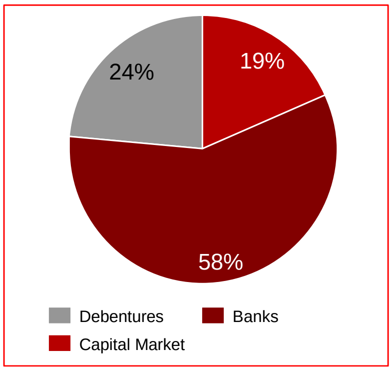
Consolidated Balance Sheet Summary			
(million euros)	Mar 31 '17	Dec 31 '16	Var. %
Assets			
Non-current Assets	3,976	3,957	0.5
Derivatives	176	215	-18.2
Current Assets			
Cash, Equivalents and Securities	461	591	-22.0
Derivatives	23	26	-12.8
Other Current Assets	715	629	13.7
Total Assets	**5,351**	**5,419**	**-1.3**
Shareholders' Equity attributable to:			
Equity Holders	556	564	-1.4
Minority Interests	398	391	1.7
Total Shareholders' Equity	**954**	**955**	**-0.1**
Current Liabilities			
Loans & Obligations under finance leases	351	336	4.6
Derivatives	4	8	-56.5
Provisions & Employee benefits	1	1	0.0
Other Current Liabilities	551	569	-3.2
Non-current Liabilities			
Loans & Obligations under finance leases	3,037	3,090	-1.7
Derivatives	6	7	-25.2
Provisions & Employee benefits	114	114	0.1
Other Non-current Liabilities	334	338	-1.2
Total Liabilities	**4,397**	**4,464**	**-1.5**
Total Liabilities & Shareholders Equity	**5,351**	**5,419**	**-1.3**

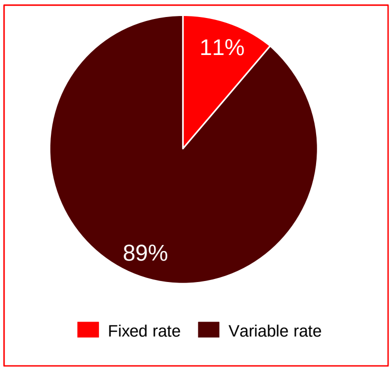
Net Debt reached €2,737M, 5% above December 31, 2016, reflecting the free cash flow erosion of €103M.



Debt profile:







2. Operations in-depth look – Q1'17

Brazil

Brazil consumption followed the anticipated slow down pace for 2017, and so did InterCement volumes sold – though in a more pronounced magnitude (-15%), as focused on an EBITDA accretive market approach. Overcapacity in Brazil still prevented price adjustments, penalizing overall industry performance.

Efficiency increasing initiatives recently implemented materialized in local currency cost reductions – fixed costs (-16%); variable costs (-9%); SGA (-17%). However, a lower activity level deteriorated EBITDA generation.

Argentina & Paraguay

EBITDA increased 48% with an EBITDA margin of 27.5%, riding InterCement operations momentum on both geographies.

Argentina

After a mild beginning of the year, Argentinian demand revealed a two-digit growth in March. The redesigned cost structure together with the commercial reaction towards inflation adjustments requirements succeeded.

Paraguay

Industrial operating excellence combined with a fruitful commercial strategy brought EBITDA margin to record high levels. Operations reached maturity, overcoming the recent installed integrated plant technical performance. Volumes and Sales grew more than 60% in an attractive economic scenario.

Egypt

The Egyptian macroeconomic restructuring, justifying the 51% depreciation of local currency and comprehending the elimination of energy subsidies, brought adjustments challenges such as a double-digit slowdown in local cement demand.

Despite the past proven Egyptian cement market resilience; the combined effect of cement sales drop and Egyptian pound depreciation drove sales down by 54%.

The operating flexibility and efficiency brought by the recently installed coal mill (energy matrix upgrade program), would have allowed, in local currency, to overcome the adverse circumstances impact on EBITDA generation. However, the cost of further efficiency initiatives taken in this quarter – namely non-recurring indemnities and compensations from head count reduction (€2.8 million) -, penalized EBITDA and dropped EBITDA margin to a sole digit level.

Mozambique

In a challenging political economic adverse context since late 2016, Q1 demand in Mozambique dropped more than 30% dragging sales down by 37%.

Nevertheless, efficiency initiatives implemented in 2016 delivered. Despite the slowdown and cost inflation impact on EBITDA and EBITDA margin, the latter improved from Q1'16 and both stood above the observed in Q4'16.

Furthermore, efficiency focus progressed in this quarter with the partial suspension of a milling facility, enhancing InterCement flexibility to address the current Mozambique context.

South Africa

Industrial excellence plan urged further capacity utilization and drove cement production up, enabling the reinforced commercial approach to grow volumes sold by 11%.

Though benefiting from a 24% appreciation of the local currency, EBITDA raised moderately, reflecting maintenance interventions in this quarter.

Portugal & Cape Verde

The recovery of internal market sales in Portugal, together with the recently implemented efficiency pack, allowed a 30% increase of EBITDA, and a 3p.p. improvement of the EBITDA margin.

Portugal

Local demand recovered, registering a 24% increase of cement and clinker volumes sold in the local market, while exports recovery lagged. Sales increased by 14%.

Cape Verde

Major new works delay draw down contribution to consolidated figures.

Cement and Clinker Volumes Sold			
(thousand tons)	1st Quarter		
	2017	2016	YoY
Brazil	1,918	2,267	-15.4%
Argentina	1,446	1,408	2.7%
Paraguay	147	90	64.7%
Portugal	771	730	5.6%
Cape Verde	43	49	-12.2%
Egypt	722	851	-15.1%
Mozambique	251	368	-31.8%
South Africa	351	315	11.2%
Sub-Total	**5,650**	**6,079**	**-7.1%**
Intra-Group Eliminations	-32	-49	-35.3%
Consolidated Total	**5,618**	**6,030**	**-6.8%**

Sales			
(€ million)	1st Quarter		
	2017	2016	YoY
Brazil	121	135	-10.7%
Argentina	172	134	28.6%
Paraguay	17	10	62.6%
Portugal	61	54	13.6%
Cape Verde	7	8	-15.5%
Egypt	24	53	-54.5%
Mozambique	21	34	-37.0%
South Africa	31	23	35.3%
Trading / Shipping	47	48	-3.4%
Others	11	11	-0.2%
Sub-Total	**512.5**	**510.7**	**0.3%**
Intra-Group Eliminations	-59	-57	5.0%
Consolidated Total	**453.0**	**454.1**	**-0.2%**

EBITDA			
(€ million)	1st Quarter		
	2017	2016	YoY
Brazil	8.9	16.8	-46.7%
Argentina & Paraguay	51.9	35.1	48.0%
Portugal & Cape Verde	10.5	8.2	29.1%
Africa	11.2	17.5	-35.9%
Trading / Shipping & Others	1.6	0.3	n.m.
Consolidated Total	**84.2**	**77.9**	**8.2%**
EBITDA margin	***18.6%***	***17.1%***	***1.4 p.p.***

3. Subsequent events

Derivatives

On April 2017, following the announced asset monetization initiatives within the company's capital strengthening program, InterCement completed the unwind process of its derivative portfolio, rising cash and equivalents of USD 223 million (circa € 208 million).

Estreito Hydropower Plant

On May 2017, InterCement signed an agreement to sell part of its stake in the Estreito hydropower plant for BRL 290 million (circa € 87 million).

The company sold a 19.2% stake in Estreito Participações, S.A. – a fully owned InterCement subsidiary and the holder of a 4.44% stake in the share capital of the exploring consortium of the CESTE – Consórcio Estreito Energia Usina Hidreletrica Estreito hydroelectric plant (Rio Tocantins, Tocantins – Brazil).

This transaction, following those concerning InterCement stakes on Barra Grande (BAESA) and Machadinho (MAESA), completes the sale of energy assets, defined within the company's capital strengthening program.