InterCement
2018 Results Presentation

InterCement

Building sustainable partnerships

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1 Main Figures

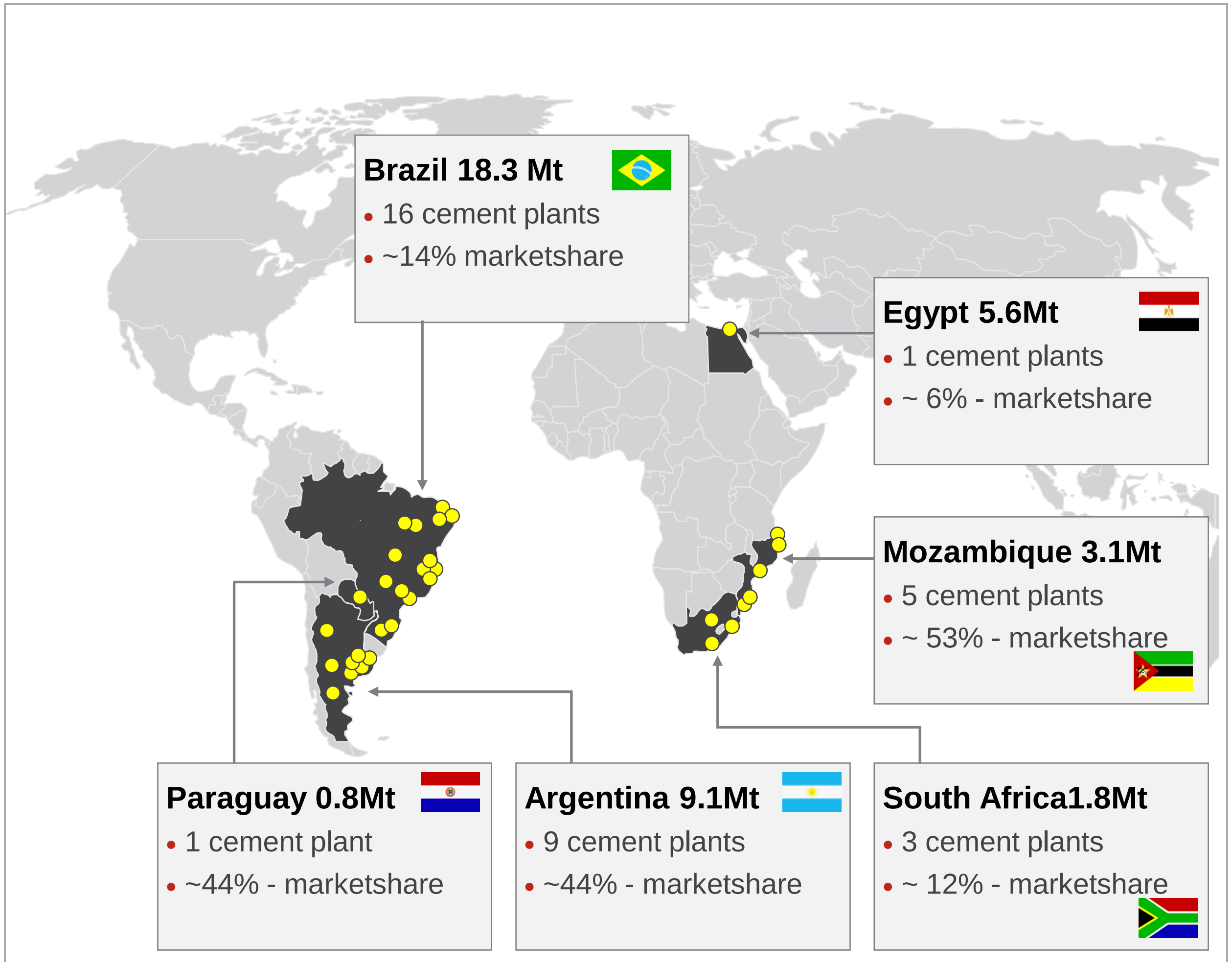
2018 Highlights

- In January 2019, the Company has **completed the sale** of the business operations in Portugal and Cape Verde with a reference price of **707 million Euros**. The transaction will strengthen the capital structure and enable to focus on high potential growth regions.
- **Debt Payments of 680 million Euros** in 2018 targeting an adequate maturity schedule avoiding amortization pressure until 2021. Net Debt reached €1.670,7M, 9.6% up on Dec'17. Announced assets sale is yet to impact Net Debt.
- **Sales reached €1.457M**, down 13.2% from 2017. Excluding forex impact, Sales would have increased 16.8%, supported by growth in all geographies in local currency.
- LTM Adjusted **EBITDA stood at 331 million Euros** (integral basis) and 270 million Euros (Continuing Op.)
- Overall portfolio FX devaluation negatively impacted EBITDA generation by **107 million Euros**, mostly in Argentina (54% YoY average in 2018)
- Combination of on-going efficiency initiatives under **IC-TURN project** aiming to strengthen capital structure and support deleveraging process.

Balanced Portfolio

Geographicaly diversified footprint focused on high growth and high potencial markets

Footprint



Brazil 18.3 Mt
- 16 cement plants
- ~14% marketshare

Egypt 5.6Mt
- 1 cement plants
- ~ 6% - marketshare

Mozambique 3.1Mt
- 5 cement plants
- ~ 53% - marketshare

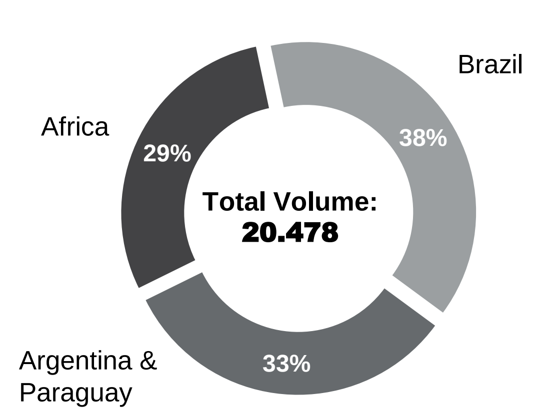
Paraguay 0.8Mt
- 1 cement plant
- ~44% - marketshare

Argentina 9.1Mt
- 9 cement plants
- ~44% - marketshare

South Africa1.8Mt
- 3 cement plants
- ~ 12% - marketshare

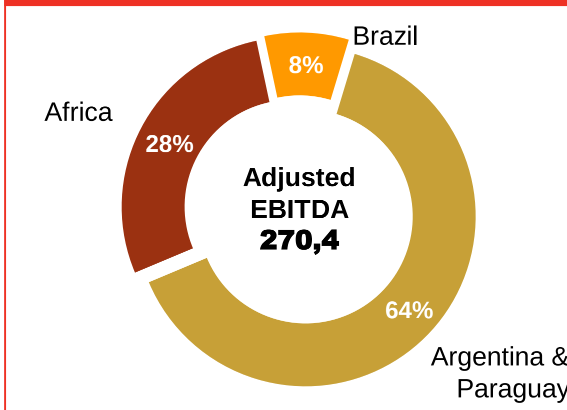
Volume Sold Continued

(2018, thousand tons)



Adjusted EBITDA Continued

(2018, Million Euros)



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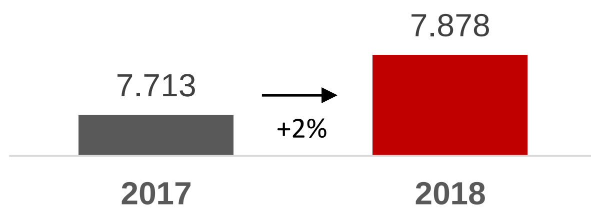
Main Figures

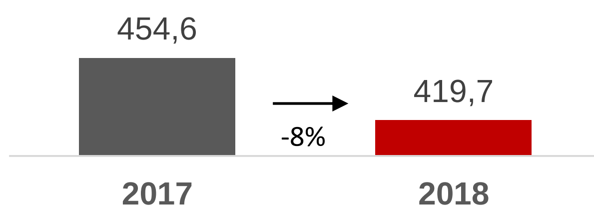
Performance - Brazil

Cement and Clinker Volumes Sold
(thousand tons)



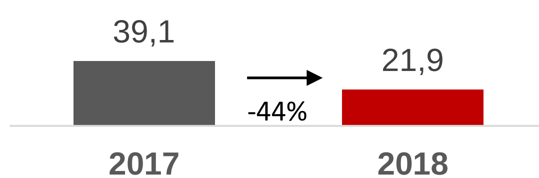
- InterCement volumes sold increase despite of national cement consumption reduction by 1.2% in 2018
- 4Q18 revealed a turnaround in this trend setting the pace for 2019, where total national sales are expected to increase

SALES
(Million Euros)



- Price and volume increase were offseted by the BRL/EUR devaluation of 19,8% (average) in 2018
- Long-term Brand Portfolio positioning redefinition helped on the revenue performance.

Adjusted EBITDA
(Million Euros)

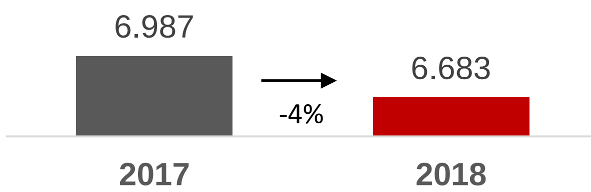


- Adjusted EBITDA reduction due to the impact of higher freight and energy costs.
- EBITDA went up from 39 to 22 million Euros, excluding the recognition of one on-going judicial revenue taxation dispute (PIS COFINS).

Main Figures

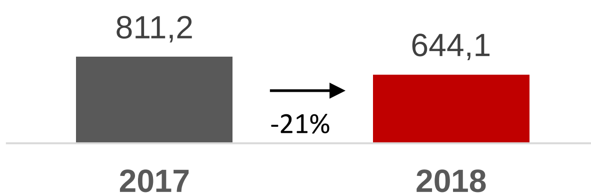
Performance – Argentina & Paraguay

Cement and Clinker Volumes Sold
(thousand tons)



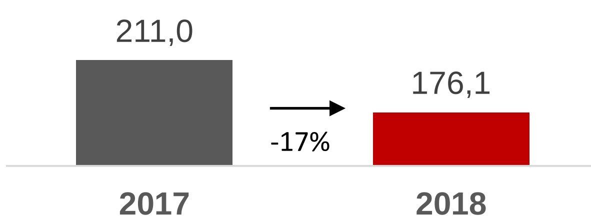
- Economic crisis led to high inflation and interest rates. Consumer confidence dropped impacting the cement demand specially on 2H18.
- Paraguay registered stable levels of cement consumption.

SALES
(Million Euros)



- Argentina: Despite the adverse market, price environment led sales to increase 34.3% in local currency, but the ARS depreciated by 54% (YoY average) in 2018 more than offseting it,
- Paraguay had a slightly decrease of sales in Euros, but only corresponded for 1% of the total decrease.

Adjusted EBITDA
(Million Euros)

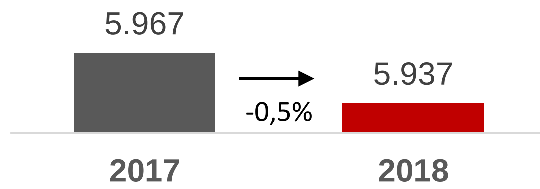


- Results from Argentina adjusted as per IAS-29 (hyper-inflationary economy) negatively impacting the EBITDA by 14 million Euros in addition to the FX devaluation (in both countries).
- EBITDA margin improved in 1p.p. in Argentina. Paraguay kept margin above 40%.

Main Figures

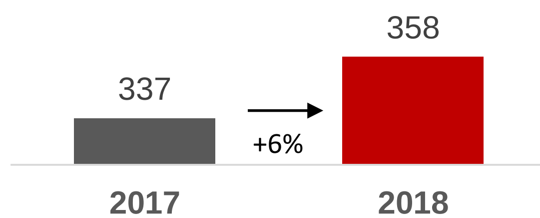
Performance – Africa (Egypt, Mozambique and South Africa)

Cement and Clinker Volumes Sold
(thousand tons)



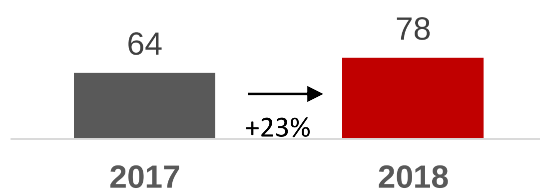
- Volume increase in Mozambique and South Africa almost compensates the Egypt drop in volume, registered even on a GPD growth scenario.

SALES
(Million Euros)



- Stable revenue generation in South Africa, reflecting limited pricing power and FX impact.
- Strong positioning from core market enabled to protect sales in Egypt.
- Price increase trend from local market led to revenue growth combined with volume growth.

Adjusted EBITDA
(Million Euros)



- Cost control initiatives in Mozambique and Egypt, counterbalanced the fuel and electricity prices rise in the region and also the slightly decrease in margins from South Africa due to above inflation cost increase.
- EBITDA for the group also increased, from 64 to 78 million euros, due cost control initiatives.

Main Figures

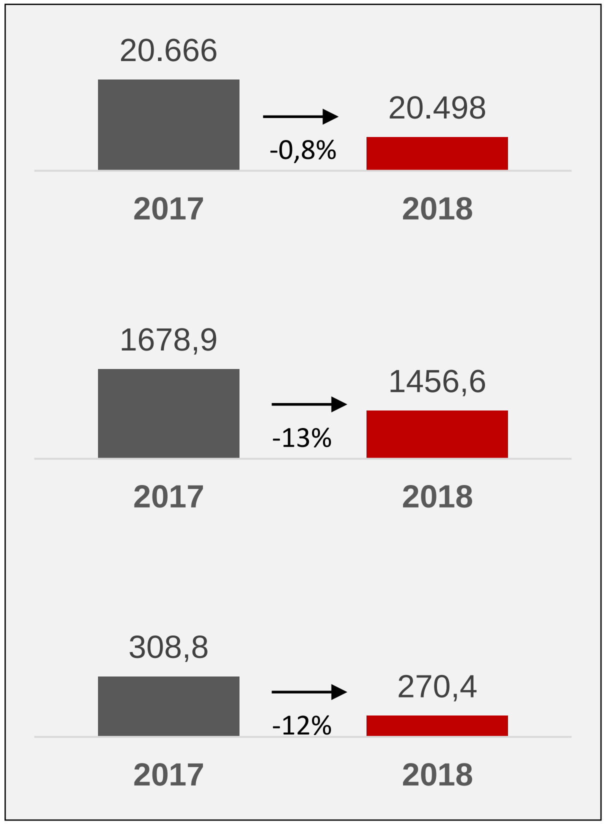
Performance – Continuing and Discontinued

Cement and Clinker Volumes Sold (thousand tons)

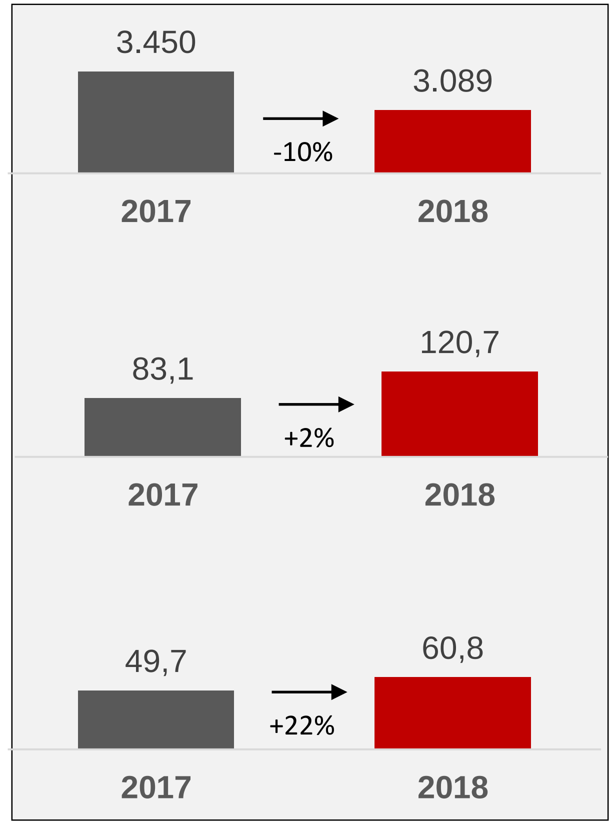
SALES (Million Euros)

Adjusted EBITDA (Million Euros)

Continuing Operation



Discontinued Operation



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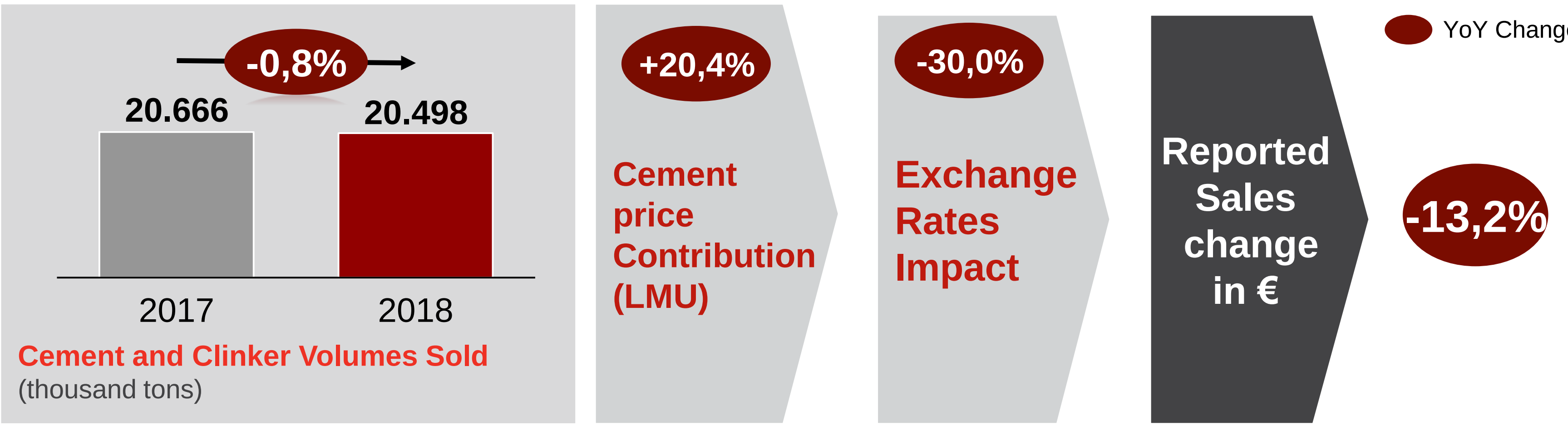
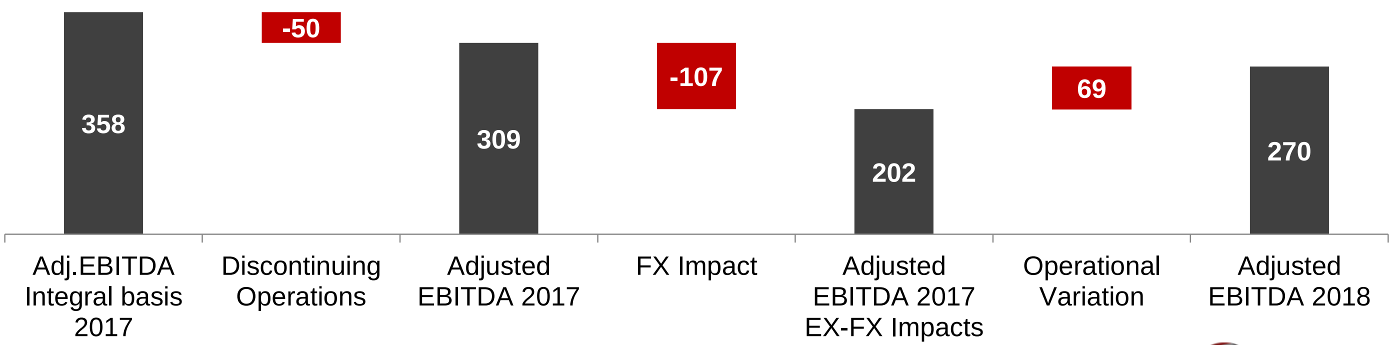
<u>Continuing operations</u> revealed flatish Volumes and 20% price increase. Forex offset local currency growth.

Sales were down 13.2%, though up 16.8% ex-forex. Forex penalized Sales in € by €504M.
Cement average price increased in local currencies throughout the portfolio, absorbing cost inflation.
Brazil, Mozambique and South Africa volumes sold growth balanced Argentina and Egypt lower market dynamic.
The impact over Adjusted EBITDA amounted €107M. Margin increased by 0.2p.p.

FX Impact over 2018 Revenue



FX Impact over Adjusted EBITDA 2018

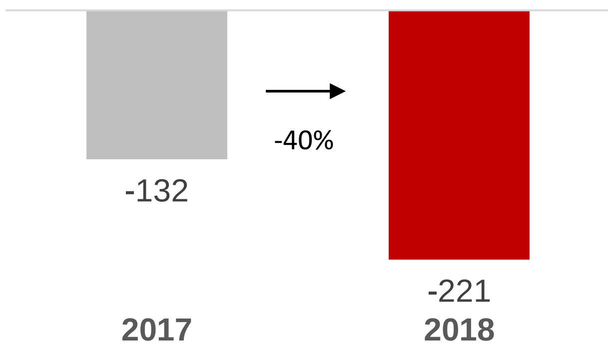


2 NET INCOME

Significant Financial Cost Reduction due to Liability Management Program offseted FX Variation (non cash)

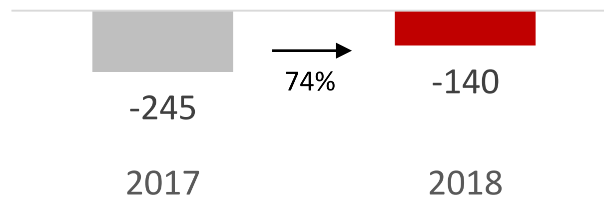
€ million

Financial Results



2017 registered positive impact of circa 128 million euros due to FX variation. However, in 2018 FX registered negative impact of circa 79 million euros. Variation of 207MM

Interest Expenses



Interest Expenses in the period. Impacted positively from the Debt Reduction from Liability Management Program

Depreciation and Amortizations

Do not consider Impairment effects

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Net Loss derived from FX depreciation effect on Financial Results

Continuing Operations

Income Statement						
million €	2018	2017	Chg.	4Q18	4Q17	Chg.
Sales	**1.457**	**1.679**	**-13,2%**	**333**	**423**	**-21,2%**
Net Operational Cash Costs	1.191	1.432	-16,9%	270	390	-30,6%
Operational Cash Flow (EBITDA)	**266**	**247**	**7,9%**	**63**	**33**	**89,5%**
Depreciations. Amort. and Impairments	214	388	-45,0%	110	93	18,5%
Operating Income (EBIT)	**53**	**-142**	**137,1%**	**-47**	**-60**	**20,9%**
Financial Results	-221	-132	-67,3%	-39	-69	43,3%
Pre-tax Income	**-169**	**-274**	**38,4%**	**-86**	**-129**	**33,0%**
Income Tax	33	144	-76,8%	8	130	-93,7%
Net Inc. from Continuing Operations	**-202**	**-418**	**51,6%**	**-94**	**-259**	**63,6%**
Net Inc. from Discontinued Operations	**7**	**-13**	**156,4%**	**4**	**-7**	**147,9%**
Total Net Income	**-195**	**-431**	**54,8%**	**-91**	**-266**	**65,9%**
Attributable to:						
Shareholders	-192	-364	47,1%	-95	-231	59,0%
Non-controlling interests	-2	-67	96,7%	4	-35	111,9%

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3 FINANCING STRUCTURE

Balance Sheet strengthened from Liability Management actions. FX penalized.

Integral Basis

Consolidated Balance Sheet Summary			
million €	2018	2017	Var. %
Assets			
Non-current Assets	2.677	3.269	-18,1
Derivatives	3	7	-49,7
Current Assets			
Cash, Equivalents and Securities	342	1.200	-71,5
Derivatives	0	4	-100,0
Other Current Assets	415	494	-16,0
Assets classified as held for sale	747	0	100,0
Total Assets	**4.184**	**4.973**	**-15,9**
Shareholders' Equity attributable to:			
Equity Holders	975	841	15,9
Non-controling interests	189	463	-59,2
Total Shareholders' Equity	**1.164**	**1.303**	**-10,7**
Current Liabilities			
Loans & Obligations under finance leases	491	573	-14,3
Provisions & Employee benefits	0	1	-95,1
Other Current Liabilities	427	534	-20,0
Non-current Liabilities			
Loans & Obligations under finance leases	1.447	2.139	-32,4
Derivatives	0	17	-98,2
Provisions & Employee benefits	70	138	-49,2
Other Non-current Liabilities	278	268	3,7
Liabilities assoc. w/ Assets classified as held for sale	307	0	100,0
Total Liabilities	**3.021**	**3.670**	**-17,7**
Total Liabilities & Shareholders Equity	**4.184**	**4.973**	**-15,9**

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Cash Flow

Working Capital impacted by (i) non cash gains in tax provision of 59 million Euros (PIS COFINS) (ii) L'Amali suppliers payments and (iii) Hyperinflation adjustment in inventories in Argentina. (iv) CAPEX investments in Mozambique and Argentina increased by 30% over 2017. (v) Interest payments reduced by 73 million Euros due debt reduction from Liability Management program, lower interest rates and FX impacts.

Integral Basis

Cash Flow Generation Map (Integral Basis)				
million €	2018	2017	4Q18	4Q17
Adjusted EBITDA	331	358	92	101
Change in Working Capital	-109	74	69	222
Others	-22	-80	7	-63
Operating Activities	**200**	**353**	**168**	**261**
Interests Paid	-152	-225	-9	-21
Income taxes Paid	-58	-51	-30	-15
Cash Flow before investments	**-9**	**78**	**129**	**225**
CAPEX	-192	-147	-56	-30
Redemption of (Investments in) securities	44	-11	11	-37
Assets Sales / Others	5	7	1	3
Free Cash Flow to the company	**-152**	**-74**	**85**	**160**
Borrowings, financing and debentures	80	298	32	9
Repayment of borrowings, financ. and debent.	-680	-689	-101	-204
Swap Transactions	-23	204	4	0
Capital Increases	68	0	68	0
Other investment activities	-11	933	-9	933
Changes in cash and cash equivalents	-718	673	79	898
Exchange differences	-34	-76	23	-36
Cash and cash equivalents, End of the Period	385	1.138	385	1.138

End of period Cash and cash equivalents from discontinued operations accounts for 58,7 million euros.

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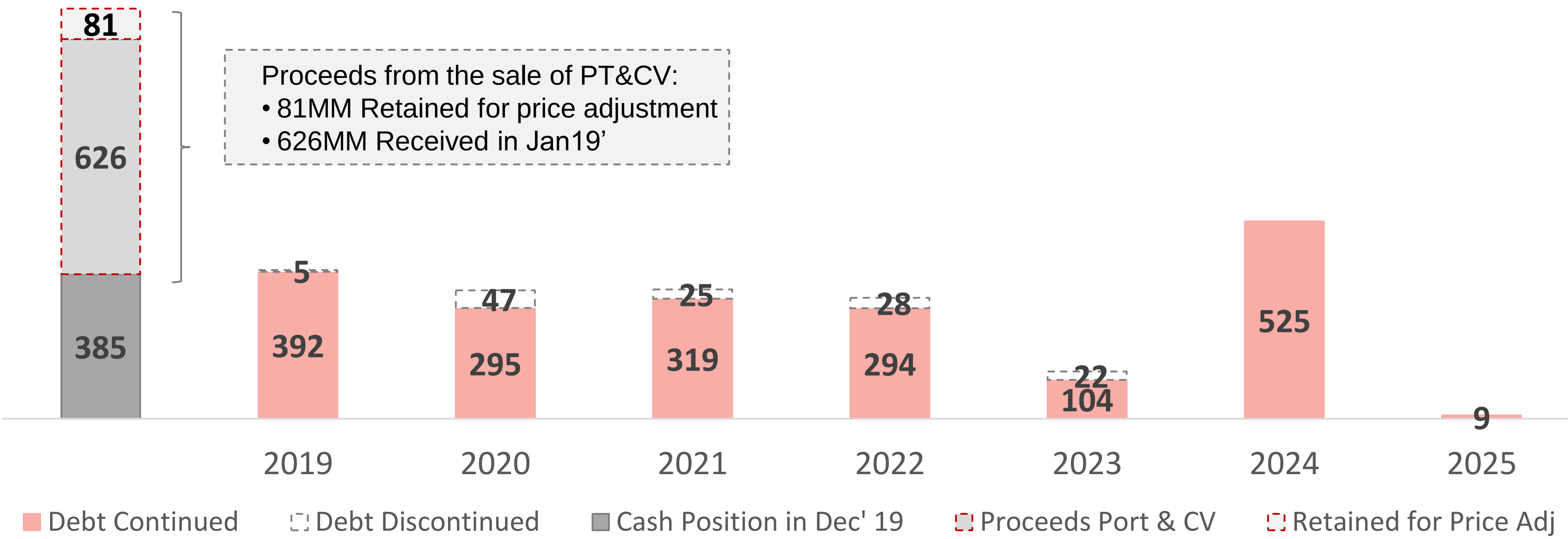
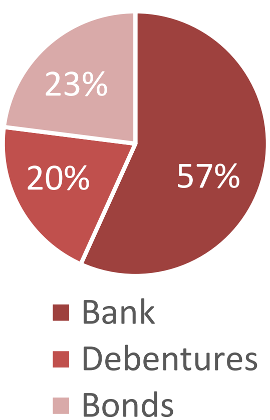
Capital Structure

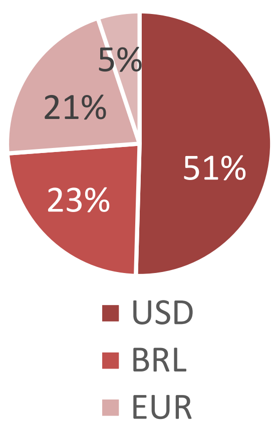
Amortization Schedule does not include 350MM Debt prepayments

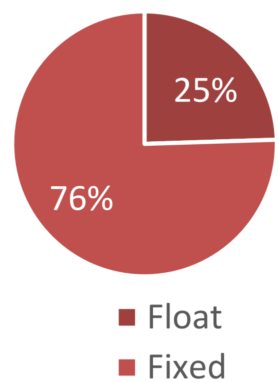
As of December 2018



Debt Profile







Total Debt
- 1.938 MM (continued)
- 126MM (discontinued)

Total Cash:
- 326,3MM (continued)
- 58,7MM (discontinued)
- 626MM (received in Jan19)
- 81MM (retained)

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4 Outlook

2019 Portfolio Outlook

Positive trend to be captured in 2019 onwards

2019 Portfolio Outlook

Efficiency, Discipline and Agility – the set up for recovery

New governance and **IC-Turn** initiatives to foster EBITDA growth and further deleveraging.

2019 opens a new cycle with **reinforced capital structure** after the Loma Negra IPO, Portugal and Cape Verde transaction and the energy minority interests sales.

In this new development cycle the company expects organic EBITDA growth, maintain CAPEX discipline and improve FCF generation:

Better Brazil scenario, with **demand increase** and a optimized asset portfolio will enable EBITDA generation growth albeit the strong cost pressure.

Argentina faces **short term challenges** following the 2018 economic adjustments. Benefiting from its **leading position**, InterCement will pursue **commercial optimization** to address the lower demand – expected to recover in H2'19.

In **Paraguay**, the country **fundamentals remain solid** and the local operation will **continue to deliver.**

Egypt economy will progress and the demand is expected to take off on the back of the ambitious infrastructure plan. Local competition and high idle capacity may **restrict results in 2019**.

Mozambique is expected to **maintain the 2018 economic performance** with the construction sector still lagging behind. Cyclone Idai will impact the beginning of the year sales but the company will actively support and participate in the reconstruction of the affected area.

South Africa macro economy and **imports pressure** may constrain local results but InterCement will pursue its commercial strategy and operate at **maximum capacity**.

THANK YOU

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