INTERIM CONSOLIDATED FINANCIAL REPORT

2nd Quarter 2018

Building sustainable partnerships

InterCement

InterCement
Av. das Nações Unidas, 12.495
São Paulo / SP

Favorable returns from operations were offset by adverse Forex. Net Debt was pushed by USD appreciation effects.

1. 2Q'18 Performance

- Cement and Clinker volumes were down 2.5% from 2Q'17, as exports out of Portugal focus on higher margin clients and Argentina volumes react to economic adjustments.
- Operating currencies depreciated vs. euro, penalizing Sales (-8.1%) and EBITDA (-15.4%).
- Adjusted EBITDA[1] was down to €69.1M (-15.8%) on 2Q and to €156.7M (-8.3%) on 1H.
- Higher energy costs and lower activity level dragged EBITDA margin down 1.3 p.p. to 15.5% on 2Q, though kept stable at 17.7% for 1H.
- Material 2Q'17 non-recurring events, i.e. Brazilian impairments and derivatives unwinding, distort y-o-y Net Profit and Free Cash Flow (FCF) comparative analysis.
- FCF was negative by €86.4M. Adverse forex prevented higher operational contribution. 2Q'17 benefited from the derivatives unwinding and subsequent USD depreciation unlike 2Q'18.
- Net Debt, impacted by FCF, stood at €1,778.6M, 16.7% up on 2017 year-end, although 31.2% below June 30, 2017.

Commenting on the financial operating performance for the second quarter of 2018, Paulo Diniz, CFO, noted:

"LatAm volatility challenges are back, a region of expertise for InterCement, while the EMEA portfolio rises on a recovery mode. The company operational front has progressed, taking the opportunities to balance a stronger footprint with seeds of potential profitability increase.

Additionally, the USD appreciation over emerging market currencies has affected FCF generation, and therefore its net debt position.

Also worth refreshing was the successful execution of steps 1 – enhance credit & operating statistics, and 2 – harmonize debt maturity profile, of InterCement' Deleveraging & Liability Management Program. Currently, we are working on actions to bridge the unfavorable market conditions, so that InterCement is ready to move forward with steps 3 – bond issuance, and 4 – equity cash event, of the program whenever feasible.

We are convinced that the completion of such program will provide InterCement with a solid capital structure. Furthermore, the company has just kicked off with a new FCF capture project across its portfolio."

Key Figures

Million €, unless otherwise expressed	2Q18	2Q17	Chg.	1H'18	1H'17	Chg.
Cement and Clinker Volumes Sold (t ton)	5,695.0	5,841.1	-2.5%	11,487.3	11,460.6	0.2%
Sales	430.1	467.9	-8.1%	866.1	920.9	-5.9%
EBITDA	66.6	78.8	-15.4%	152.9	163.0	-6.2%
Adjusted EBITDA[1]	69.1	82.1	-15.8%	156.7	170.8	-8.3%
FCF	-84.9	89.1	-195.2%	-297.9	-14.3	1977.0%
Net Debt (30 Jun)	1,778.6	2,585.7	-31.2%			
Net Debt (30 Jun and 31 Dec)	1,778.6	1,524.5	16.7%			

[1] Excludes non recurrent items

2. Profit and Loss

Income Statement						
million €	2Q18	2Q17	Chg.	1H'18	1H'17	Chg.
Sales	**430.1**	**467.9**	**-8.1%**	**866.1**	**920.9**	**-5.9%**
Net Operational Cash Costs	363.4	389.1	-6.6%	713.2	757.9	-5.9%
Operational Cash Flow (EBITDA)	**66.6**	**78.8**	**-15.4%**	**152.9**	**163.0**	**-6.2%**
Deprec. Amort. and Impairments	50.0	239.0	-79.1%	97.2	290.1	-66.5%
Operating Income (EBIT) (a)	**16.6**	**-160.2**	**-110.4%**	**55.7**	**-127.1**	**-143.8%**
Financial Results (a)	-64.5	32.2	-300.3%	-117.0	-28.7	307.2%
Pre-tax Income	**-47.8**	**-128.0**	**-62.6%**	**-61.3**	**-155.8**	**-60.7%**
Income Tax	8.3	13.1	-37%	17.2	16.3	6%
Net Income	**-56.1**	**-141.1**	**-60.2%**	**-78.5**	**-172.1**	**-54.4%**
Attributable to:						
Shareholders	-46.2	-109.3	-57.7%	-74.5	-135.6	-45.0%
Non-controling interests	-9.9	-31.8	-68.9%	-4.0	-36.5	-89.1%

(a) Excludes Equity Results as included in Financial Results.

Volumes Sold of cement and clinker decreased 2.5% as Argentina reacts to economic adjustments - keeping 2Q'17 volumes sold - and exports out of Portugal focus on higher margin clients and geographies. Concrete volumes continued to increase (+3.4%), particularly in Argentina.

Sales, though rising on a local currency basis (+14.3%), were down 8.1% in euros.

Argentina Peso was down 37.7% and so was the Brazilian Real (-17.6%), as well as all the other non-euro currencies of the portfolio.

Average InterCement cement price increased (+15.6%), partially incorporating cost inflation and offsetting volumes decrease.

On a regional basis, Portugal kept growing internally and adjusted the export basis while the African businesses progressed with contained enthusiasm. Brazil saw sales growth, both from prices and volumes increase, as InterCement strongly addressed post drivers truck strike demand. Finally, Loma Negra, in Argentina, kept 2Q'17 volumes sold as challenged by new economic adjustments, though registering a price increases to offset the cost structure inflation.

EBITDA was down 15.4% to €66.6M, on the back of adverse forex, higher fuel costs – suffering from USD appreciation and spot markets performance - and lower activity which, combined, dragged down EBITDA margin by 1.3 p.p. to 15.5%. Nevertheless, as compensated by a more favourable 1Q, 1H EBITDA margin kept the 1H'17 level (17.7%).

Excluding the forex impact EBITDA would have increased 9.9%.

Adjusted EBITDA[1] stood at €69.1M, 15.8% down y-o-y, and at €156M (-8.3%) for 1H.

[1] EBITDA excluding non-recurring items

On a regional basis, the EMEA portfolio progressed on a recovery mode, while LATAM contributions were limited by the recent economic adjustments in Argentina and local market constraints in Brazil.

Depreciation, Amortizations and Impairments were down on Q2'17 as per the non-recurring impairment in Brazil (€200M) then registered. **Financial Results** regressed as in 2Q'17 benefited from the USD depreciation following the derivatives unwinding. In 2Q'18, Financial Results despite the debt reduction resulting from the execution of InterCement Deleveraging and Liability Management Plan, suffered from the USD appreciation impact instead.

Income taxes decreased as per lower results on higher tax rate geographies.

Net Income recovered 60.2% though standing at a €56.1M loss.

3. Free Cash Flow

Adjusted EBITDA, i.e. excluding non-recurring items, was down from 2Q'17 (15.8%)

Despite Debt decrease, Interests Paid and Derivatives were down y-o-y, as derivatives unwinding in 2Q'17 benefited FCF *per si* and by allowing USD depreciation impact gains on the debt structure.

CAPEX decreased on a disciplined approach mode, while 2Q'18 investment disbursements related with the capacity increase project at the L'Amali plant in Argentina were partially postponed to 2019.

Despite the negative FCF to the company of €86.4M and the debt prepayments according to the Deleveraging and Liability Management Plan, Cash stood at €301M comparing close to 2Q'17 (€367M).

Free Cash Flow Generation Map				
million €	2Q18	2Q17	1H'18	1H'17
Adjusted EBITDA	69.1	82.1	156.7	170.8
Change in Working Capital	-45.2	-54.0	-211.7	-167.4
Others	-4.6	-6.0	-8.1	-10.5
Operating Activities	**19.3**	**22.0**	**-63.1**	**-7.1**
Interests Paid & Derivatives Unwinding	-55.6	123.4	-110.8	97.4
Income taxes Paid	-14.4	-13.2	-21.9	-19.2
Cash Flow before investments	**-50.8**	**132.2**	**-195.8**	**71.1**
CAPEX	-35.0	-45.1	-105.7	-89.2
Assets Sales / Others	0.9	2.0	3.5	3.8
Free Cash Flow to the company	**-84.9**	**89.1**	**-297.9**	**-14.3**
Borrowings, financing and debentures	11.4	84.9	21.0	107.3
Repayment of borrowings, financ. and debent.	-236.7	-215.5	-561.5	-267.6
Other investment activities	-6.6	-8.2	31.7	23.5
Changes in cash and cash equivalents	-316.7	-49.7	-806.7	-151.1
Exchange differences	5.5	-24.2	-29.4	-22.9
Cash and cash equivalents, End of the Period	301.4	367.1	301.4	367.1

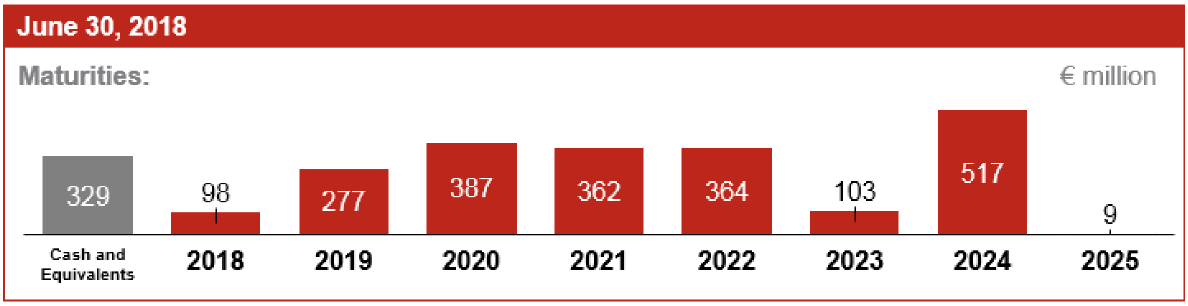
4. Balance Sheet

Total Assets stood at €3,904.8, a 21.5% reduction from December 31, 2017, triggered by Cash, Loans and Obligations changes. These changes followed the Deleveraging and Liability Management Plan execution, namely the prepayments and amortizations programme following 2017 cash events.

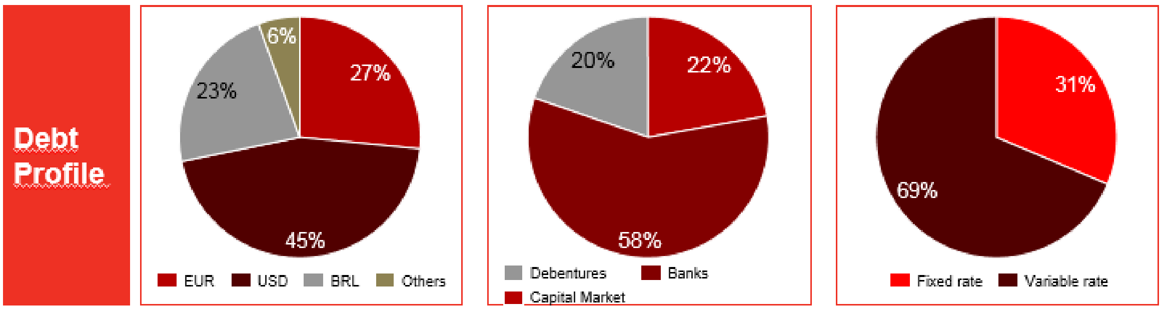
Since Oct'17, steps 1[2] and 2[3] of the Deleveraging and Liability Management Plan were completed, diluting the 2019 and 2020 previous "walls". This plan progresses envisaging the rebalancing of the maturity curve and expanding the average maturity and now awaits the execution of steps 3 and 4 to reinforce the company's capital structure.

In 1H'18, debt amortizations amounted to €561M, €325M in 1Q and €237M in 2Q. Of these, €299M and €136M corresponded to prepayments on 1Q and 2Q, respectively.

Net Debt, stood at €1,778.6M, 3.4% above March 31, 2018 and 16.7% above December 31, 2017, though 31.2% below June 30, 2017.



The profile of Debt as of June 30, 2018 was as follows.



2 Complete credit enhancement measures

3 Pay down and balancing bank debt

Consolidated Balance Sheet Summary			
million €	Jun 30 '18	Dec 31 '17	Var. %
Assets			
Non-current Assets	2,994.3	3,269.3	-8.4
Derivatives	7.9	6.7	17.8
Current Assets			
Cash, Equivalents and Securities	328.8	1,199.8	-72.6
Derivatives	2.1	3.9	-44.3
Other Current Assets	571.6	493.8	15.7
Total Assets	**3,904.8**	**4,973.5**	**-21.5**
Shareholders' Equity attributable to:			
Equity Holders	630.0	841.0	-25.1
Non-controling interests	369.1	462.5	-20.2
Total Shareholders' Equity	**999.1**	**1,303.5**	**-23.3**
Current Liabilities			
Loans & Obligations under finance leases	272.3	573.3	-52.5
Provisions & Employee benefits	0.8	0.8	-0.4
Other Current Liabilities	410.1	534.1	-23.2
Non-current Liabilities			
Loans & Obligations under finance leases	1,844.4	2,139.5	-13.8
Derivatives	0.0	16.6	-100.0
Provisions & Employee benefits	127.3	138.0	-7.7
Other Non-current Liabilities	250.8	267.8	-6.4
Total Liabilities	**2,905.7**	**3,670.0**	**-20.8**
Total Liabilities & Shareholders Equity	**3,904.8**	**4,973.5**	**-21.5**

5. Operations in-depth look – 2Q'18

Brazil

InterCement fast response post truckers strike event allowed 2Q volumes growth vs a stagnant domestic demand[4], translated into a market share recovery. Furthermore, despite the low industry capacity utilization, InterCement prices increased 7.0% in 2Q. BRL/€ depreciated 17.6% in 2Q vs 2Q'17.

The company emphasis on cost savings resulted in favourable fixed costs evolution. However, energy costs increases, particularly in what concerns thermal costs (Gcal +27.6%), combined with higher freight costs and logistics efforts following the truckers strike prevented EBITDA generation.

Argentina & Paraguay

EBITDA rises 27.7% in pesos as the company struggles for higher efficiency, sustaining the highest EBITDA margin within the portfolio (24.4%). Even so, the depreciation of the ARS and PYG, reverted in a 16.0% lower EBITDA in euros.

Argentina

Private construction and infrastructure supported cement demand in presence of economic adjustments. Concrete volumes increased 23.7% y-o-y mainly driven by a good progress in public infrastructure works, namely in Buenos Aires. Loma Negra cement price absorbed cost inflation, allowing 33.6% Sales growth in pesos. The Argentinian Peso depreciated 37.7% against the euro.

Paraguay

Local demand remains strong. InterCement cement volumes have adjusted from strong 1H'17 performance, while pressured by recent capacity increase in the market. Pricing strategy has proved successful as Sales increased 6.7% in local currency, following the price increase.

Cost saving initiatives reduced fixed costs, however EBITDA was penalized by higher energy costs (Gcal: +12.4% Mwh: +9.8%).

Africa

InterCement Sales in Africa increased 3.0% in 2Q'18, with all geographies posting stable or higher sales in local currency. Furthermore, Egypt and Mozambique contribution drove Africa EBITDA up by 10.4%, despite adverse forex.

Egypt

Commercial policy was paramount to the Sales 11.9% increase. InterCement premium brand kept volumes sold in 2Q, as local demand adjusted from recent growth and prices increased accommodating inflation. EBITDA doubled on the back of better SG&A and no further clinker acquisitions as in Q217. Exports evolved.

[4] According to SNIC

Mozambique

Volumes and prices kept recovery trend, while the country awaits political and economic developments. EBITDA benefited from lower SG&A and lower costs related to labour force, however higher variable and fixed costs related to the maintenance stoppage penalized.

South Africa

Cement demand refrained in 2Q'18 as post elections enthusiasm fades. Local price stood above 2Q'17 notwithstanding import pressure.

Though EBITDA recovered from 1Q stoppages, increased import competition prevented cost inflation to be fully reflected on to prices.

Portugal & Cape Verde

Higher domestic volumes and new exports focus for higher profitability impacted EBITDA. Efficiency progressed throughout operations. No CO2 sales in 2Q'18 penalize comparison with 2Q'17 (€2.9M). 1H'18 figures benefit from €8.6M CO2 licenses sales (1Q), while these amounted to €2.9M in 1H'17.

Portugal

Cement and clinker volumes were affected by lower export volumes as exports focused higher margin clients and geographies. However, volumes sold in Portugal posted a two-digit increase.

EBITDA reacted positively with the new exports/internal market sales balance.

Cape Verde

Sales aligned with 2Q'17, while major new works will shortly evolve.

Cement and Clinker Volumes Sold						
thousand tons	2Q18	2Q17	Chg.	1H'18	1H'17	Chg.
Brazil	1,965.7	1,891.3	3.9%	3,778.0	3,810.7	-0.9%
Argentina	1,486.5	1,495.3	-0.6%	3,070.0	2,941.3	4.4%
Paraguay	126.0	129.1	-2.4%	265.8	276.6	-3.9%
Portugal	798.8	1,008.5	-20.8%	1,601.9	1,779.7	-10.0%
Cape Verde	47.8	49.5	-3.5%	91.8	92.7	-0.9%
Egypt	653.2	656.7	-0.5%	1,467.7	1,379.2	6.4%
Mozambique	274.6	265.0	3.6%	575.5	515.9	11.6%
South Africa	394.6	399.9	-1.3%	752.2	750.5	0.2%
Sub-Total	**5,747.2**	**5,895.3**	**-2.5%**	**11,603.0**	**11,546.7**	**0.5%**
Intra-Group Eliminations	-52.2	-54.2	-3.6%	-115.6	-86.0	34.4%
Consolidated Total	**5,695.0**	**5,841.1**	**-2.5%**	**11,487**	**11,461**	**0.2%**

Sales						
million €	2Q18	2Q17	Chg.	1H'18	1H'17	Chg.
Brazil	103.5	109.3	-5.3%	203.5	230.3	-11.7%
Argentina	158.2	188.4	-16.0%	331.0	360.5	-8.2%
Paraguay	13.5	13.8	-1.6%	27.9	30.7	-9.2%
Portugal	67.7	68.7	-1.6%	128.8	129.9	-0.9%
Cape Verde	7.9	7.7	2.4%	15.2	14.7	3.5%
Egypt	23.1	20.6	11.9%	50.6	44.6	13.5%
Mozambique	25.2	24.5	3.0%	48.6	46.0	5.7%
South Africa	34.6	35.4	-2.2%	66.5	66.8	-0.5%
Trading / Shipping	43.0	48.7	-11.6%	89.2	95.2	-6.4%
Others	-1.2	11.7	-110.0%	10.6	22.7	-53.2%
Sub-Total	**475.7**	**528.9**	**-10.1%**	**971.8**	**1,041.4**	**-6.7%**
Intra-Group Eliminations	-45.7	-61.1	-25.2%	-105.6	-120.5	-12.4%
Consolidated Total	**430.1**	**467.9**	**-8.1%**	**866.1**	**920.9**	**-5.9%**

EBITDA						
million €	2Q18	2Q17	Chg.	1H'18	1H'17	Chg.
Brazil	-1.8	3.5	-150.5%	5.3	12.5	-57.1%
Argentina & Paraguay	42.0	50.0	-16.0%	90.4	101.9	-11.3%
Portugal & Cape Verde	15.2	11.0	37.4%	33.7	21.6	56.4%
Africa	16.2	14.6	10.4%	29.3	25.9	13.3%
Trading / Shipping & Others	-4.9	-0.4	n.m.	-5.9	1.2	n.m.
Consolidated Total	**66.6**	**78.8**	**-15.4%**	**152.9**	**163.0**	**-6.2%**
EBITDA margin	***15.5%***	***16.8%***	***-1.3 p.p.***	***17.7%***	***17.7%***	***0.0 p.p.***

6. Outlook

InterCement will further stand to LATAM challenges, riding through macro-economic adjustments and market constraints.

Argentina current macro-economic corrections are to keep 2018 cement demand close to 2017 figures, while InterCement (Loma Negra) will remain focused on balancing its profitability and market position. L'Amalí 2 project execution remains on track for early 2020 start-up and will provide greater flexibility to address demand with higher production efficiency.

Paraguay business unit, could benefit from demand growth prospects, despite operating close to full capacity after presidential elections.

Portugal market recovery is to proceed fuelled by rehabilitation and increasing investment, while exports will further grant a higher contribution to EBITDA generation focused on higher margin clients and geographies. Cape Verde will continue to benefit from tourism investment.

InterCement African business raise in recovery mode.

Egypt now benefits from greater economic visibility as per the IMF recent intervention, building the necessary requirements to trigger its high growth potential in the medium term. Furthermore, new exports channels are already open to supply nearby regions.

Mozambique awaits the IMF support, which will allow residential and infrastructure projects execution. Meanwhile, InterCement will pursue its strong commercial approach to benefit from its competitive advantages in the region.

South Africa demand pace will depend on the success of the recently elected government macro-economic initiatives. InterCement will address import competition with a reinforced commercial strategy.

FCF generation is to benefit from 2H seasonality trend, though not to become positive up to year-end.

InterCement will firmly pursue its Deleveraging and Liability Managing Plan, awaiting appropriate market conditions for a bond issuance and further promoting an equity cash event to occur in the next 6 months.

7. Corporate and subsequent events

Argentina to become Hyperinflationary economy

Inflation indices of Argentina were disclosed showing a three-year cumulative rate in excess of 100 percent, indicating that the Argentinian economy is, as defined by IAS 29 – Financial Reporting on, Hyperinflationary Economies.

In light of the preferences stated in IAS 29 that all entities apply inflation accounting at the same time and using the same general price index, the use of inflation accounting will be applied in respect of Argentinean peso functional operations for periods ending after July 1st, 2018.

The Company is assessing the effects on its financial statements which will be considered for subsequent reporting periods

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