INTERIM CONSOLIDATED FINANCIAL REPORT

3rd Quarter 2018

Building sustainable partnerships

InterCement

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

This page has been intentionally left blank

Deleveraging initiatives evolved. Q3 FCF was neutral, while Loma Negra addressed macro slowdown and forex offset better Brazil results.

InterCement firmly pursuance of Deleveraging and Liability Management initiatives evolved in 3Q18, preparing the company to sign the definitive agreement to sell its operations in Portugal and Cape Verde, as publicly announced on October, 26.

For this reason and per requirement of IFRS5, as of September 30, Portugal and Cape Verde operations and assets are presented as "Discontinued Operations". Accordingly, items regarding these operations are presented in segregated lines of the P/L (also restated for the comparative period) and the Balance Sheet.

The International Accounting Standard Board (IASB) defined that since July 1, 2018 Argentina is considered a hyperinflationary economy and, consequently, entities that have the Argentine peso as its functional currency - such as Loma Negra CIASA, controlled by InterCement - must apply the provisions of IAS 29 in the preparation of its financial statements since that date. As described on note 2.1 of the Financial Statements[1], due to practical reasons and local regulations in Argentina, InterCement is not including such effects in these consolidated financial statements.

1. 3Q'18 Performance

INTEGRAL BASIS (CONTINUING AND DISCONTINUED OPERATIONS)

- FCF was neutral (€1.3M), backed by working capital divestments and the benefits from the execution of the Liability Management plan.
- Net Debt reached €1,780.2M, 16.8% up on Dec'17 and stable from Jun'18.
- LTM Adjusted EBITDA stood at €340.8M.

CONTINUING OPERATIONS

- Cement and Clinker volumes were kept close to 3Q17 (-0,8%), as Brazil, Egypt and Mozambique performances counterbalanced the Argentina, Paraguay and South Africa market constraints.
- Argentinian Peso (39.1%) and Brazilian Real (17.4%) depreciation resulted in negative impacts on Sales (€115.5M) and EBITDA (€22.3M).
- Sales reached €373.1, down 13.8% from 3Q17. Excluding forex impact, Sales would have increased 23.4%, as per the assertiveness of the commercial approach.
- EBITDA reached €84.0M, up 16.7% on 3Q17 on the back of the continuous strive for cash-flow generation. EBITDA margin advanced 5.9 p.p., vs 3Q17, to 22.5%.
- Adjusted EBITDA was down 3.3% to €70.5M, as excluding €15M tax recovery in Brazil.
- Net Debt reached €1,671M, down 2.1% from Jun'18, thought up 14.0% from Dec'17.

[1] Condensed Consolidated Interim Financial Information for the nine months period ended September 30th, 2018, attached.

Commenting on third quarter of 2018 results, Paulo Diniz, CFO, noted:

"Operational performance of InterCement's assets has not disappointed as Argentina and Brazil figures in local currency mirror the company's effort to rebound. Furthermore, the African Assets continue to bring an improving contribution to the company's financials.

Even though, forex impact has prevented results growth in euros and, as such, further FCF contribution to the ongoing deleveraging process.

In October, InterCement completed an important step of its Liability Management plan, signing an agreement to sell the Portuguese and Cape Verde operations. This transaction, currently waiting the competition authority authorization to be completed, will pave the way to strength the company's capital structure by tackling indebtedness. Furthermore, it will open a new strategic cycle enhancing the Company's focus on South America and Africa."

Key Figures

Million €, unless otherwise expressed	3Q18	3Q17	Chg.	9M'18	9M'17	Chg.
Continuing operations						
Cement and Clinker Volumes Sold (t ton)	5,497.8	5,542.3	-0.8%	15,475.0	15,315.8	1.0%
Sales	373.1	433.0	-13.8%	1,123.3	1,256.0	-10.6%
EBITDA	84.0	72.0	16.7%	203.2	213.5	-4.8%
Adjusted EBITDA[1]	70.5	72.9	-3.3%	192.8	221.4	-12.9%
Net Debt (30 Set)	1,670.9	2,364.3	-29.3%			
Net Debt (30 Set and 31 Dec)	1,670.9	1,465.7	14.0%			
Integral Basis						
FCF	1.3	-36.7	n.n.	-296.6	-51.0	481.5%

[1] Excludes non recurrent items

2. Profit and Loss

Income Statement						
million €	3Q18	3Q17	Chg.	9M'18	9M'17	Chg.
Sales	**373.1**	**433.0**	**-13.8%**	**1,123.3**	**1,256.0**	**-10.6%**
Net Operational Cash Costs	289.1	361.0	-19.9%	920.1	1,042.5	-11.7%
Operational Cash Flow (EBITDA)	**84.0**	**72.0**	**16.7%**	**203.2**	**213.5**	**-4.8%**
Deprec. Amort. and Impairments	30.5	30.1	1.4%	103.6	295.6	-64.9%
Operating Income (EBIT) (a)	**53.5**	**41.9**	**27.7%**	**99.6**	**-82.2**	**n.m.**
Financial Results (a)	-68.5	-38.1	79.6%	-182.2	-63.3	187.7%
Pre-tax Income	**-15.0**	**3.8**	**n.m.**	**-82.6**	**-145.5**	**-43.2%**
Income Tax	9.5	-5.1	n.m.	25.1	13.1	92.3%
Net Inc. from Continuing Operations	**-24.5**	**8.9**	**n.m.**	**-107.7**	**-158.5**	**-32.1%**
Net Inc. from Discontinued Operat.	**-0.8**	**-1.0**	**-17.4%**	**3.8**	**-5.7**	**n.m.**
Total Net Income	**-25.4**	**7.9**	**n.m.**	**-103.9**	**-164.2**	**-36.7%**
Attributable to:						
Shareholders	-23.0	3.3	n.m.	-97.5	-132.3	-26.3%
Non-controling interests	-2.4	4.6	n.m.	-6.4	-31.9	-80.0%

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

INTEGRAL BASIS:

On an Integral Basis EBITDA growth was contained to 13.2%, as discontinued operations contribution decreased 5.8% affecting overall performance. Nevertheless, the said growth brought 9M18 performance close to 9M17.

Net Income was negative by €25.4M, whereas Net Income from Discontinued Operations amounted to €0.8M.

CONTINUING OPERATIONS:

Volumes Sold of cement and clinker decreased 0.8% as Argentina, Paraguay and South Africa adjusted to a weaker demand environment, whereas other consolidated geographies presented growth.

Sales in euro decreased 13.8%, reflecting the depreciations of the Argentina Peso (39.1%) and Brazilian Real (17.4%). Excluding the forex effect, Sales increased 23.4%.

InterCement average cement price went up (+22.1%), reacting to cost inflation.

On a regional basis, InterCement Brasil aggressive commercial strategy has captured growth above market consumption. Argentina and Paraguay tackled market conditions with a reinforced market approach to address the cost inflation scenario, while in Africa, Egypt and Mozambique inputs have compensated the South African performance.

EBITDA **presented a 16.7% growth** following Brazil's tax dispute recognition. Disregarding this effect the EBITDA in euro would have suffered from ARS and BRL depreciation. EBITDA margin advanced 5.9 p.p. to 22.5%, triggering the 9M accumulated EBITDA margin to 18.1% despite the general energy and electricity cost inflation.

Excluding the forex impact EBITDA would have increased 69.1%.

Adjusted EBITDA amounted to €70.5M (-3.3%), as it excludes the referred effect in Brazil.

Depreciation, Amortizations and Impairments remained align with 3Q17 (+1.4%) as no impairments or significant assets difference were registered in either periods. **Financial Results** on one hand benefited from lower interest cost in the period (circa €20M), following the InterCement Liability Management execution impact on debt. On the other hand, exchange differences had a negative impact of €66M mostly following the already mentioned ARS and BRL depreciation, whereas 3Q17 benefited from the positive exchange effect of the USD depreciation on debt.

Income taxes increased as positive deferred taxes benefited 3Q17.

Net Income from Continuing Operations was still negative by €24.5M.

3. Free Cash Flow

INTEGRAL BASIS:

Adjusted EBITDA reached €83.0M, 4.1% down from 3Q17, driving LTM Adjusted EBITDA to €340.8M.

Change in Working Capital started benefiting from 2H seasonality, which is expected to fully materialize in 4Q.

Interests paid in 3Q dropped 36.2% vs 3Q17 on the merits of the Liability Management Plan execution. Notwithstanding, following 2018 renegotiations processes, only in coming quarters this line will present fully improved values.

CAPEX disciplined approach mode was kept, while 3Q investment disbursements related with the capacity expansion project at the L' Amalí plant in Argentina were partially deferred to 2019, with no effect in the project execution.

FCF to the company was slightly positive (€1.3M), comparing with negative €36.7M in 3Q17.

Free Cash Flow Generation Map (Integral Basis)				
million €	3Q18	3Q17	9M'18	9M'17
Adjusted EBITDA	83.0	86.5	239.7	257.3
Change in Working Capital	33.1	18.9	-178.6	-148.4
Others	-20.3	-6.4	-28.4	-16.9
Operating Activities	**95.8**	**99.1**	**32.7**	**92.0**
Interests Paid & Derivatives Unwinding	-58.6	-91.9	-169.4	5.5
Income taxes Paid	-6.0	-16.8	-27.9	-36.0
Cash Flow before investments	**31.2**	**-9.6**	**-164.5**	**61.5**
CAPEX	-30.4	-27.7	-136.0	-116.9
Assets Sales / Others	0.5	0.6	4.0	4.4
Free Cash Flow to the company	**1.3**	**-36.7**	**-296.6**	**-51.0**
Borrowings, financing and debentures	26.7	182.0	47.7	289.3
Repayment of borrowings, financ. and debent.	-18.1	-217.8	-579.6	-485.4
Other investment activities	-0.3	-2.1	31.4	21.4
Changes in cash and cash equivalents	9.7	-74.6	-797.0	-225.7
Exchange differences	-28.5	-17.8	-57.9	-40.7
Cash and cash equivalents, End of the Period	282.6	274.7	282.6	274.7

Cash and Cash Equivalents on an Integral Basis as at September,30, reached €282,6M, while Cash and Cash Equivalents for Continuing Operations as at September,30, reached €243,7M.

4. Balance Sheet

INTEGRAL BASIS:

Total Assets stood at €3,757.6M, 24.4% below Dec'17, revealing the Deleveraging and Liability Management Plan execution following 2017 cash events, namely the prepayments and amortizations influencing Cash, Loans and Obligations.

Debt amortizations in 2018 up to September, 30 amounted to €580M: €325M in 1Q; €237M in 2Q and €18M in 3Q. Of these, €299M and €136M corresponded to prepayments on 1Q and 2Q, respectively.

Furthermore, InterCement announced signing of a definitive agreement to sell operations in Portugal and Cape Verde to OYAK, anticipated the completion of a further major step of its Deleveraging and Liability Management Plan.

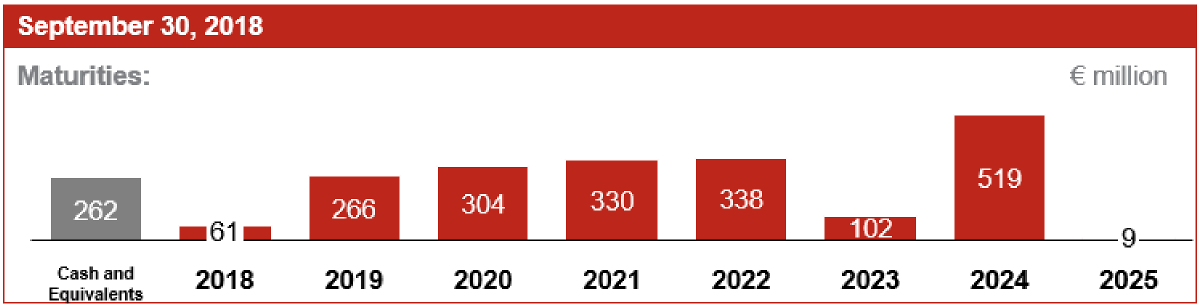
ASSETS AND LIABILITIES HELD FOR SALE:

As at September 30, Assets classified as held for sale (Portugal and Cape Verde assets) amounted to €771.7M while Liabilities associated with Assets classified as held for sale amounted to €355.2M.

CONTINUING OPERATIONS:

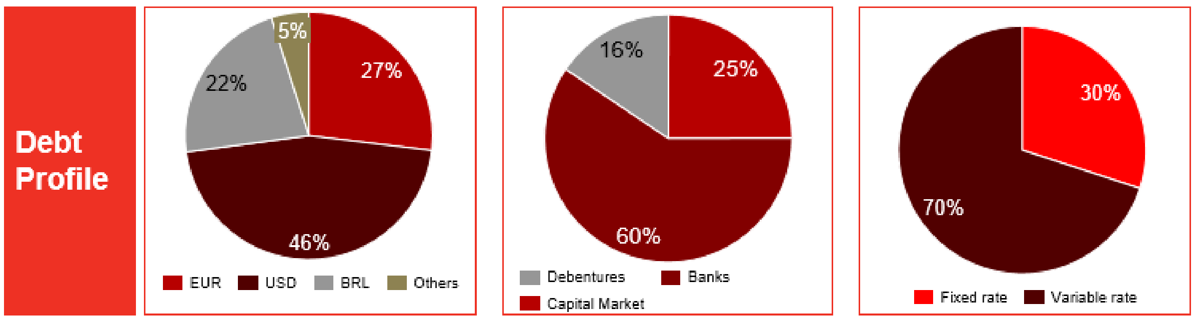
By September 30, **Total Assets** in Continuation reached €2.985,9 M[2], while **Total Liabilities** in Continuation amounted to €2.496.2M[2], while the company awaits the completion of the sale of the Portugal and Cape Verde Operations.

Net Debt, prior to the completion of the above transaction, stood at €1,670.9 M[2], 2.1% below June 30, 2018, 29.3% below September 30, 2017 and 14.0% above December 31, 2017.



Note: Does not consider derivatives and ICL's with the Portugal and Cape Verde Operations.

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



2 Excluding inter-segment eliminations. Refers to note 2.4 of Interim Financial Statements.

Consolidated Balance Sheet Summary			
million €	Set 30 '18	Dec 31 '17	Var. %
Assets			
Non-current Assets	2,287.4	3,269.3	-30.0
Derivatives	12.0	6.7	79.3
Current Assets			
Cash, Equivalents and Securities	261.6	1,199.8	-78.2
Derivatives	1.4	3.9	-64.6
Other Current Assets	423.6	493.8	-14.2
Assets classified as held for sale	771.7	0.0	n.m.
Total Assets	**3,757.6**	**4,973.5**	**-24.4**
Shareholders' Equity attributable to:			
Equity Holders	569.1	841.0	-32.3
Non-controling interests	337.2	462.5	-27.1
Total Shareholders' Equity	**906.2**	**1,303.5**	**-30.5**
Current Liabilities			
Loans & Obligations under finance leases	315.8	573.3	-44.9
Provisions & Employee benefits	0.0	0.8	-95.1
Other Current Liabilities	294.7	534.1	-44.8
Non-current Liabilities			
Loans & Obligations under finance leases	1,612.4	2,139.5	-24.6
Derivatives	0.0	16.6	-100.0
Provisions & Employee benefits	78.7	138.0	-43.0
Other Non-current Liabilities	194.5	267.8	-27.4
Liabilities assoc. w/ Assets classified as held for sale	355.2	0.0	n.m.
Total Liabilities	**2,851.4**	**3,670.0**	**-22.3**
Total Liabilities & Shareholders Equity	**3,757.6**	**4,973.5**	**-24.4**

5. Operations in-depth look – 3Q'18

OPERATIONS IN CONTINUATION:

Brazil

InterCement's reinforced market approach allowed a 2.2% increase in Volumes Sold on Q3, while SNIC[3] estimated national consumption to have declined 3.5% on the back of local economic constraints and political instability pre national elections.

Furthermore, InterCement reaffirmed the company's added value of its "building sustainable partnerships" approach, which enabled a 16.3% growth BRL on a specially competitive market moment

Even though, the 17.4% BRL/€ depreciation led to a 6.5% decline of Sales in euros.

EBITDA went up from €4.2 to €20.5M, as per the recognition in favour of the company of one of the on-going judicial tax disputes regarding PIS COFINS, regardless higher freight and energy costs challenges.

3 National Brazil's cement producers association (Sindicato Nacional da Indústria do Cimento)

Argentina & Paraguay

EBITDA rose 58.4% in local currency, benefiting from price increases addressing the continued peso depreciation and inflation effects on costs. Although the 9.1% EBITDA decline in euro EBITDA margin increase 4.1pp to 28.0%.

Argentina

A slower cement demand, together with less business days than 3Q17, has resulted in lower cement Volumes Sold. Even though, Loma Negra's robust market approach admitted price adjustments, allowing a local currency 46.6% increase in Sales and a 75.2% in EBITDA. In the quarter, the ARS depreciated 39.1% versus the Euro.

Regarding Loma Negra's other businesses, concrete volumes increased 42.7% over 3Q17 - reaching record high levels for a quarter - aggregates volumes decreased 14.3% and the railroad segment volumes remained stable (-0.6%).

Furthermore, the execution of the capacity increase project at L'Amalí remained on track. This expansion will both enhance production efficiency, thus profitability, and provide much needed capacity when demand recovers.

Paraguay

The improvement in market share partially offset the punctual cement demand slowdown on a political transition moment. Sales remained borderline stable in local currency (-0.6%) versus 3Q17. EBITDA margin increased 2.5 p.p., as the company keeps focused on its commercial strategy and continuous industrial improvement.

Africa

Egypt and Mozambique business units performance compensated South Africa slowdown. InterCement Sales and EBITDA in Africa increased 10.3% and 6.3% respectively.

Egypt

Sales increased 26.3% supported by an aggressive commercial strategy (targeting both premium brand volumes and prices) on a competitive environment. EBITDA grew along Sales. Extra cost saving efforts which overcame the kiln maintenance stoppages and the clay tax increase.

Mozambique

National economy continued to stall under the gas projects expectations. InterCement volumes sold increased 2.8%, while Sales (+18.3% in Q3) benefited from high single digit price increase. Management effort to lower SG&A was undermined by higher fixed (maintenance) and electricity costs. Nevertheless, EBITDA margin remained stable.

South Africa

Cement demand contracted as national economy recession delayed infrastructure projects and VAT tax increase affected general consumption. Import pressure in KwaZulu-Natal prevented adequate price adjustments. Furthermore, energy rationalization affected both cement consumption and productivity. Nevertheless, on the back of continuous efficiency pursuance, EBITDA margin was stable and amongst InterCement top tier.

DISCONTINUED OPERATIONS:

Portugal & Cape Verde

Portugal and Cape Verde EBITDA, compared negatively to 3Q17, though for the 9M rising significantly as per the combined effect of CO2 licenses sales and a Portuguese domestic marker recovery.

Portugal

Cement and clinker Volumes Sold in domestic market continued to pave the recovery path with a 6.5% increase. Exports remain focused on higher margin clients and geographies.

Cape Verde

Major new works yet to rebound the domestic market. Sales increased 1.4% YoY.

Cement and Clinker Volumes Sold						
thousand tons	3Q18	3Q17	Chg.	9M'18	9M'17	Chg.
Brazil	2,127.8	2,082.6	2.2%	5,905.9	5,893.3	0.2%
Argentina	1,610.9	1,717.1	-6.2%	4,680.8	4,658.4	0.5%
Paraguay	152.5	160.2	-4.8%	418.3	436.8	-4.2%
Portugal [1]	840.7	885.9	-5.1%	2,442.6	2,664.9	-8.3%
Cape Verde [1]	47.9	49.9	-4.1%	139.7	142.6	-2.0%
Egypt	787.6	771.6	2.1%	2,255.4	2,150.8	4.9%
Mozambique	320.6	311.9	2.8%	896.2	827.9	8.2%
South Africa	452.7	456.7	-0.9%	1,204.9	1,207.2	-0.2%
Sub-Total	**6,340.8**	**6,435.9**	**-1.5%**	**17,943.7**	**17,981.8**	**-0.2%**
Intra-Group Eliminations	-50.2	-57.6	-13.0%	-165.8	-143.7	15.4%
Integral Basis	**6,290.6**	**6,378.3**	**-1.4%**	**17,778**	**17,838**	**-0.3%**
Discontinued operations	**792.8**	**836.0**	**-5.2%**	**2,302.9**	**2,522.3**	**-8.7%**
Continuing operations	**5,497.8**	**5,542.3**	**-0.8%**	**15,475.0**	**15,315.8**	**1.0%**

Sales						
million €	3Q18	3Q17	Chg.	9M'18	9M'17	Chg.
Brazil	110.8	118.5	-6.5%	314.3	348.9	-9.9%
Argentina	143.4	189.7	-24.4%	474.4	550.2	-13.8%
Paraguay	16.5	16.7	-1.3%	44.3	47.4	-6.4%
Portugal [1]	69.0	65.8	4.9%	197.8	195.7	1.0%
Cape Verde [1]	8.3	8.1	1.4%	23.4	22.8	2.8%
Egypt	31.5	24.9	26.3%	82.0	69.5	18.1%
Mozambique	30.0	25.3	18.3%	78.6	71.3	10.2%
South Africa	35.8	37.9	-5.6%	102.2	104.7	-2.4%
Trading / Shipping	34.8	36.2	-3.7%	124.0	131.4	-5.7%
Others	4.3	12.6	-65.8%	14.9	35.2	-57.7%
Sub-Total	**484.3**	**535.7**	**-9.6%**	**1,456.0**	**1,577.1**	**-7.7%**
Intra-Group Eliminations	-41.6	-50.2	-17.2%	-147.2	-170.7	-13.8%
Integral Basis	**442.7**	**485.5**	**-8.8%**	**1,308.8**	**1,406.4**	**-6.9%**
Discontinued operations	**69.6**	**52.5**	**32.5%**	**185.5**	**150.4**	**23.3%**
Continuing operations	**373.1**	**433.0**	**-13.8%**	**1,123.3**	**1,256.0**	**-10.6%**

EBITDA						
million €	3Q18	3Q17	Chg.	9M'18	9M'17	Chg.
Brazil	20.5	4.2	391.6%	25.9	16.6	55.5%
Argentina & Paraguay	44.8	49.3	-9.1%	135.2	151.2	-10.6%
Portugal & Cape Verde [1]	12.7	13.5	-5.8%	46.4	35.0	32.5%
Africa	20.0	18.9	6.3%	49.4	44.8	10.4%
Trading / Shipping & Others	-1.3	-0.3	n.m.	-7.2	0.9	n.m.
Integral Basis	**96.7**	**85.5**	**13.2%**	**249.7**	**248.5**	**0.5%**
Discontinued operations	**12.7**	**13.5**	**-5.8%**	**46.4**	**35.0**	**32.5%**
In continuation	**84.0**	**72.0**	**16.7%**	**203.2**	**213.5**	**-4.8%**
EBITDA margin	***22.5%***	***16.6%***	***5.9 p.p.***	***18.1%***	***17.0%***	***1.1 p.p.***

[1] *Classified as Operations Discontinued under accounting standard IFRS 5*

6. Corporate and subsequent events

Portugal and Cape Verde Asset Sale

On October 26, 2018, InterCement Participações, S.A., announces a signed agreement with Ordu Yardimlaşma Kurumu (OYAK) of Turkey in order to sell its segment operations (Portugal and Cape Verde), as described in notes 1 and 2 of the subsequent Condensed Consolidated Interim Financial Statements.

CIMPOR Share Capital Increase

Upon the resolution of Cimpor – Cimentos de Portugal, SGPS, S.A. ("Cimpor") EGM held on November 20, 2018, and its relevant registration, this company completes a share capital increase, from € 672,000,000.00 to € 1,372,078,778.68 through the issue of 2,059,055,231 new ordinary book-entry shares, without nominal value.

The above share capital increase has been carried out comprehending two components:

- Tranche A - consisting of a contribution in kind, subscribed and paid-up by the shareholder InterCement Austria Holding GmbH, a company fully controlled by InterCement, consisting of capital contributions subject to the repayment regime applicable to supplementary contributions (*prestações suplementares*), in the amount of € 700,000,000.00.

- Tranche B - consisting of contributions in cash, in the amount of € 78,778.68 subscribed and paid-up by the remaining shareholders of Cimpor who wished to subscribe such share capital increase, pro rata to their respective shareholdings in the share capital of Cimpor.

Following the completion of this share capital increase process, on December 2018, InterCement's indirect holding participation of Cimpor raises from 78.2% to 94.6%.