INTERIM CONSOLIDATED FINANCIAL REPORT

1ST QUARTER 2019

InterCement

Building sustainable partnerships

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Deleveraging initiatives evolved pushing Net Debt to the lowest level in recent years

1. 1Q19 Performance

- Cement and clinker volumes decreased 3.9% when compared to 1Q18, penalized by Argentina and African Countries contraction. Average price increased 18.8% in local currency, reflecting management focus on pricing discipline.
- Total Sales registered 352 million euros, a reduction of 8.9% mainly driven by the Argentinian Peso depreciation (83%).
- Adjusted EBITDA amounted 64 million euros, decreasing 7.8% as per higher non-recurring effects due to one-offs from Portugal and Cape Verde asset sale. Adjusted EBITDA margin went up by 0.2 p.p. reaching 18.1%.
- Net Income turned positive, increasing by 297 million euros, especially due to the sale of the Portuguese and Cape Verde assets.
- Free Cash Flow to the company was up to 282 million euros, compared to negative 213 million euros in the first quarter of the previous year, on the back of the Portuguese and Cape Verde sale that offset 1Q seasonality effect. In a comparable basis, excluding one-off events, Free Cash Flow to the company would have generated 14 million euros.
- Net Debt totaled 1.331 million euros, 17.0% below 2018 year-end, reflecting the company focus on strengthening its capital structure.

Key Figures			
Million Euros, unless otherwise expressed	2019	2018	Var. %
Cement and Clinker Sales (thousand ton)	4,815	5,009	-3.9
Sales	352	386	-8.9
EBITDA	54	68	-20.2
Adjusted EBITDA	64	69	-7.8
Net Debt (31 Mar)	1,331	1,640	-18.8
Net Debt (31Mar and 31 Dec)	1,331	1,603	-17.0
FCF	282	-213	-

2. Profit and Loss

Income Statement	2019	2018	YoY
Sales	**352.1**	**386.5**	**-8.9%**
Net Operational Cash Costs	298.1	318.7	-6.5%
Operational Cash Flow (EBITDA)	**54.0**	**67.7**	**-20.2%**
Deprec. Amort. and Impairments	43.6	35.0	24.4%
Operating Income (EBIT)	**10.4**	**32.7**	**-68.1%**
Financial Results	-47.6	-50.9	-6.5%
Pre-tax Income	**-37.2**	**-18.2**	**103.7%**
Income Tax	2.0	7.4	-73.2%
Net Inc. from continuing Operations	-39.2	-25.6	52.8%
Net Inc. from discontinuing Operations	314.1	3.2	s.s.
Net Income	**275.0**	**-22.4**	**s.s.**
Attributable to:			
Shareholders	257.5	-28.3	s.s.
Minority Interests	17.5	5.9	197.1%

Volumes Sold decreased by 3.9%, reflecting the challenging markets conditions in Argentina and Africa while Brazil and Paraguay experienced high single digit growth (8.0% and 7.8%, respectively).

Sales, despite rising on a local currency basis (+13.0%), were down 8.9% in euros. The increase of consolidated average cement price (+18.8%) was offset by Argentinian Peso 83% depreciation and volume sold reduction.

EBITDA reduced 20.2%, registering 54 million euros. Excluding the forex impact EBITDA would have increased 8.8%. EBITDA margin was down 2.2 p.p. to 15.3% reflecting mainly cost pressure in Brazil, Egypt and South Africa and higher non-recurring costs in 1Q19.

Adjusted EBITDA[1] reached 64 million euros, 7.8% down YoY. 1Q18 registered 1 million euros of non-recurring items, while 1Q19 registered 10 million euros from non-recurring items related to Portugal and Cape Verde asset sale process and indemnities.

Depreciation and Amortizations were up 24.4% to 44 million euros, mainly due to constructions in progress that were concluded in 1Q19 and due to IFRS16 impact that became effective on Jan 1st 2019 (see more details in explanatory note 2.4).

Financial Results improved by 6.5%, 33.8% excluding forex impact. This follows the 18.8% net debt decrease vs. March 31, 2018 resulting from the execution of InterCement Deleveraging and Liability Management Plan.

Income taxes decreased 5 million euros as result of significant deferred taxes mostly in Argentina.

Net Income improved from a 22 million euros loss to 275 million euros profit, reflecting the result from the discontinuing operations.

[1] EBITDA excluding non-recurring items

3. Free Cash Flow

Free Cash Flow generation is presented in an Integral Basis, reflecting in 2018 the contribution from the Portuguese and Cape Verde operations.

2019 positive FCF benefitted mostly from the cash inflow from the Portuguese and Cape Verde assets sale, reaching 341 million euros. Excluding such impact, the Free Cash Flow in 1Q19 would be negative reflecting the usual seasonal nature of activity in the first quarters of each year, particularly in terms of working capital investments.

Cash flow from operations was negative at 97 million euros, mainly as result of working capital investments at 150 million euros, which despite posting a 10% decrease compared to 1Q18, still reflected 2018 YE cash containment efforts. In addition, adjusted EBITDA decreased 7.8% YoY.

Interests paid in 1Q19 dropped 40.5% vs 1Q18 on the merits of the Liability Management Plan execution, which aims to strengthen company's capital structure and lead to alleviate financial expenses burden.

CAPEX disciplined approach remained, showing a 23% decrease in the period. Nevertheless, Argentina CAPEX expanded due to the capacity increase project at the L'Amali plant. In addition, the CAPEX reduction on year basis was also affected by the acquisition in 1Q18 from the grinding mill in the region of Matola (Mozambique).

Cash and Cash Equivalents on an Integral Basis as at March 2019, reached 432 million euros, while Cash and Cash Equivalents for Continuing Operations reached 613 million euros (post-2017 Loma Negra IPO and the sale of hydroelectric plants)

Free Cash Flow Generation Map		
(€ million)	Jan-Mar	
	2019	2018
Adjusted EBITDA	64	88
Change in Working Capital	-150	-166
Others	-11	-4
Operating Activities	**-97**	**-82**
Interests Paid & Derivative Unwinding	-33	-55
Income taxes Paid	-1	-7
Cash Flow before investments	**-131**	**-145**
CAPEX	-55	-71
Assets Sales / Others	467	3
Free Cash Flow to the company	**282**	**-213**
Borrowings, financing and debentures	27	10
Repayment of borrowings, financ. and debent.	-216	-325
Dividends	-47	0
Other investment activities	0	38
Changes in cash and cash equivalents	46	-490
Exchange differences	1	-35
Cash and cash equivalents, End of the Period	432	613

4. Balance Sheet

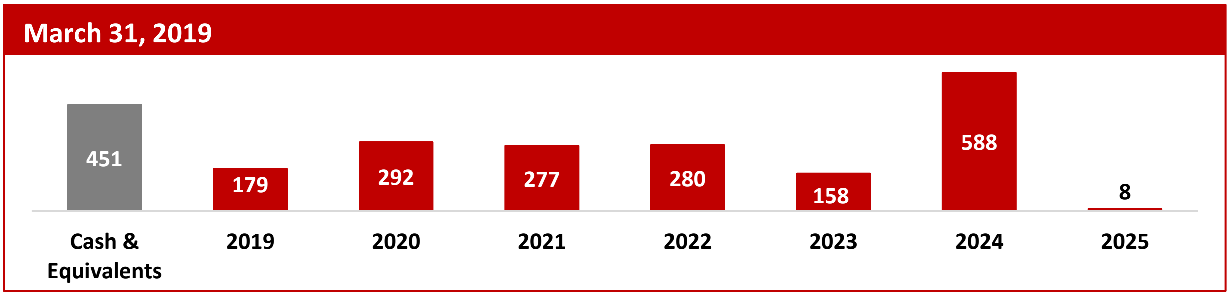
Total Assets stood at 3,831 million euros, an 8.4% reduction from December 31, 2018, mostly as result of the sale of the assets classified as "held for sale", leading to cash position increase that was partially offset by debt prepayment.

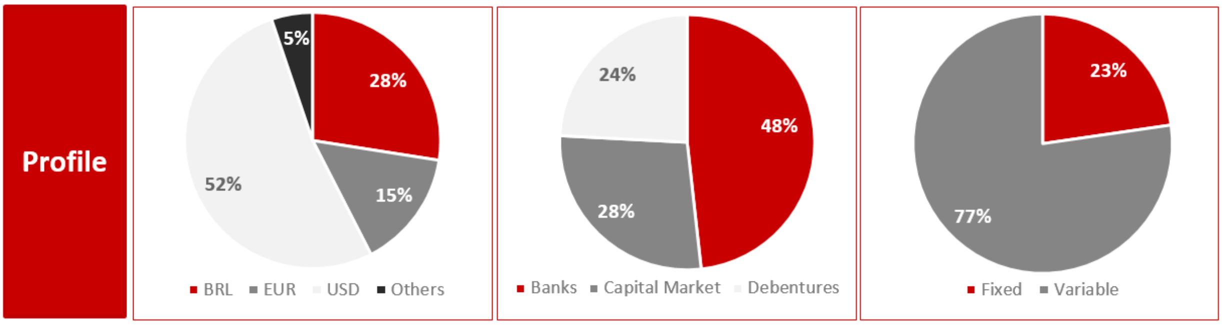
Net Debt, registered 1,331 million euros, the lowest level in the Company recent years, representing 272 million euros decrease when compared to December 31, 2018, in spite of lower FCF generation seasonality from Q1. Moreover, it reduced by 308 million euros compared to the same quarter of 2018.

The Deleveraging and Liability Management Plan initiatives progressed with the prepayment of Debt in the amount of 216 million euros up to March 31, envisaging the rebalancing of the maturity curve and expanding the average maturity. Additionally, as condition for the conclusion of the Portuguese and Cape Verde assets sale, approximately 130 million euros debt were prepaid in the transaction perimeter.

Consolidated Balance Sheet Summary			
(€ million)	Mar 31 2019	Mar 31 2018	Var. %
Assets			
Non-current Assets	2,777	2,677	3.7
Derivatives	3	3	1.5
Current Assets			
Cash and Equivalents	448	342	31.1
Derivatives	-	-	
Other Current Assets	603	415	45.2
Assets classified as held for sale	-	747	
Total Assets	**3,831**	**4,184**	**-8.4**
Shareholders' Equity attributable to:			
Equity Holders	934	882	6.0
Minority Interests	297	282	5.5
Total Shareholders' Equity	**1,232**	**1,164**	**5.9**
Current Liabilities			
Loans & Obligations under finance leases	340	491	-30.9
IFRS 16	12	-	
Derivatives	-	-	
Provisions & Employee benefits	0	0	2.6
Other Current Liabilities	441	427	3.2
Non-Current Liabilities			
Loans & Obligations under finance leases	1,443	1,447	-0.3
IFRS 16	28	-	
Derivatives	0	0	1.7
Provisions & Employee benefits	70	70	0.1
Other Liabilities	265	278	-4.6
Liabilities assoc. w/Assets classified as held for sale	-	307	
Total Liabilities	**2,600**	**3,021**	**-13.9**
Total Liabilities and Shareholders' Equity	**3,831**	**4,184**	**-8.4**

The profile of Debt as of March 31, 2019 was as follows.





5. Operations in-depth look – 1Q'19

Brazil

Despite the market slow pace recuperation, InterCement's cement and clinker sales increased by 8.0% reflecting the company reinforced market approach and region segmentation. Strong competition and industry high idle capacity context still penalize the pricing evolution, but sales in local currency were up by 5.5% between the two periods. Real depreciation reverted in a 1.4% lower sales than the first quarter of 2018. EBITDA in Q1 was down by 2.8 million euros mainly due to fuel cost increase and the benefit from tax credits registered in 2018.

Argentina & Paraguay

Argentina and Paraguay business unit increased EBITDA generation by 25.2% in local currency, sustaining EBITDA margin of 24.7%. Even so, the depreciation of the Argentinian Peso drew down the increase to 0.2%.

Argentina

The country economic context and slower market demand has resulted in lower cement and clinker volumes sold by 13.4%. Even though, Loma Negra's robust market approach allowed price adjustments to compensate inflationary pressure. Thus, EBITDA was able to expand by 43.7% in local currency in the period, leading margin to increase from 24.4% in 1Q18 to 27.5%.

Paraguay

Sales growth of 11.0% was driven both by volume of cement sales and price increase. The commercial strategy allowed a market share increase of 1.7p.p.. The commercial positive performance combined with the continuous industrial improvement reaffirmed EBITDA growth and EBITDA margin of 44.7%.

Africa

InterCement's cement and clinker volumes sold in Africa decreased 9.4%, with all geographies currently facing a challenging market scenario in 1Q19, despite the potential growth of the region.

Egypt

The aggressive competition and low market dynamics in Egypt penalized InterCement sales that decreased by 5.7%. Price evolution enabled sales growth of 11.5% but did not match the energy costs hike above 20%. Costs increase above inflation and 1Q18 positive momentum, when InterCement benefitted from lack of supply in nearby regions, led to a tough base of comparison for 1Q19.

Mozambique

Mozambique was affected by tropical cyclones Idaí in the central region and Kenneth in the north region that had severely affected the supply, therefore cement and clinker volumes sold dropped by 19.4%. Due to the Company strong position in the different markets of the country and price policy, sales reduction was limited to 3.6%.

Despite the commercial restrictions, on the cost side, the management efforts enabled an EBITDA growth of 27.1%, a figure that compares to 1Q18, that experienced higher costs due to extraordinary maintenance costs related to scheduled stoppages.

InterCement is actively supporting the local community that was affected by the tropical cyclones.

South Africa

Cement volumes dropped 9.3% comparing to a record high sales in 1Q18. The challenging political and economic context persisted in 1Q19, severely affecting sales that decreased by 10.6% and reduced EBITDA in 1.6 million euros.

Cement and Clinker Volumes Sold			
(thousand tons)	1Q19	1Q18 Restated	YoY
Brazil	1,957	1,812	8.0%
Argentina	1,372	1,583	-13.4%
Paraguay	151	140	7.8%
Egypt	768	815	-5.7%
Mozambique	243	301	-19.4%
South Africa	324	358	-9.3%
Sub-Total	**4,815**	**5,009**	**-3.9%**
Intra-Group Eliminations	-	-	-
Consolidated Total	**4,815**	**5,009**	**-3.9%**
Operations in Continuation	4,815	5,009	-3.9%
Discontinued Operations	-	784	-

Sales			
(€ million)	1Q19	1Q18 Restated	Var. %
Brazil	99	100	-1.4%
Argentina	151	173	-12.8%
Paraguay	16	14	11.0%
Egypt	31	27	11.5%
Mozambique	23	23	-3.6%
South Africa	28	32	-12.9%
Others	38	42	-9.9%
Sub-Total	**384**	**412**	**-6.8%**
Intra-Group Eliminations	-32	-25	26.0%
Consolidated Total	**352**	**386**	**-8.9%**
Operations in Continuation	352	386	-8.9%
Discontinued Operations	-	50	-

EBITDA			
(€ million)	1Q19	1Q18 Restated	Var %
Brazil	4.3	7.1	-39.5%
Argentina & Paraguay	48.5	48.4	0.2%
Africa	8.8	13.2	-33.3%
Others	-7.6	-1.0	683.8%
Consolidated Total	**54.0**	**67.7**	**-20.2%**
EBITDA margin	***0.2***	***0.2***	***-2.2 p.p.***
Operations in Continuation	54.0	67.7	-20.2
Discontinued Operations	-	18.6	-

6. Corporate and subsequent events

Deleveraging and Liability Management Plan

During May 2019, 50 million euros proceeds from the sale of the Portugal and Cape Verde operations were collected. The total proceeds received as of this date amounts 676 million euros. Such proceeds were mainly used to reduce the company's consolidated debt level, in accordance with InterCement Liability Management Plan. Up to now an amount of 480 million euros were already paid, including the debt in the sold entities. Additionally, after the above mentioned liquidity event, class B preferred shares were redeemed.

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The forward-looking statements are based on the information currently available to us. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including, among others things: changes in general economic, political, governmental and business conditions globally, changes in inflation rates, fluctuations in the exchange rate of the peso, the level of construction generally, changes in cement demand and prices, changes in raw material and energy prices, changes in business strategy and various other factors.
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