INTERIM CONSOLIDATED FINANCIAL REPORT

2ND QUARTER 2019

InterCement

Building sustainable partnerships

Adj. EBITDA margin expansion of 4.9 p.p., led by operational improvements in Brazil

1. 2Q19 Performance

- Cement and clinker volumes decreases 1.4% in the period, mostly driven by contractions on both Argentina and Egypt, which remained on a downward trend. Meanwhile, Brazil kept its single digit pace of growth, and both South Africa and Mozambique posted significant recovery from weak 1Q19.
- Total Sales registered 342 million euros, a 6.1% decrease vs. 2Q18, mainly affected by Argentinian Peso depreciation (60%). Excluding forex impact, sales would have declined 2.2%.
- Adjusted EBITDA reached 67 million euros, an increase of 25.5% when compared to 2Q18 adjusted EBITDA from continuing operations of 53 million euros. Adjusted EBITDA margin expanded 4.9 p.p. to 19.6%.
- Net Income registered losses of 6 million euros. Despite being at negative terrain, it represented an improvement of 50 million euros vs. the same period of last year, led by enhanced costs control and lower financial expenses.
- Free Cash Flow to the company registered negative 46 million euros, compared to negative 85 million euros in the second quarter of the previous year, mainly benefitted by 50 million proceeds from the sale of the Portuguese and Cape Verde assets and by lower interests paid, while negatively affected by higher Capex mostly associated to L'Amali II project.
- Net Debt totaled 1,434 million euros, a reduction of 10.1% from the level in 2018 year-end as consequence of the company focus on strengthening its capital structure – lowest level since 2011.

KEY FIGURES

(mn €, unless otherwise expressed)	2Q19	2Q18 Restated	Var. %	1H19	1H18 Restated	Var. %
Cement and Clinker Sales ('000 ton)	**4.831**	4.901	-1,4%	**9.646**	9.909	-2,7%
Sales	**342**	364	-6,1%	**694**	751	-7,6%
EBITDA	**60**	51	16,6%	**114**	119	-4,3%
Adjusted EBITDA[1]	**67**	53	25,5%	**131**	122	6,8%
Net Debt[2]	**1.434**	1.717	-16,5%	**1.434**	1.717	-16,5%
Net Debt (31 Dec)	**-**	1.595	-10,1%	**-**	1.595	-10,1%
FCF	**-46**	-85	-46,2%	**236**	-298	-179,3%

[1] EBITDA excluding non-recurring items

[2] Net Debt = gross debt (which excludes interest payable), less cash and cash equivalents and securities

2. Profit and Loss

INCOME STATEMENT

	2Q19	2Q18 Restated	Var. %	1H19	1H18 Restated	Var. %
Sales	**341,8**	**364,1**	**-6,1%**	**693,8**	**750,6**	**-7,6%**
Net Operational Cash Costs	281,8	312,6	-9,9%	579,8	631,4	-8,2%
Operational Cash Flow (EBITDA)	**60,0**	**51,5**	**16,6%**	**114,0**	**119,2**	**-4,3%**
Deprec. Amort. and Impairments	38,1	38,1	0,0%	81,7	73,1	11,7%
Operating Income (EBIT)	**21,9**	**13,4**	**63,7%**	**32,3**	**46,1**	**-29,8%**
Financial Results	-9,2	-62,7	-85,4%	-56,8	-113,6	-50,0%
Pre-tax Income	**12,7**	**-49,3**	**-125,8%**	**-24,4**	**-67,6**	**-63,8%**
Income Tax	14,4	8,2	74,3%	16,3	15,6	4,6%
Net Inc. from continuing Operations	-1,6	-57,6	-97,2%	-40,8	-83,2	-51,0%
Net Inc. from discontinuing Operations	-4,7	1,4	s.s.	309,4	4,6	s.s.
Net Income	**-6,4**	**-56,1**	**-88,7%**	**268,6**	**-78,5**	**-442,0%**
Attributable to:						
Shareholders	-19,7	-46,2	-57,4%	237,8	-74,5	-419,0%
Minority Interests	13,3	-9,9	-234,8%	30,8	-4,0	s.s.

Volumes Sold decreased by 1.4%, reflecting the challenging markets conditions in Argentina and Egypt, while Brazil posted single digit growth (5.7%). Moreover, Mozambique and South Africa showed recovery from prior quarter and reached mid-single digit expansion (+5.2% and +4.6%, respectively).

Sales, despite rising on a local currency basis (+15.5%), were down 6.1% in euros. Despite 35% increase in consolidated average cement price, it was offset by Argentinian Peso depreciation of 60% and by decrease on volume sold.

EBITDA expanded 16.6%, totalling 60 million euros, mostly helped by the improvement of 12.4 million euros in Brazil. Excluding the forex impact in Argentina, EBITDA would have increased around 50%. Consolidated EBITDA margin raised 3.4 p.p. to 17.6% driven mainly by material margins expansion in Brazil and Paraguay, due to better costs management in both countries.

Adjusted EBITDA[1], considering continuing operations, increased 25.5% YoY, reaching 67 million euros. 2Q18 registered 1.8 million euros of non-recurring items, while 2Q19 registered 6.9 million euros from non-recurring mostly related to lay-off expenses in Argentina and Portugal.

[1] EBITDA excluding non-recurring items

Depreciation and Amortizations were flat in the quarter, at 38 million euros, already affected by IFRS16 implementation, which became effective on Jan 1st 2019 (see more details in explanatory note 2.3 of interim consolidated financial statement).

Financial Results improved by 54 million euros, or 50%, mostly driven by lower financial expenses – down 28% or 30 million euros, and helped by forex impact of 18 million euros. This is result of 18.6% net debt decrease vs. 2Q18 as consequence of the execution of InterCement Deleveraging and Liability Management Plan.

Income taxes increased 6 million euros mostly affected by the reversion of deferred taxes provisions occurred in 1Q19 equivalent to 3 million euros.

Net Income came at 6 million euros loss representing an improvement of 50 million euros when compared to 2Q18, driven by EBITDA margin expansion and better financial results.

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.

Cash flow from operations was positive at 23 million euros, mostly as result of (i) better working capital management, 23% better than 2Q18 – mainly in Argentina; and (ii) higher adjusted EBITDA generation, up 25.6% YoY – when considering continuing operations.

Interests paid in 2Q19 dropped 40.3% vs 2Q18 on the merits of the Liability Management Plan execution, which aims to strengthen company's capital structure and lead to alleviate financial expenses burden. Repayments of borrowings were 46.1% lower than previous period, as 2Q18 repayments were boosted by solid cash position after Loma Negra's IPO.

CAPEX increased 110.5% in the period, mainly because of the disbursement related to L'Amali II project, which represented 60% of the CAPEX in 2Q19 vs 13% in 2Q18. L'Amali II is expected to be concluded in mid-2020 and total investments are estimated to reach around 300 million euros to be disbursed in 3-4 years. During the first six months of the year we saw around 90 million euros investment vs. around 30 million euros in 1H18.

The Company already cash collected from the sale of Portugal and Cape Verde discontinued operations a total amount of 676 million euros (50 million euros during 2Q19), see more details in explanatory note 2.4 of interim consolidated financial statement).

Cash and Cash Equivalents as at June 2019 reached 275 million euros, including financial instruments such as securities. Meanwhile Cash and Cash Equivalents in 2Q18, on an Integral Basis (including Portugal and Cape Verde), reached 328 million euros.

FREE CASH FLOW GENERATION MAP	2Q19	2Q18*	1H19	1H18*
Adjusted EBITDA	66,9	69,1	131	156,7
Change in Working Capital	-21	-45	-171	-212
Others	-8	-5	-19	-8
Operating Activities	**37**	**19**	**-60**	**-63**
Interests Paid & Derivative Unwinding	-33	-56	-66	-111
Income taxes Paid	-13	-14	-14	-22
Cash Flow before investments	**-9**	**-51**	**-140**	**-196**
CAPEX	-74	-35	-128,3	-106
Assets Sales / Others[1]	37	1	621	4
Intersegment payments to carved-out companies	0	0	-117	0
Free Cash Flow to the company	**-46**	**-85**	**236**	**-298**
Borrowings, financing and debentures	64	11	91	21
Repayment of borrowings, financ. and debent.	-128	-237	-344	-561
Capital Increases/Decreases	-67	0	-67	0
Dividends	0	0	-47	0
Other investment activities	1	-7	0	32
Changes in cash and cash equivalents	-176	-317	-130	-807
Exchange differences	2	5	3	-29
Cash and cash equivalents, End of the Period	275	328	275	328

* Integral Basis

[1] please refer to explanatory note 2.4 of Interim Consolidated Financial Statement

4. Balance Sheet

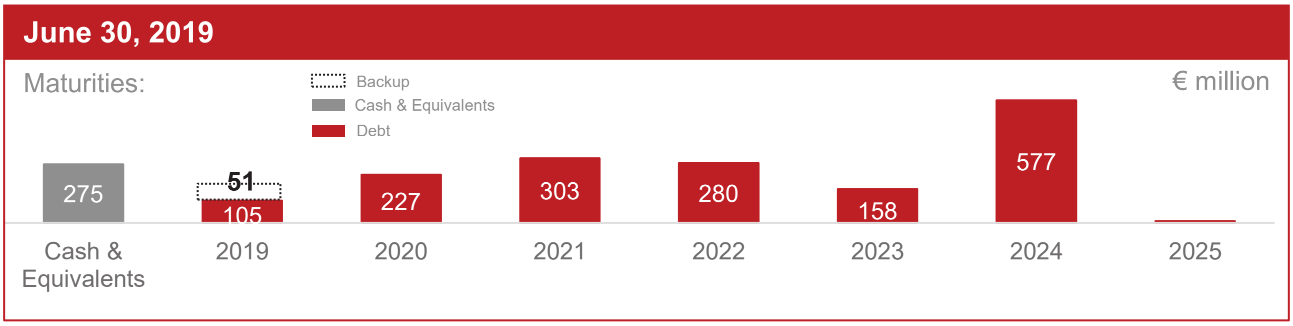
Total Assets stood at 3,722 million euros, an 11.1% reduction from December 31, 2018, mostly as result of the sale of the assets classified as “held for sale” and the cash & equivalents due the impact of the debt prepayment and Interests payments.

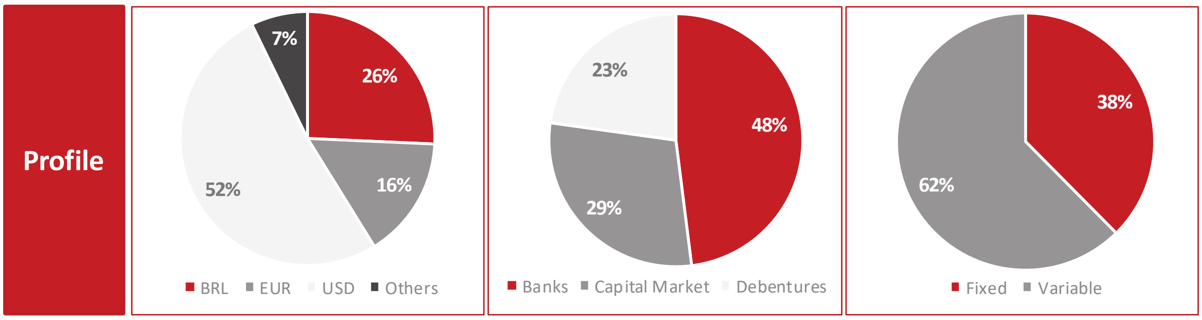
Gross Debt, registered 1,709 million euros, the lowest level in the Company since 2011, representing 72 million euros decrease compared to March 31, 2019, when registered 1,782 million euros. When considering the 275 million euros cash position, 2Q19 net debt amounted 1,434 million euros, higher than 1Q19 due to the cash reduction in the period. Up to 2Q19, 421 million euros of the proceeds of the sale of Portugal and Cape Verde assets were addressed to debt reduction under the liability management program efforts.

CONSOLIDATED BALANCE SHEET SUMMARY

(€ million)	2Q19	4Q18	Var. %
Assets			
Non-current Assets	2.884	2.677	7,7%
Derivatives	5	3	60,4%
Current Assets			
Cash and Equivalents	275	342	-19,6%
Derivatives	0	0	
Other Current Assets	558	415	34,5%
Assets classified as held for sale	0	747	-100,0%
Total Assets	**3.722**	**4.184**	**-11,0%**
Shareholders' Equity attributable to:			
Equity Holders	878	882	-0,4%
Minority Interests	329	282	16,6%
Total Shareholders' Equity	**1.207**	**1.164**	**3,7%**
Current Liabilities			
Loans & Obligations	316	491	-35,7%
IFRS 16	10	0	
Derivatives	5	3	
Provisions & Employee benefits	0	0	-100,0%
Other Current Liabilities	398	424	-6,1%
Non-Current Liabilities			
Loans & Obligations under finance leases	1.393	1.447	-3,7%
IFRS 16	27	0	
Derivatives	0	0	-100,0%
Provisions & Employee benefits	71	70	0,8%
Other Liabilities	295	278	6,3%
Liabilities assoc. w/ assets classified as held for	0	307	-100,0%
Total Liabilities	**2.515**	**3.021**	**-16,7%**
Total Liabilities and Shareholders' Equity	**3.722**	**4.184**	**-11,0%**

The profile of Debt as of June 30, 2019 was as follows.





5. Operations in-depth look – 2Q’19

Brazil

InterCement’s cement and clinker sales continued to increase, up 5.7% YoY in the period, as result of company’s focus on market segmentation approach, potentially helped by the recovery seen in housing sector launches. In the first six months of the year, industry grew 1.5% YoY while InterCement expanded 6.8%. Moreover, a positive agenda in Brazil could boost growth perspectives in volumes – Industry Association foresees 3% growth potential for 2019. On the negative side, industry high idle capacity and fierce competitive environment led prices to remain under pressure.

EBITDA in Q2 improved by 12.4 million euros YoY due to weak comparison base in 2Q18, which was mainly penalized by truck drivers’ strike, but also as result of significant reduction in costs structure, leading EBITDA margin to expand to 7.5% in 1H19.

Argentina & Paraguay

Argentina and Paraguay business unit posted EBITDA significant expansion of 38% in local currency, however as consequence of Argentinian Peso devaluation from 2Q18 to 2Q19, EBITDA in the region fell 4.8%. Nevertheless, EBITDA margin was able to expand, +120bps to 25.8%.

In Argentina, as result of challenging political and economic context, demand persisted on a weak trend and led cement and clinker sales to decline 10.4% YoY (or 155k tons) in the period. On the other hand, Loma Negra’s solid market approach allowed price adjustments to mitigate inflationary pressure. EBITDA decreased by 7.1% in 2Q19, while margins expanded 65bps. L’Amali plant expansion on track to be concluded in mid-2020, which should add capacity of 2.7mn tons per year and raise business unit profitability.

Paraguayan sales fell 6% YoY in 2Q18 as volumes were affected by heavier rains during the period, mitigated by the commercial strategy that led to solid recovery of sales in June. Such commercial performance combined with the continuous industrial improvement reaffirmed EBITDA growth of 14% YoY and allowed EBITDA margin to expand.

Africa

InterCement's cement and clinker volumes sold in Africa decreased 2.0%, recovering from a material slump in previous quarter (almost 10% down YoY in 1Q19), as South Africa and Mozambique posted significant improvements during 2Q19.

Cement volumes in South Africa posted mid-single digit expansion, leading sales to increase 4.8% in local currency – despite declining by 3.7% when converted to euros. In the cost side, variable costs continued to be affected by higher fuel costs, which were partially offset by larger participation of co-processed energy. EBITDA declined by 0.5 million euros while margins fell 80bps.

In Mozambique, after weak volumes registered in 1Q19 due to the tropical cyclones impacts, cement volumes sold improved driven by reconstruction of areas that were hit – in the central and north regions. Therefore, sales were able to raise 6.1%, also helped by pricing policy given Company's strong position in the different markets. However, raising costs, specially related to energy, led EBITDA to decrease by 1.1 million euros.

Finally, heated competitive environment and weak demand remained to affect Egypt's top line. Sales were down in local currency, while excluding forex impact, would have increased by 8% helped by material EGP$ appreciation. Thus, leading EBITDA to expand 7.6% with stable margins due to well managed fixed costs and fuel costs decelerated vs. 1Q19.

CEMENT AND CLINKER VOLUMES SOLD	2Q19	2Q18 Restated	Var. %	1H19	1H18 Restated	Var. %
BRA	2.079	1.966	5,7%	4.036	3.778	6,8%
ARG & PAR	1.456	1.612	-9,7%	2.978	3.336	-10,7%
AFRICA	1.296	1.322	-2,0%	2.632	2.795	-5,9%
Sub-Total	**4.831**	**4.901**	**-1,4%**	**9.646**	**9.909**	**-2,7%**
Intra-Group Eliminations	-	-	s.s.	0	0	s.s.
Consolidated Total	**4.831**	**4.901**	**-1,4%**	**9.646**	**9.909**	**-2,7%**
Operations in Continuation	4.831	4.901	-1,4%	9.646	9.909	-2,7%
Discontinued Operations	-	794	-	-	1.578	-

NET REVENUES

(€ million)	2Q19	2Q18 Restated	YoY	1H19	1H18 Restated	YoY
BRA	102	103	-1,8%	200	204	-1,6%
ARG & PAR	156	172	-9,3%	322	359	-10,2%
AFRICA	85	83	2,6%	166	166	0,2%
Others	22	32	-32,1%	60	74	-19,5%
Sub-Total	**364**	**390**	**-6,7%**	**748**	**802**	**-6,7%**
Intra-Group Eliminations	-22	-26	-14,2%	-54	-51	5,6%
Consolidated Total	**342**	**364**	**-6,1%**	**694**	**751**	**-7,6%**
Operations in Continuation	342	364	-6,1%	694	751	-7,6%
Discontinued Operations	-	66	-	-	116	-

ADJ. EBITDA - BU OPENING

(€ million)	2Q19	2Q18 Restated	Var. %	1H19	1H18 Restated	Var. %
BRA	10,7	-1,3	s.s.	15,4	6,2	148,7%
ARG & PAR	43,6	42,7	2,2%	95,3	91,2	4,5%
AFRICA	15,2	16,4	-7,4%	24,6	29,8	-17,4%
Others	-2,6	-4,5	-41,7%	-4,7	-4,9	-2,8%
Consolidated Total	**66,9**	**53,3**	**25,5%**	**130,6**	**122,3**	**6,8%**
EBITDA Margin	**19,6%**	**14,6%**	**4,9 p.p.**	**18,8%**	**16,3%**	**2,5 p.p.**
Operations in Continuation	66,9	53,3	25,5%	130,6	122,3	6,8%
Discontinued Operations		15,7	-		34,3	

6. Corporate and subsequent events

Portuguese and Cape Verde assets sales

During August 2019, additional 20 million euros proceeds from the sale of the Portugal and Cape Verde operations were received in cash – 10 million euros are still pending to be received over the total of 707 million euros reference price.

Argentina

On August 11th, 2019, the primary of presidential elections in Argentina took place, presenting significant differences with respect to official surveys and potentially bringing political and economic uncertainties, what led to material capital market correction along with a significant depreciation of Argentinian peso. See more details in explanatory note 22.