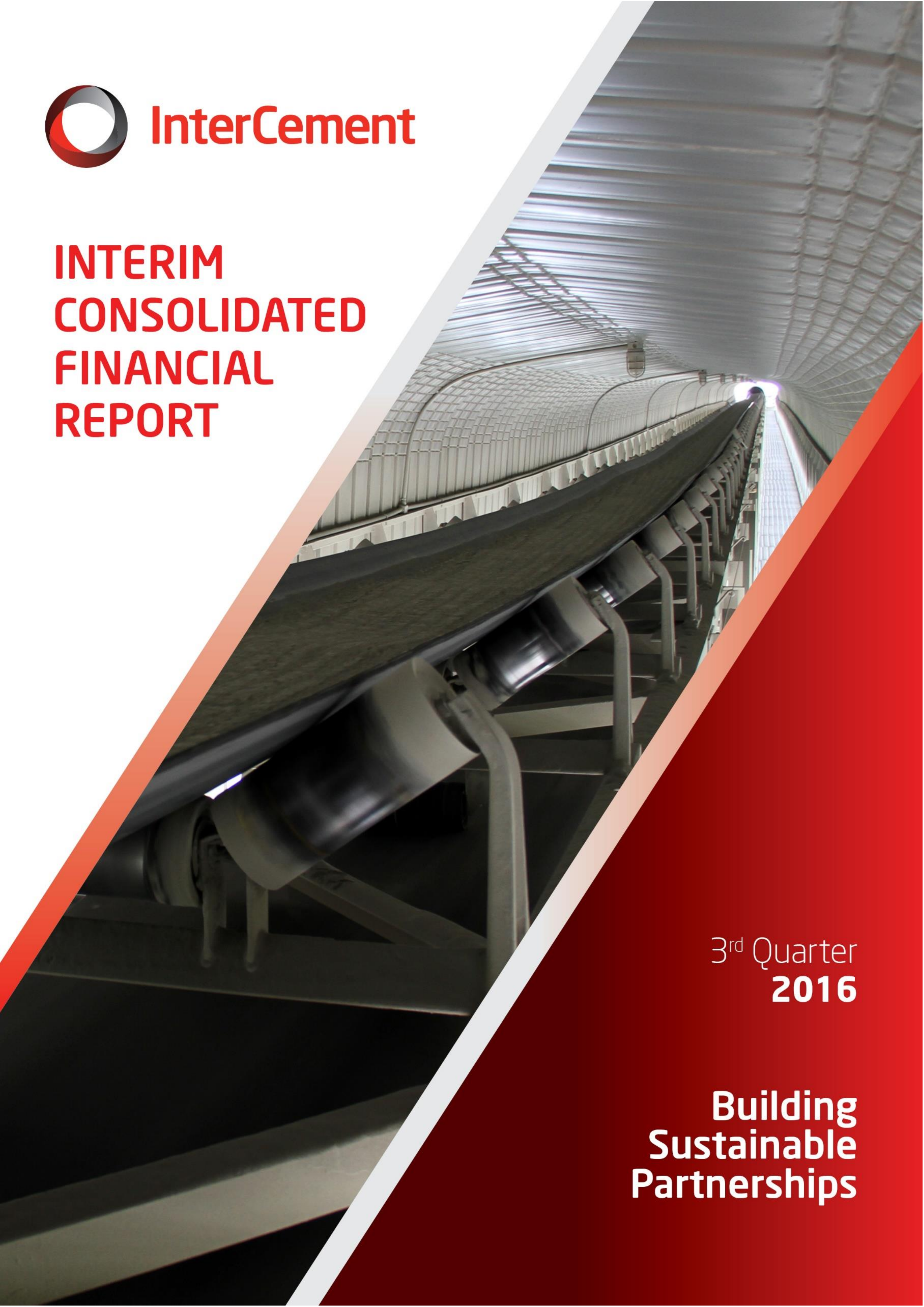
InterCement

INTERIM CONSOLIDATED FINANCIAL REPORT



3rd Quarter
2016

Building Sustainable Partnerships

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Markets revert to growth on Q3

Reversion market trend occurred on Q3 and efficiency package just started delivering, for results were yet to reach 2015. Adverse forex constrained results.

Favorable perspectives materialized. South America led Q3 reversion. Compared to Q2'16, Q3 Cement and Clinker Volumes Sold ("Volumes"), improved 8%, while Sales, benefiting from price adjustment, rose 9% and EBITDA grew 5%.

Compared to 2015, Q3 efficiency increased – EBITDA margin was up 1pp on Q3'15 to 19.1%. Average LMU price increase (+16%) and cost cutting, overcame lower volumes. However adverse forex impact, both on cost structure and translation to euros, harmed comparison with Q3'15: Turnover was down 23% (-7% ex forex), while EBITDA dropped 19%, despite being in line with 2015 on an ex-forex basis (-2%).

Same pattern was observed for 9M figures. EBITDA of €257 million was down on 2015 by 34%, but by 16% on an ex-forex basis.

Financial results took the onus of the forex adverse effect registered throughout 2016.

Q3 Net Profit turned negative to €-52M. 9M figure dropped to €-409M reflecting impairment Q2 impairment registration on Brazilian assets goodwill (€253M).

Free Cash Flow of €-18M regressed vs. €36M on Q3'15, but recovered from H1'16 trend with higher working capital efficiency and CAPEX improvement. 9M'16 FCF: €-224M.

Monetization of assets and sale of minority interests in progress target Net Debt reduction, from €2.645M registered by September 30th 2016.

Income Statement							
(€ million)	3rd Quarter				Jan - Sep		
	2016	2015	QoQ	YoY	2016	2015	YoY
Sales	**481.9**	**625.5**	**8.7%**	**-23.0%**	**1,379.4**	**1,928.1**	**-28.5%**
Net Operational Cash Costs	390.1	511.6	9.7%	-23.7%	1,122.1	1,538.8	-27.1%
Operational Cash Flow (EBITDA)	**91.8**	**113.9**	**4.7%**	**-19.4%**	**257.3**	**389.4**	**-33.9%**
Deprec. Amort. and Impairments	63.0	53.6	-78.5%	17.4%	406.5	161.2	152.1%
Operating Income (EBIT)	**28.8**	**60.3**	**n.m.**	**-52.2%**	**-149.2**	**228.2**	**n.m.**
Financial Results	-98.0	-53.2	-21.3%	84.4%	-303.8	-184.5	64.6%
Pre-tax Income	**-69.2**	**7.1**	**n.m.**	**n.m.**	**-453.0**	**43.7**	**n.m.**
Income Tax	-17.7	-7.9	-21.9%	122.7%	-43.6	14.8	n.m.
Net Income	**-51.5**	**15.1**	**-83.2%**	**n.m.**	**-409.3**	**28.9**	**n.m.**
Attributable to:							
Shareholders	-34.7	26.7	-85.0%	n.m.	-305.8	49.3	n.m.
Minority Interests	-16.8	-11.6	-77.9%	44.5%	-103.6	-20.4	n.m.

1. Q3 Performance

Positive signs observed by the end of H1 materialized in Q3'16, which raising from a pronounced downturn was still behind 2015.

Q3 Volumes, Sales and EBITDA improved from Q2 and stood above Q1. Recent trend shows Brazil recovery, Argentina consumption resume and Paraguay accelerated growth pace. Africa improved.

InterCement restructuring proceeded so as to capture reversal markets potential. Focus on commercial assertiveness and operating efficiency – industrial grid adjustment, energy matrix optimization and redesigned support to operations.

Volumes reached 6 million tons in Q3, leading to 18 million tons for the 9M. Despite the recent reversal from the downturn – Q3 increased 8% vs. Q2 – Volumes in Q3 stood 12% below Q3'15, though attenuating the 9M decrease to 15%.

Sales contraction on Q3'15 reflected both adverse forex and concrete and aggregates assets sales. Price adjustments following cost inflation (+16% LMU) overcame lower Volumes observed on Q3. However, currency depreciations impact, together with a lower concrete and aggregates contribution, brought Sales down by 23% (8% if ex- forex).

Recent reversal has also passed onto Sales which in euros have grown 1p.p. above Volumes vs Q2 (+9%).

EBITDA reveals efficiency increases with EBITDA margin growing 1p.p. vs Q3'15 up to 19.1%. Reinforced commercial strategy combined with increasing efficiency initiatives – adjustments on the industrial grid (suspension of Cubatão and Loulé), optimization of energy matrix and redesigned support to operations -, already delivered first output but are yet to reach their full potential.

EBITDA grew sustainably throughout 2016 (Q3 was 5% up on Q2). However, when compared to 2015, in face of lower Sales and the double forex impact on cost structure and translation to euros, Q3 EBITDA registered a contraction of 19%. Excluding forex effect on translation (€20M), Q3'16 EBITDA would have been close to Q3'15 (-2%).

9M'16 EBITDA of €257M, encompasses €83M of currency translation effect revealing a 34% decrease, 16% if ex-forex.

Depreciations Amortisations and Impairments, were highly impacted on Q2'16 with €253M goodwill impairment in Brazil justifying the 9M figure.

Financial Results remained penalized, both on Q3 and 9M, by the accounting effects of the exchange rate fluctuations on Intercompany Loans, effects that on Q3'15 benefit from the depreciation of the BRL against the euro. Q3'16 drop was nevertheless mitigated by gains from acquisition of InterCement 2024 Senior Notes (€13M).

Net Income was negative by €-52M, down from €15M on Q3'15. On a 9M basis goodwill impairment on Brazilian assets registered on Q2 outstood.

Free Cash Flow on Q3 (€-18M) degraded from the €36M cash generation registered on Q3'15. Nevertheless, Q3 FCF revealed a substantial improvement on H1 average (€-103M), on the back of working capital improvement (€10M vs €-78 on Q2) and capex discipline.

Free Cash Flow

(€ million)	2015		2016			
	Q3	9M	Q1	Q2	Q3	9M
Adjusted EBITDA *	117	397	79	91	96	266
Change in Working Capital	47	-56	-78	-78	10	-146
Others	-4	-9	-15	-3	-6	-25
Operating Activities	**161**	**332**	**-14**	**10**	**99**	**95**
Interests Paid	-90	-174	-51	-61	-105	-217
Income taxes Paid	-4	-31	-6	-13	-9	-29
Cash Flow before investments	**67**	**127**	**-71**	**-64**	**-16**	**-151**
CAPEX	-33	-109	-28	-47	-13	-89
Assets Sales / Others	1	12	1	3	11	15
Free Cash Flow to the company	**36**	**30**	**-98**	**-108**	**-18**	**-224**
Borrowings, financing and debentures	59	207	24	157	24	206
Repayment of borrowings, financ. and debent.	-137	-316	-38	-4	-99	-141
Dividends	0	-50	0	-54	0	-54
Other investment activities	-89	-29	-18	10	1	-7
Changes in cash and cash equivalents	-131	-159	-130	2	-92	-220
Exchange differences	-47	-38	-14	9	-17	-22
Cash and cash equivalents, End of the Period	605	605	623	635	526	526

* Adjusted for non-recurrent figures.

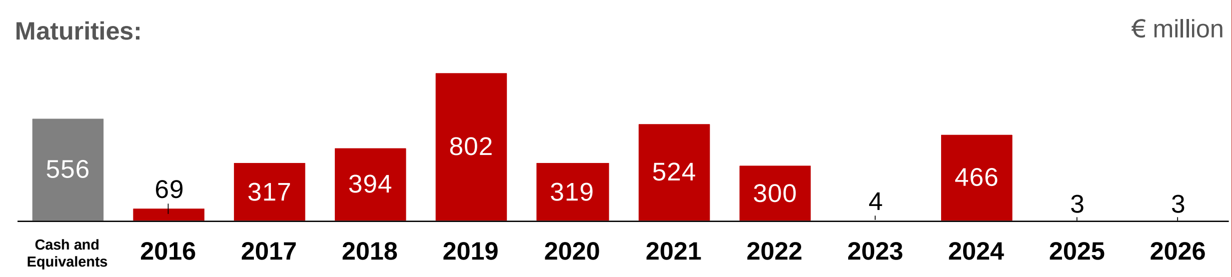
As of September 30, 2016, **Total Assets** stood at €5.563M, similar level to December 31, 2015, despite the one-off charge of €274M related to goodwill impairment recorded on Q2.

Consolidated Balance Sheet Summary			
(€ million)	Sep 30 2016	Dec 31 2015	Var. %
Assets			
Non-current Assets	4,127	4,212	-2.0
Derivatives	181	239	-24.1
Current Assets			
Cash and Equivalents	556	791	-29.8
Derivatives	23	25	-5.6
Other Current Assets	675	645	4.7
Total Assets	**5,563**	**5,911**	**-5.9**
Shareholders' Equity attributable to:			
Equity Holders	777	1,049	-25.9
Minority Interests	418	452	-7.6
Total Shareholders' Equity	**1,194**	**1,500**	**-20.4**
Liabilities			
Loans & Obligations under finance leases	3,390	3,291	3.0
Derivatives	16	7	122.7
Provisions & Employee benefits	126	137	-8.2
Other Liabilities	837	975	-14.2
Total Liabilities	**4,369**	**4,411**	**-1.0**
Total Liabilities and Shareholders' Equity	**5,563**	**5,911**	**-5.9**

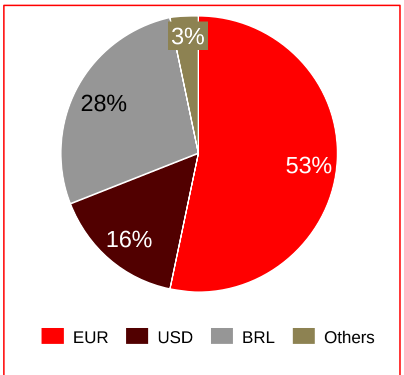
Net Debt reached €2,645M, 18% above December 31, 2015, reflecting the BRL appreciation and free cash flow deficit of €224M on 9M'16. Compared to June 30, 2016, Net Financial Debt presented no material change.

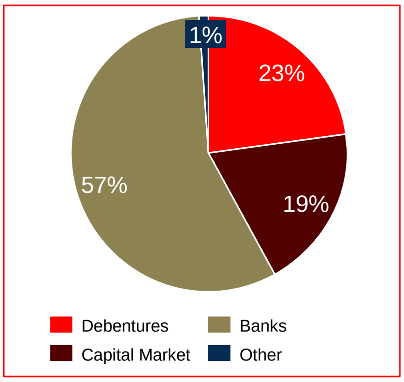
Average debt maturity of 4 years and liquidity to cover liabilities up to 2018 assure the financial soundness of InterCement.

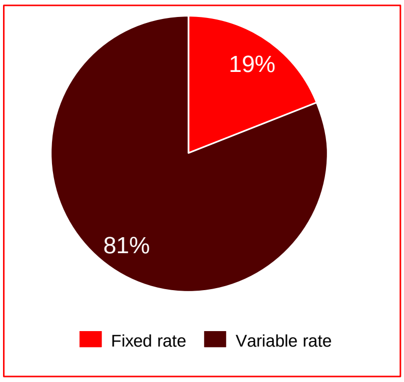
September 30, 2016



Debt profile:







2. Operations in-depth look – Q3 reversion

Brazil

Positive signs on Brazil consumption materialized. Volumes rose 12% over Q2, though still 17% behind Q3'15. The price adjustments by the end of Q3 allowed Sales growth of 15% vs Q2'16, yet 32% lower than Q3'15.

EBITDA almost doubled vs. Q2, fuelled by reinforced commercial assertiveness and cost cutting initiatives - rationalisation of the industrial network (further suspension of Cubatão plant), new approach to the concrete business and various SG&A initiatives. However, the initial phase of recovery was yet tenuous in face of the consumption downturn in the last two years, leaving EBITDA 45% behind Q3'15.

9M Results started revealing the first reversion stages.

Argentina

Market got back on track, despite severe rains impact on September sales. Q3'16 Volumes increased 16% over Q2. Expected consumption adjustments from record high 2015 sales faded. Compared to 2015, Volumes decline 7% in Q3 contrasting with - 20% in Q2.

Q3 EBITDA rose 12% over Q2. Nevertheless, a 38% Peso depreciation over Q3'15, determined a 15% drop over the same period last year. Cost cutting initiatives and commercial reaction towards inflation adjustments succeeded, allowing EBITDA to grow in local currency by 38% vs. Q3'15 and 23% vs. 9M'15 (though dropping 24% in euros for the latter).

Paraguay

Fruitful commercial strategy reacted to imports delivering strongest quarter in 2016. Q3 Volumes rose 26%, while Sales increased 7%. Recent installed integrated line reached cruising mode driving 9M EBITDA margin up to 36% (32% in 2015).

Egypt

New coal mill (energy matrix optimization programme) enhanced operational flexibility. Q3 Volumes augmented 16% vs. both Q2 and Q3'15, meeting consumption growth. Market conditions allowed LMU price to overcome H1 pressure and grew vs. Q3'15. Sales increased 12%, compared to Q3'15, while EBITDA margin went up 0.8p.p.

Mozambique

Q3 kept Q3'15 activity level, but outstood Q2 performance, with higher volumes (+17%) and sales (7%). Pronounced metical depreciation (38%) impacted both cost structure and translation to euros. Even so, 9M improved 4% from 9M'15.

South Africa

Volumes recover throughout 2016, as InterCement penetrates new markets. Q3 activity was nevertheless by logistical pressures pressure following heavy rains and subsequent landslides.

Q3 Sales increased 12% vs. Q2. However, compared to the same period last year, Sales dropped 21% reacting to a more competitive environment and influenced by the ZAR depreciation. EBITDA followed the same trend.

Portugal

Local market recovered on Q3 vs. Q2, though not enough to offset the decline observed vs. 2015. Exports continue to suffer from clients' dependency on commodity prices. 9M Sales stood 23% below 9M'15. CO_2 permits management affects EBITDA QoQ comparison. EBITDA to benefit from restructuring initiatives (suspension of Loulé kiln and redesigned support to operations).

Cape Verde

Growth fuelled foreign investment in the tourism sector. Q3 Volumes record 30% growth above Q3'15, while Sales increased 31%.

Cement and Clinker Volumes Sold

(thousand tons)	3rd Quarter 2016	3rd Quarter QoQ	3rd Quarter YoY	Jan - Sep 2016	Jan - Sep YoY
Brazil	2,257	11.7%	-17.2%	6,545	-19.2%
Argentina	1,576	15.5%	-7.3%	4,348	-11.7%
Paraguay	134	19.9%	25.7%	335	10.8%
Portugal	600	-24.3%	-35.7%	2,124	-35.7%
Cape Verde	53	-4.6%	29.5%	157	21.2%
Egypt	822	16.0%	15.8%	2,382	-3.9%
Mozambique	484	16.9%	1.8%	1,266	11.2%
South Africa	353	3.2%	-20.2%	1,011	-5.3%
Sub-Total	**6,279**	**8.1%**	**-12.0%**	**18,167**	**-15.3%**
Intra-Group Eliminations	-62	29.6%	-6.7%	-159	-52.8%
Consolidated Total	**6,216**	**7.9%**	**-12.0%**	**18,008**	**-14.7%**

Sales

(€ million)	3rd Quarter 2016	3rd Quarter QoQ	3rd Quarter YoY	Jan - Sep 2016	Jan - Sep YoY
Brazil	140	15.0%	-32.1%	397	-41.6%
Argentina	159	17.6%	-20.2%	428	-24.0%
Paraguay	15	14.3%	6.6%	38	-6.8%
Portugal	53	-12.4%	-21.1%	167	-23.1%
Cape Verde	9	-2.3%	30.7%	26	27.8%
Egypt	48	9.7%	11.9%	143	-13.7%
Mozambique	32	7.2%	-31.5%	96	-20.1%
South Africa	29	11.8%	-21.0%	79	-20.0%
Trading / Shipping	33	-5.3%	-38.6%	116	-49.0%
Others	10	-9.6%	-21.7%	33	-11.0%
Sub-Total	**527.4**	**8.8%**	**-23.1%**	**1,522.8**	**-29.8%**
Intra-Group Eliminations	-46	10.4%	-24.8%	-143	-40.9%
Consolidated Total	**481.9**	**8.7%**	**-23.0%**	**1,379.4**	**-28.5%**

EBITDA					
(€ million)	3rd Quarter			Jan - Sep	
	2016	QoQ	YoY	2016	YoY
Brazil	23.0	90.6%	-45.0%	51.8	-58.3%
Argentina & Paraguay	40.0	12.4%	-11.8%	110.7	-21.3%
Portugal & Cape Verde	9.1	-46.4%	68.9%	34.2	-16.5%
Africa	20.5	-17.5%	-10.9%	62.9	-21.9%
Trading / Shipping & Others	-0.8	-56.5%	-53.0%	-2.3	n.m.
Consolidated Total	**91.8**	**4.7%**	**-19.4%**	**257.3**	**-33.9%**
EBITDA margin	***19.1%***	**-0.7 p.p.**	***0.8 p.p.***	***18.7%***	***-1.5 p.p.***