Building sustainable partnerships

1st HALF 2017

Results Presentation

InterCement

Disclamer

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Sustained EBITDA. Deleveraging projects progress.

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EBITDA growth in Argentina, Paraguay and South Africa mitigated adversities in other geographies. EBITDA excluding non-recurring items remained stable vs. 1H'16.

Free Cash Flow generation recovered, benefiting from the unwinding of the derivative's portfolio (€209M), though still negative on the back of one-off inventory requirements on Q1'17.

Brazil struggled with local context, dropping EBITDA generation, but persisted with new efficiency initiatives to address short-term challenges. Even though, the delay on the recovery of the local market required an assets impairment registration (€192M), which implied a Net Loss of €172M.

Loma Negra was close to 2015 high figures - Argentina new growth cycle. The new commercial approach of Yguazú Cementos boosted volume by 37% exulting local industrial efficiency.

Furthermore, the Portuguese market rose close to 20%, while exports continued to recover, and the South Africa business unit increased sales by 35% posting a two-digit EBITDA growth.

Business in Egypt mirrored the local on-going economic adjustment and exchange rate impact, while Mozambique contracted reflecting the economic instability.

Financial results benefited from USD favorable context and from the derivatives unwinding.

Net Debt decreased 1% from 31.12.16 and 6% vs 31.03.17 following the sale of Estreito participation.

Sale of minority interests projects evolved in H1'17, targeting the company deleveraging process - which is also to benefit from the expected full year positive Free Cash Flow generation in 2017.

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1. Operations Review

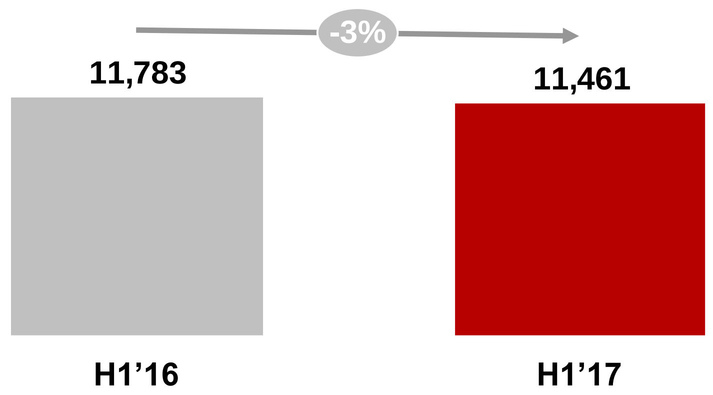
2. Results
3. Financing Structure
4. Outlook

Volumes: recovering operations mitigated Brazilian crisis

Brazil, **Egypt** and **Mozambique** struggle with economic adversity. On the other hand **Argentina** continues to take advantage of market momentum. **Paraguay** and **South Africa** outstood. **Portuguese** demand grew and so did exports.

Cement and Clinker Volumes Sold

(thousand tons)



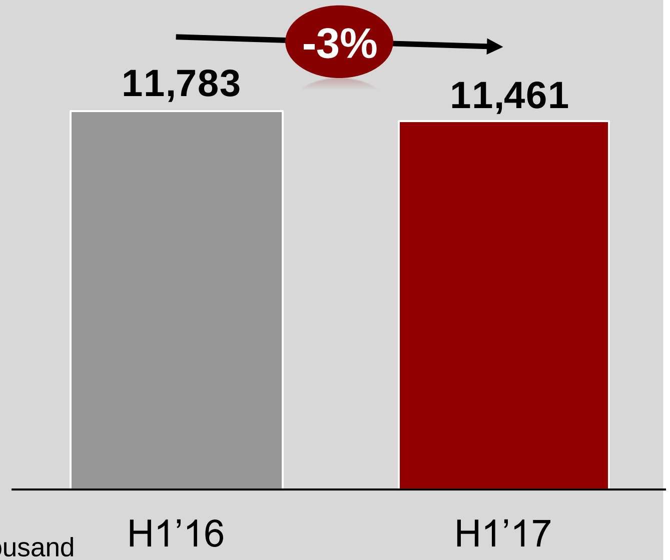
Cement and Clinker Volumes Sold						
(thousand tons)	2nd Quarter			1st Half		
	2017	2016	YoY	2017	2016	YoY
Brazil	1,891	2,018	-6.3%	3,811	4,285	-11.1%
Argentina	1,495	1,364	9.6%	2,941	2,772	6.1%
Paraguay	129	112	15.5%	277	201	37.4%
Portugal	1,008	793	27.2%	1,780	1,523	16.8%
Cape Verde	50	55	-10.0%	93	104	-11.1%
Egypt	657	708	-7.3%	1,379	1,560	-11.6%
Mozambique	265	414	-36.0%	516	782	-34.0%
South Africa	400	336	18.9%	750	652	15.1%
Sub-Total	**5,895**	**5,801**	**1.6%**	**11,547**	**11,880**	**-2.8%**
Intra-Group Eliminations	-54	-48	13.2%	-86	-97	-11.4%
Consolidated Total	**5,841**	**5,753**	**1.5%**	**11,461**	**11,783**	**-2.7%**

Cement average price increased and surpassed lower cement volumes**.**
Stable **Concrete** volumes, following assets sales in Brazil, and stronger **Aggregates** contribution.

YoY Change

Cement and clinker Volumes Sold

(thousand tons)



Cement price Contribution (LMU) **+10.0%**

Concrete Volumes (m3) **-1.1%**

Aggregates Volumes (ton) **+9.6%**

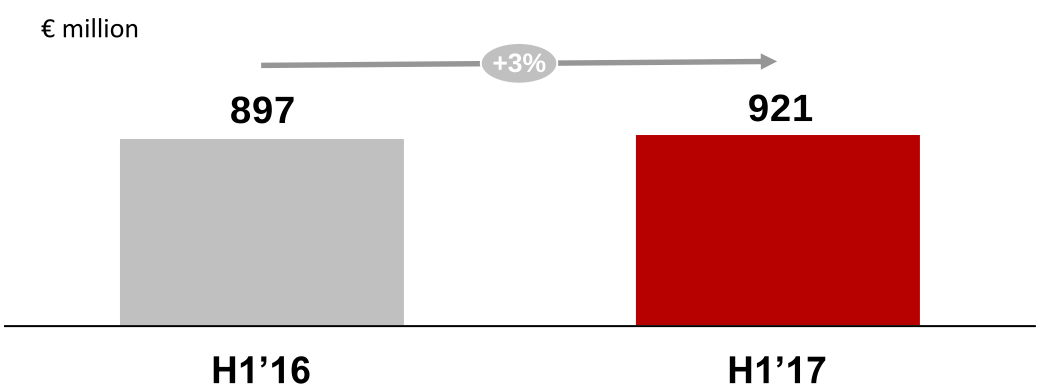
Forex -1.9%

Reported Sales change in € **2.6%**

Sales: Argentina leads

Argentina cement demand drove-up - economics momentum. **Paraguay** increased sales. **South Africa** commercial strategy delivered. **Portuguese** market grew while exports increased.
Brazil: economics rebound delays. **Egypt** and **Mozambique** economic adjustments show.

Sales - BU opening								
(€ million)	2nd Quarter				1st Half			
	2017	2016	YoY	YoY LC	2017	2016	YoY	YoY LC
Brazil	109.3	121.7	-10.2%	-17.8%	230.3	257.2	-10.4%	-24.8%
Argentina	188.4	135.1	39.4%	52.4%	360.5	268.9	34.0%	43.6%
Paraguay	13.8	12.9	6.8%	3.7%	30.7	23.3	31.8%	26.4%
Portugal	68.7	60.5	13.6%	13.6%	129.9	114.4	13.6%	13.6%
Cape Verde	7.7	8.9	-12.9%	-12.9%	14.7	17.1	-14.1%	-14.1%
Egypt	20.6	43.3	-52.3%	-6.2%	44.6	95.9	-53.5%	-6.2%
Mozambique	24.5	29.9	-18.1%	-16.2%	46.0	64.0	-28.2%	-13.2%
South Africa	35.4	26.2	35.4%	15.6%	66.8	49.3	35.4%	12.2%
Trading / Shipping	48.7	34.6	40.6%	40.6%	95.2	82.8	15.0%	15.0%
Others	11.7	11.4	2.6%	2.6%	22.7	22.4	1.2%	1.2%
Sub-Total	**528.9**	**484.6**	**9.1%**	**13.2%**	**1,041.4**	**995.4**	**4.6%**	**6.4%**
Intra-Group Elimin	-61.1	-41.2	48.1%	48.1%	-120.5	-97.9	23.1%	23.1%
Consolidated Total	**467.9**	**443.4**	**5.5%**	**9.8%**	**920.9**	**897.5**	**2.6%**	**4.6%**



Brazil: Economics affected cement demand (-9%). High idle capacity moment. Price retraction. Exposure to competitive regions drew down cement volumes by 11%.

Argentina: economic momentum continued to favour cement volumes (MoM growth). Redesigned cost structure and adjustments to inflation proved successful.

Paraguay: Reinforced commercial approach expanded sales reach.

Portugal: Local demand continued to recover (+20%) while exports triggered in Q2.

Cape Verde: expected gradual recover following restart of major new works.

Egypt: Economic adjustment impact on consumption and currency. Commercial strategy explores premium brand profile to tackle market underperformance. Exports.

Mozambique: political and economic context affected local cement demand.

South Africa: Operations optimization program stimulated client base expansion to feed higher capacity utilization. Volumes grow 15%.

EBITDA remained stable despite lower activity and cost inflation

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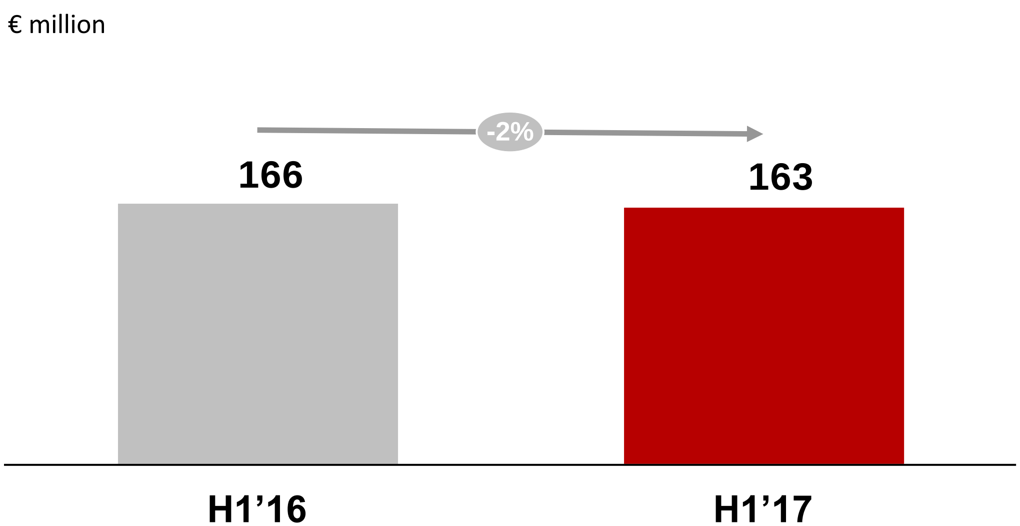
Excluding CO_2 allowances sales and non-recurrent costs, H1'17 EBITDA would have risen 5%. Reinforced commercial approach combined with 2016 efficiency initiatives mitigated the lower activity observed in H1'17.

EBITDA - BU opening								
(€ million)	2nd Quarter				1st Half			
	2017	2016	YoY	YoY LC	2017	2016	YoY	YoY LC
Brazil	3.5	12.1	-70.7%	-72.6%	12.5	28.8	-56.8%	-63.7%
Argentina & Paraguay	50.0	35.6	40.4%	51.1%	101.9	70.7	44.2%	52.4%
Portugal & Cape Verde	11.0	17.0	-35.0%	-35.0%	21.6	25.1	-14.2%	-14.2%
Africa	14.6	24.9	-41.1%	-29.9%	25.9	42.4	-39.0%	-25.6%
Trading & Others	-0.4	-1.8	n.m.	n.m.	1.2	-1.5	n.m.	n.m.
Consolidated Total	**78.8**	**87.7**	**-10.1%**	**-3.9%**	**163.0**	**165.5**	**-1.5%**	**2.1%**
EBITDA margin	***16.8%***	***19.8%***	**-2.9 p.p.**	**-2.4 p.p.**	***17.7%***	***18.4%***	**-0.7 p.p.**	**-0.4 p.p.**



Brazil: implemented efficiency initiatives mitigated EBITDA deterioration in presence of increasing electricity prices and lower fixed cost dilution.

Argentina and Paraguay: increased EBITDA generation by 45% vs H1'16, sustaining EBITDA margin at 26%, reaffirming presence in the region. Paraguay unit overcame technical performance, benchmarking for EBITDA margin.

Portugal and Cape Verde: Portuguese market and exports recovered, together with implemented efficiency pack increased EBITDA generation. However, CO_2 allowances sales (€3M in H1'17 vs €10M in H1'16) justify the decrease. EBITDA ex-CO_2 sales was up 25%

Egypt: benefits brought by the new coal mill, were partially offset by increase of energy costs (following subsidies redraw), indemnities and compensations (head count reduction) dropping EBITDA mg.

Mozambique: ongoing efficiency initiatives were offset by energy price increases - Gcal tariff rose 50%,while Mwh prices observed a threefold increase.

South Africa: Though benefiting from a 20% ZAR appreciation, EBITDA raised moderately, reflecting maintenance interventions in Q1'17.

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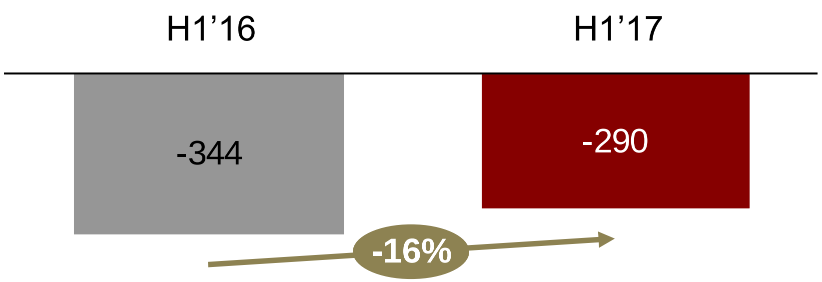
Depreciation, Amortizations and Impairments

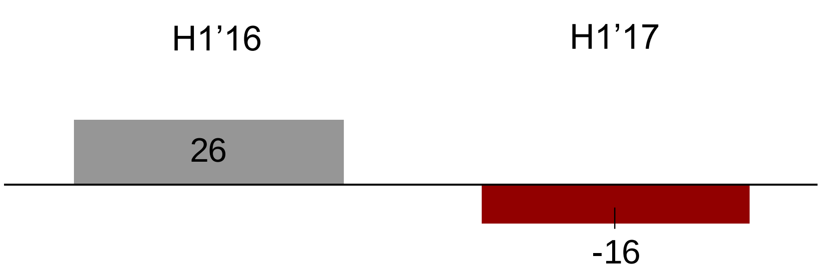


Stable Depreciation and Amortizations.

H1'17 assets impairment (€192M) – capacity increase projects.

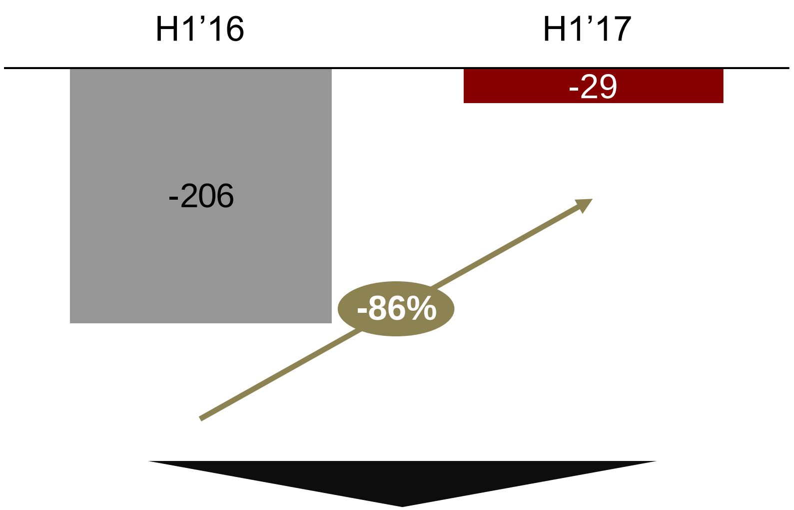
H1'16: goodwill impairment.

Income Taxes



Results on paying tax jurisdictions justify income taxes evolution.

Financial Results



Benefited from €111M positive exchange rate effect, led by the impact of USD depreciation on debt. This effect was enhanced by the USD- Euro derivatives unwinding operation concluded in Q2.

€ million YoY change

Net Results improved though still negative

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Net Results improved and if disregarded the impairment it would have been positive.

Income Statement						
(€ million)	2nd Quarter			1st Half		
	2017	2016	YoY	2017	2016	YoY
Sales	**467.9**	**443.4**	**5.5%**	**920.9**	**897.5**	**2.6%**
Net Operational Cash Costs	389.1	355.7	9.4%	757.9	732.0	3.5%
Operational Cash Flow (EBITDA)	**78.8**	**87.7**	**-10.1%**	**163.0**	**165.5**	**-1.5%**
Deprec. Amort. and Impairments	239.0	293.1	-18.5%	290.1	343.5	-15.5%
Operating Income (EBIT)	**-160.2**	**-205.4**	**-22.0%**	**-127.1**	**-178.0**	**-28.6%**
Financial Results	32.2	-124.5	n.m.	-28.7	-205.8	-86.0%
Pre-tax Income	**-128.0**	**-329.9**	**-61.2%**	**-155.8**	**-383.8**	**-59.4%**
Income Tax	13.1	-22.6	n.m.	16.3	-25.9	n.m.
Net Income	**-141.1**	**-307.3**	**-54.1%**	**-172.1**	**-357.8**	**-51.9%**
Attributable to:						
Shareholders	-109.3	-231.4	-52.8%	-135.6	-271.1	-50.0%
Minority Interests	-31.8	-75.8	-58.0%	-36.5	-86.8	-57.9%

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Balance Sheet: currency impact and assets impairment

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€4,651M Total Assets, 14% decrease following the depreciation of the booking currencies of the main assets, the referred impairment and usual assets depreciation and amortization.

Consolidated Balance Sheet Summary			
(million euros)	Jun 30 '17	Dec 31 '16	Var. %
Assets			
Non-current Assets	3,481	3,957	-12.0
Derivatives	2	215	-99.2
Current Assets			
Cash, Equivalents and Securities	467	591	-21.0
Derivatives	0	26	-100.0
Other Current Assets	702	629	11.5
Total Assets	**4,651**	**5,419**	**-14.2**
Shareholders' Equity attributable to:			
Equity Holders	348	564	-38.3
Minority Interests	293	391	-25.1
Total Shareholders' Equity	**641**	**955**	**-32.9**
Current Liabilities			
Loans & Obligations under finance leases	494	336	47.1
Derivatives	0	8	-100.0
Provisions & Employee benefits	1	1	-17.2
Other Current Liabilities	552	569	-3.0
Non-current Liabilities			
Loans & Obligations under finance leases	2,559	3,090	-17.2
Derivatives	1	7	-82.1
Provisions & Employee benefits	107	114	-6.2
Other Non-current Liabilities	296	338	-12.3
Total Liabilities	**4,010**	**4,464**	**-10.2**
Total Liabilities & Shareholders Equity	**4,651**	**5,419**	**-14.2**

FCF, though negative, improves on deleveraging measures

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Q2’17 FCF positive of €89M partially compensated Q1’17 €-103M – affected by inventory management requirements to minimize variable costs. Unwinding of the derivative portfolio in Q2’17 (circa € 209M). H1’17 Capex mostly addressed energy upgrade and environmental requirements.

Free Cash Flow		
(€ million)	1st Half	
	2017	2016
Adjusted EBITDA *	171	170
Change in Working Capital	-167	-156
Others	-11	-19
Operating Activities	**-7**	**-4**
Interests Paid	97	-111
Income taxes Paid	-19	-19
Cash Flow before investments	**71**	**-135**
CAPEX	-89	-76
Assets Sales / Others	4	4
Free Cash Flow to the company	**-14**	**-206**
Borrowings, financing and debentures	107	181
Repayment of borrowings, financ. and debent.	-268	-42
Dividends	0	-54
Other investment activities	24	-8
Changes in cash and cash equivalents	-151	-129
Exchange differences	-23	-5
Cash and cash equivalents, End of the Period	367	635

* Adjusted for non-recurrent figures.

Net Debt improves

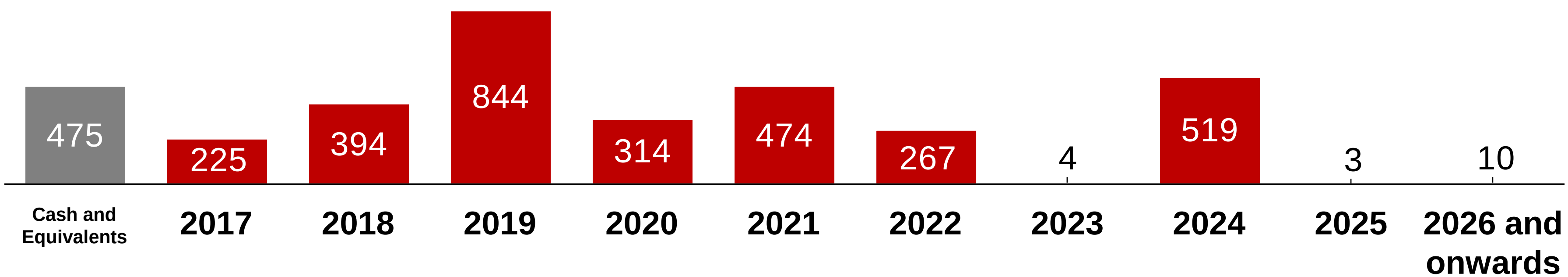
Net Debt reached €2,586M, 1% below December 31, 2016, whereas 6% below March 31, 2017, following recent sale of stake in the Estreito hydropower plant (circa € 77M).

Liquidity covers needs up to 2018. Average debt maturity of 4 years. Average debt **cost**: 4% (USD)

June 30, 2017

Maturities:

€ million



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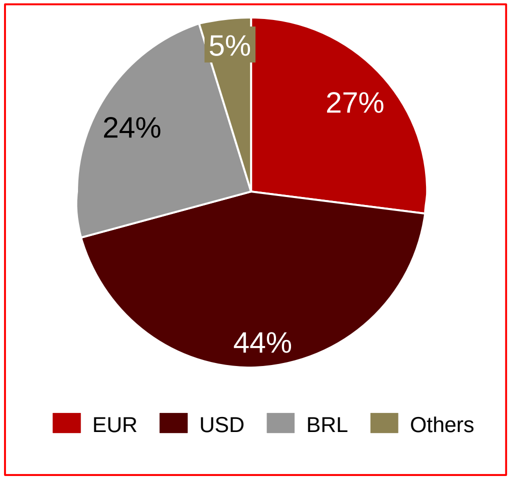

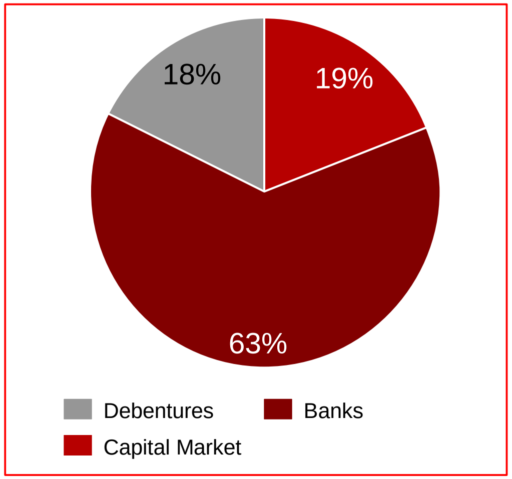

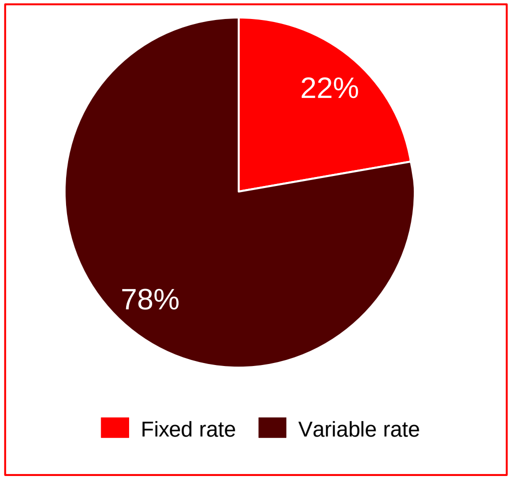

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4. Outlook

Better context. Higher energy costs. Deleveraging mode.

Positive market context signs allow favorable evolution perspectives. Cost management will carefully monitor energy tariffs. Activity increase to dilute fixed costs.

Brazil: positive signs rise but cement consumption lags and struggles with idle capacity. SNIC signals better H2 potential. InterCement moves forward to new efficiency levels: CRM, cost cutting, further asset optimization and supply relationship management.

Positive perspectives for Argentina and Paraguay. Argentina macroeconomics improves and volumes could increase 8% on a FY basis. Capacity increase projects start on track in case demand materializes.

Paraguay, expands volumes and takes advantage of industrial excellence.

Egypt and Mozambique business units to benefit from further political / economic stability. Energy matrix optimization and start up of vast infrastructure plan in Egypt will deliver.

South Africa will proceed commercial strategy to feed capacity utilization.

Residential and commercial sectors will feed Portuguese demand. Exports will expand client base.

Projects to sell minority interests were already progressing in H1’17 to address deleveraging. Positive 2017 FCF will also contribute.

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Thank you!

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