LOMA NEGRA

a member of InterCement

Building sustainable partnerships

# 1Q18 Results Conference Call

L'Amalí-Argentina

# Disclaimer and Forward Looking Statement

*This presentation may contain forward-looking statements within the meaning of federal securities law that are subject to risks and uncertainties. These statements are only predictions based upon our current expectations and projections about possible or assumed future results of our business, financial condition, results of operations, liquidity, plans and objectives. In some cases, you can identify forward-looking statements by terminology such as "believe," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "expect," "predict," "potential," "seek," "forecast," or the negative of these terms or other similar expressions.*

*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 and in Argentina, 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.*

*You should not rely upon forward-looking statements as predictions of future events. Although we believe in good faith that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that future results, levels of activity, performance and events and circumstances reflected in the forward-looking statements will be achieved or will occur. Any or all of Loma Negra's forward-looking statements in this release may turn out to be wrong. You should consider these forward-looking statements in light of other factors discussed under the heading "Risk Factors" in the prospectus filed with the Securities and Exchange Commission on October 31, 2017 in connection with Loma Negra's initial public offering. Therefore, readers are cautioned not to place undue reliance on these forward-looking statements.*
*Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this release to conform these statements to actual results or to changes in our expectations.*

*Note: The Company presented some figures converted from Argentine pesos to U.S. dollars for comparison purposes. The exchange rate used to convert Pesos to U.S. dollars was the reference exchange rate (Communication "A" 3500) reported by the Central Bank for U.S. dollars. The information presented in U.S. dollars is for the convenience of the reader only. Certain figures included in this report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregations of the figures presented in previous quarters.*

# Loma Negra reports a solid start to the year delivering strong top and bottom line growth…

- **Attractive market dynamics** with healthy volume growth and a positive pricing environment in Argentina

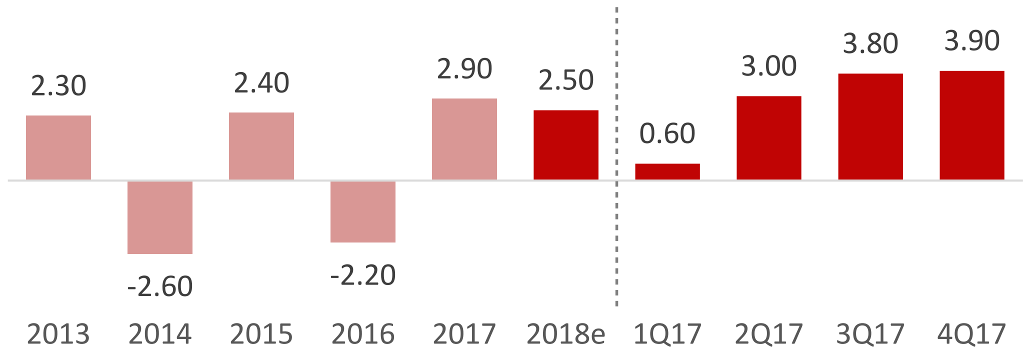
- **Balancing growth and profitability**
  - **Net revenues** + 41.6% to Ps.4.5 billion (US$230 million)
  - **Adjusted EBITDA** +40.6% to Ps.1.2 billion (US$59 million)
  - **Net majority income** +48.6% to Ps.Ps.526 million (US$ 27 million)

- **Strong balance sheet** with cash position of Ps.2,294 million and a healthy leverage ratio of 0.53x

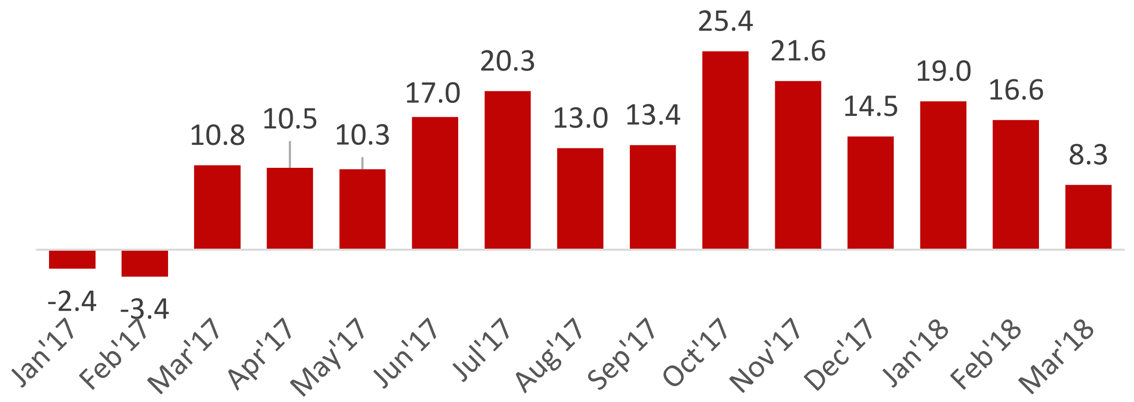
- **Expansion of L´Amalí plant on schedule**

# …driven by continued momentum in private construction and public infrastructure in Argentina

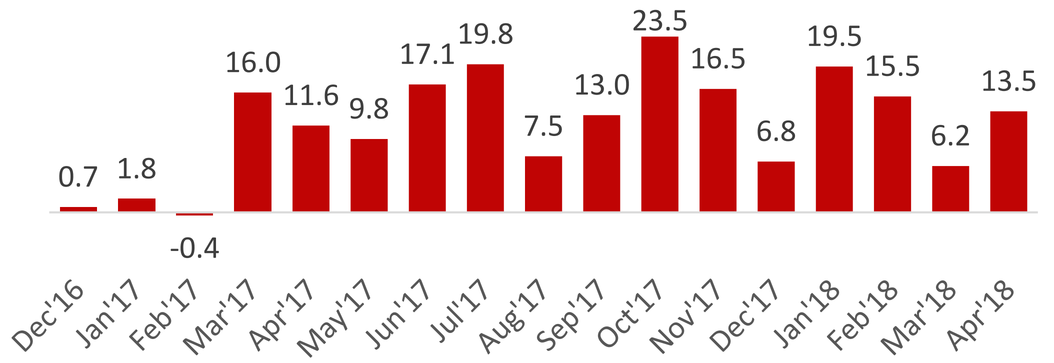
## GDP Growth[1] (%)



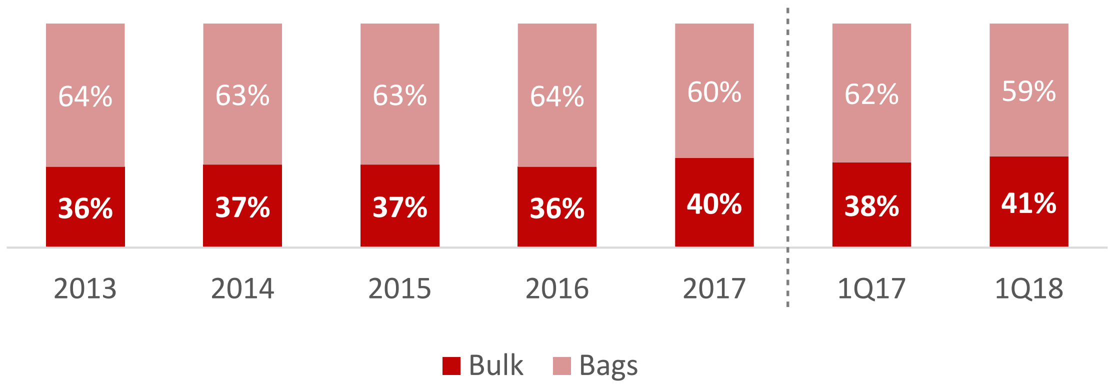

## Construction Activity[2] (YoY Growth, %)




## Monthly Industry Cement Sales[3] (YoY Growth, %)




## Industry Cement Sales by Type[3] (%)




(1) Source INDEC and Market Expectations Survey as of April 2018
(2) Source INDEC
(3) Based on AFCP

# Solid volume and healthy pricing environment support revenue growth across our products and markets

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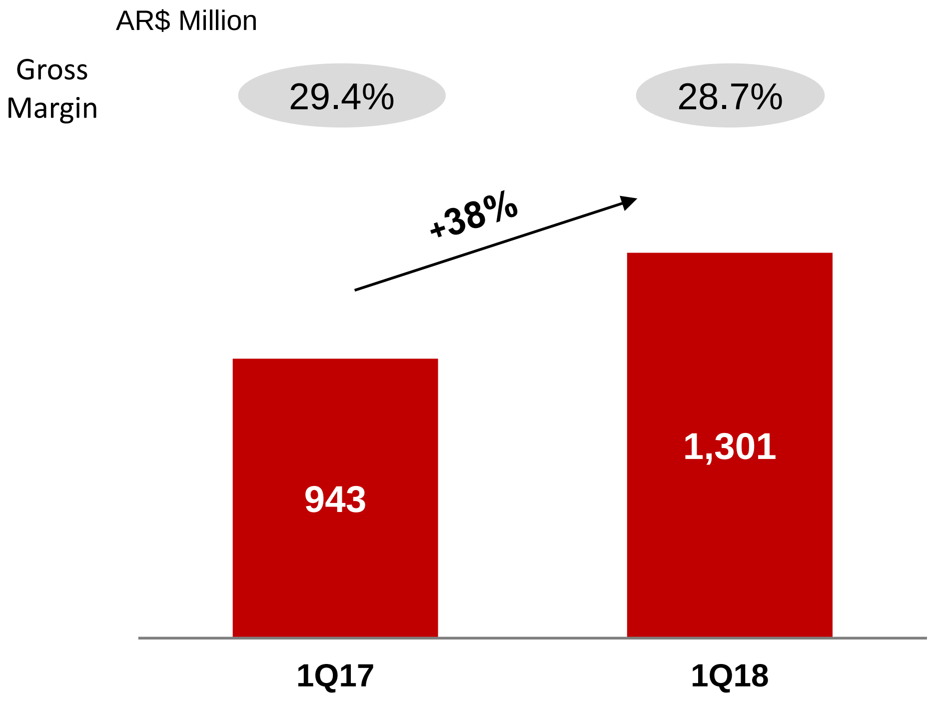
- Argentine cement revenues up 41.1% YoY driven by 9.5% increase in volumes supported by healthy pricing environment
- Paraguay cement revenues up 23.1% YoY with prices and the Guarani appreciation more than offsetting lower volumes, compared with industry volumes drop of 8% due to a slow start to the year
- Concrete revenues almost doubled YoY, with volumes up 44.8% driven by strong pick-up in public infrastructure in our markets and healthy pricing
- Railroad revenues up 22.9%, despite lower transported volumes of third party aggregates
- Aggregate volumes up 22.9% driven by strong demand while revenues up only 31.3% given significant higher share of FOB sales

| | | Sales Volumes | | | Revenues (AR$ million) | | |
|---|---|---|---|---|---|---|---|
| | | 1Q18 | 1Q17 | % Chg. | 1Q18 | 1Q17 | % Chg. |
| **Cement, masonry & lime** | | | | | | | |
| Argentina | MM Tn | 1.58 | 1.45 | 9.5% | 3,400 | 2,409 | 41.1% |
| Paraguay | MM Tn | 0.14 | 0.15 | -5.2% | 346 | 281 | 23.1% |
| **Cement, masonry & lime total** | | **1.72** | **1.59** | **8.1%** | **3,746** | **2,690** | **39.2%** |
| **Argentina:** | | | | | | | |
| Concrete | MM m3 | 0.25 | 0.17 | 44.8% | 707 | 360 | 96.5% |
| Railroad | MM Tn | 1.17 | 1.23 | -4.9% | 441 | 358 | 22.9% |
| Aggregates | MM Tn | 0.29 | 0.23 | 22.9% | 68 | 52 | 31.3% |
| **Total Net Revenues** | | | | | **4,534** | **3,202** | **41.6%** |

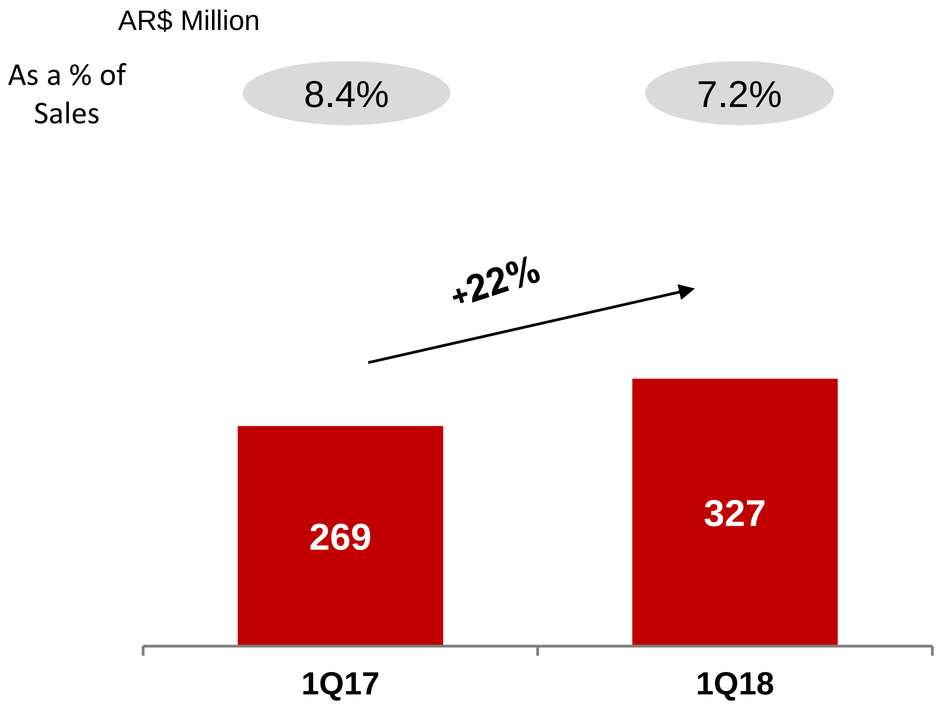
# Gross Profit up 38% while SG&A as a % of revenues declined 118 bps

- Gross profit up 38% YoY,  with gross margin down 74 bps to 28.7% mainly reflecting growth in the concrete segment
- Gross margin in Cement segment in Argentina up 221 bps mostly due to ongoing growth in volumes and prices
- SG&A  as a % of sales down 118 bps YoY to 7.2% mainly driven by higher cost dilution and lower sales tax rate

## Gross Profit & Margin



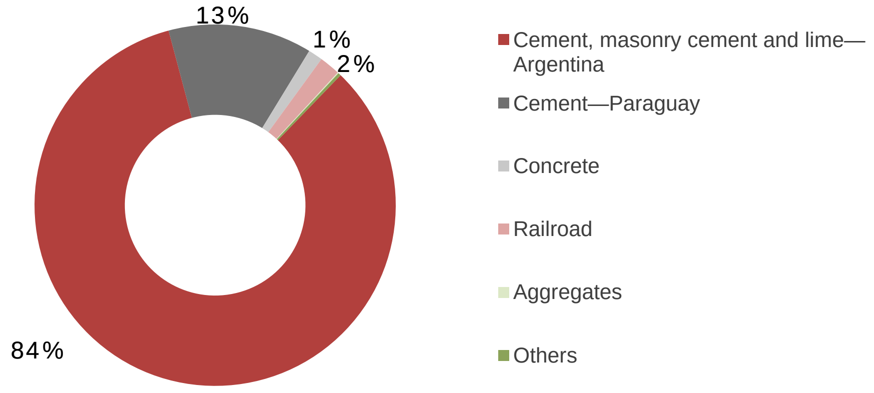

## Selling, General & Administrative



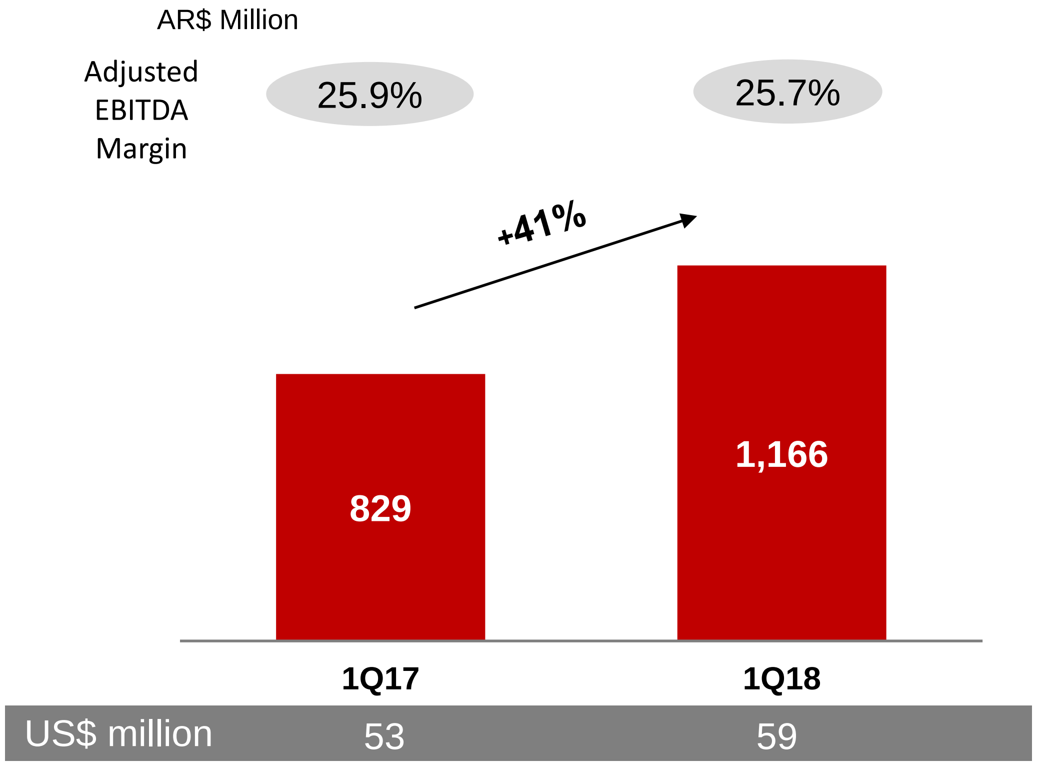
# Robust revenue growth drove increase of 41% in Adjusted EBITDA…

- **Adjusted EBITDA** up 40.6% YoY to Ps.1,166 million in 1Q18, driven by continued growth in volumes and prices, along with ongoing cost controls, while **Adjusted EBITDA Margin** remained almost unchanged
- **Argentine Cement segment** Adjusted EBITDA (84% of the consolidated Adjusted EBITDA in 1Q18) up 52.1% with margin up by 207 bps to 28.7%
- **Paraguay Cement segment** Adjusted EBITDA up 22.9% YoY, with margin relatively flat at 43.4%
- Robust growth in the **Concrete segment** along with lower profitability in the **Railroad and Aggregates** segments offset the Cement segment margin expansion

## Adjusted EBITDA breakdown




## Adjusted EBITDA & Margin

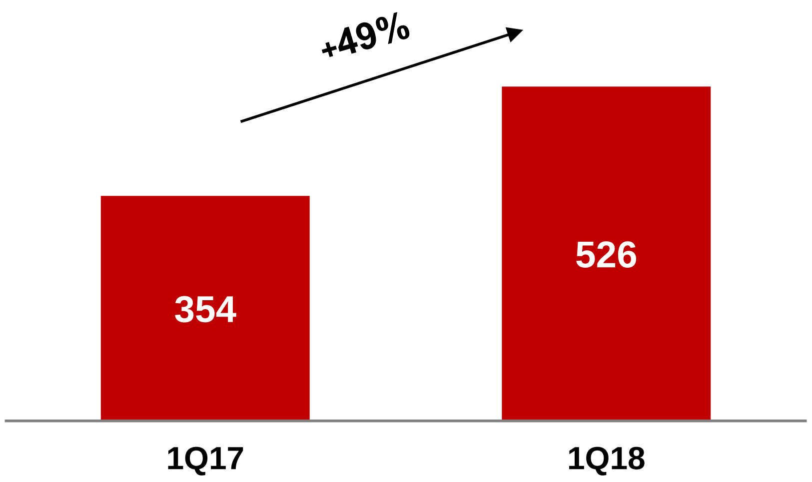


# …with Net Majority Income up 49%

- On top of strong Adjusted EBITDA growth**, bottom line profitability** also benefitted from a decline in the effective tax rate to 28% in 1Q18 from 32% in 1Q17, as a result of the Income tax rate reduction in Argentina from the recent Tax Reform
- However, **total finance costs net**, increased by 198% mainly due to foreign exchange differences
  - **Foreign exchange loss** of Ps.109 million in 1Q18, as a result of the 7.3% peso depreciation as compared to a Ps.87 million gain in 1Q17 when the peso appreciated 3.0%
  - **Financial income**, up by Ps.104 million reflecting a higher cash balance
- **Net Profit Attributable to Owners of the Company** for the quarter up 48.6% YoY, or Ps.172 million, to Ps.526 million, and 18.4% YoY in US$.

## Net Profit attributable to Owners

AR$ Million




| | 1Q17 | 1Q18 |
|---|---|---|
| US$ million | 23 | 27 |

# Strong balance sheet and debt profile; healthy cash flow

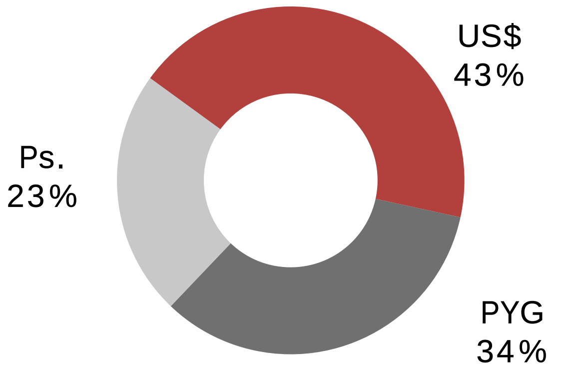
- **Cash position** of Ps.2.3 billion and total debt at Ps.4.6 billion in March'18
- **Net Debt** up by Ps.1.1 billion to Ps.2.3 billion (US$ 112 million) at March'18
- **Net Debt/Adj. EBITDA ratio** up to 0.5x in 1Q18 from 0.3x in FY17
- **Capital expenditures** or Ps.855 million in 1Q18
- 1H is seasonally lower in terms of **cash flow generation** with higher working capital needs
- Reinvestment of 2017 earnings

## Cash Flow Highlights

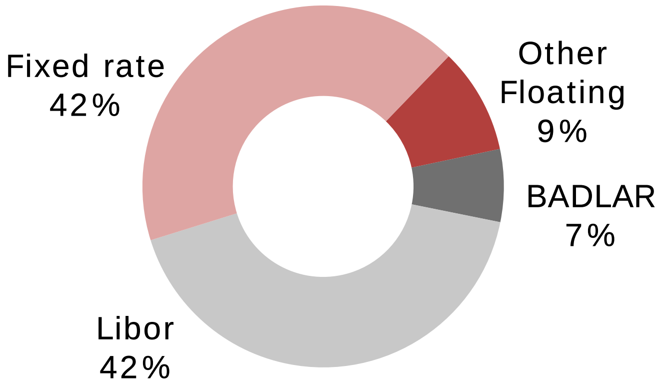
*(amounts expressed in millions of pesos, unless otherwise noted)*

| | 1Q18 | 1Q17 |
|---|---|---|
| Net cash generated by operating activities | 86 | 84 |
| Net cash used in investing activities | (862) | (441) |
| Net cash (used in) generated by financing activities | (156) | (185) |
| **Cash and cash equivalents at the end of the period** | **2,294** | **265** |

## Debt by Currency




## Debt by Interest Rate



# Looking into 2018

- Continued sound market dynamics driving profitable growth, but slowing down from recent high recovery levels
- Well positioned to continue balancing growth and profitability through leading market position and strategically located facilities with nationwide distribution
- Advancing on L'Amalí plant expansion plan, completion expected by 2020
- Robust balance sheet and solid cash flow generation

Questions & Answers

# Exhibit: Summary Financial Statements

# Income Statement

**Condensed Interim Consolidated Statements of Profit or Loss**

*(amounts expressed in millions of pesos, unless otherwise noted)*

| | Three-months ended March 31, | | | Three-months ended March 31, | | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | % Change | 2018 | 2017 | % Change |
| Net revenue | 4,534 | 3,202 | 41.6% | 4,534 | 3,202 | 41.6% |
| Cost of sales | (3,233) | (2,259) | 43.1% | (3,233) | (2,259) | 43.1% |
| **Gross Profit** | **1,301** | **943** | **38.0%** | **1,301** | **943** | **38.0%** |
| Selling and administrative expenses | (327) | (269) | 21.7% | (327) | (269) | 21.7% |
| Other gains and losses | 4 | 0 | 1233.1% | 4 | 0 | n/a |
| Tax on debits and credits to bank accounts | (65) | (40) | 62.1% | (65) | (40) | 62.1% |
| **Finance costs, net** | | | | | | |
| Exchange rate differences | (109) | 87 | -225.5% | (109) | 87 | n/a |
| Financial income | 108 | 4 | 2795.3% | 108 | 4 | 2795.3% |
| Financial expenses | (150) | (142) | 5.5% | (150) | (142) | 5.5% |
| **Profit before tax** | **762** | **583** | **30.6%** | **762** | **583** | **30.6%** |
| **Income tax expense** | | | | | | |
| Current | (199) | (182) | 9.6% | (199) | (182) | 9.6% |
| Deferred | (13) | (2) | 607.4% | (13) | (2) | 607.4% |
| **Net profit** | **549** | **399** | **37.4%** | **549** | **399** | **37.4%** |
| **Net Profit attributable to owners of the Company** | **526** | **354** | **48.6%** | **526** | **354** | **48.6%** |

# Balance Sheet

**Condensed Interim Consolidated Statements of Financial Position as of March 31, 2018 and December 31, 2017 (Unaudited)**

*(amounts expressed in millions of pesos, unless otherwise noted)*

| | As of March 31, 2018 | As of December 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| **Non-Current assets** | | |
| Property, plant and equipment | 6,283 | 5,979 |
| Intangible assets | 73 | 75 |
| Investments | 0 | 0 |
| Goodwill | 39 | 39 |
| Inventories | 219 | 215 |
| Other receivables | 615 | 145 |
| Trade accounts receivable | - | - |
| **Total non-current assets** | **7,230** | **6,454** |
| **Current assets** | | |
| Inventories | 2,227 | 1,834 |
| Other receivables | 362 | 242 |
| Trade accounts receivable | 1,555 | 1,263 |
| Investments | 2,060 | 2,991 |
| Cash and banks | 234 | 189 |
| **Total current assets** | **6,438** | **6,519** |
| **TOTAL ASSETS** | **13,668** | **12,972** |

| | | |
|---|---|---|
| **SHAREHOLDERS' EQUITY** | | |
| Capital stock and other capital related accounts | 1,922 | 1,922 |
| Reserves | 59 | 59 |
| Retained earnings | 2,117 | 1,591 |
| Accumulated other comprehensive income | 293 | 250 |
| Equity attributable to the owners of the Company | 4,391 | 3,823 |
| Non-controlling interests | 657 | 593 |
| **TOTAL SHAREHOLDERS' EQUITY** | **5,048** | **4,416** |
| **LIABILITIES** | | |
| **Non-current liabilities** | | |
| Borrowings | 2,618 | 2,604 |
| Accounts payable | 60 | 71 |
| Provisions | 175 | 161 |
| Tax liabilities | 0 | 0 |
| Other liabilities | 14 | 16 |
| Deferred tax liabilities | 243 | 229 |
| **Total non-current liabilities** | **3,110** | **3,082** |
| **Current liabilities** | | |
| Borrowings | 1,941 | 1,760 |
| Accounts payable | 2,134 | 2,362 |
| Advances from customers | 146 | 206 |
| Salaries and social security payables | 562 | 542 |
| Tax liabilities | 697 | 573 |
| Other liabilities | 30 | 32 |
| **Total current liabilities** | **5,510** | **5,474** |
| **TOTAL LIABILITIES** | **8,620** | **8,556** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **13,668** | **12,972** |

# Statement of Cash Flows

**Condensed Interim Consolidated Statements of Cash Flow for the three months ended March 31, 2018 and 2017 (Unaudited)**

*(amounts expressed in millions of pesos, unless otherwise noted)*

| | Three-months ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Net profit for the year** | **549** | **399** |
| Adjustments to reconcile net profit to net cash provided by operating activities | | |
| Income tax expense | 213 | 184 |
| Depreciation and amortization | 189 | 155 |
| Provisions | 7 | 12 |
| Interest | 120 | 122 |
| Share of profit (loss) of associates | - | - |
| Investment income recognized in profit | 88 | (86) |
| Exchange rate differences | - | 1 |
| Gain on disposal of Property, plant and equipment | - | 0 |
| Changes in operating assets and liabilities | | |
| Inventories | (374) | (267) |
| Other receivables | (82) | 21 |
| Trade accounts receivable | (281) | (309) |
| Advances from customers | (60) | 81 |
| Accounts payable | (216) | (221) |
| Salaries and social security payables | 19 | 30 |
| Provisions | (5) | (2) |
| Tax liabilities | (0) | 8 |
| Other liabilities | (3) | (2) |
| Income tax paid | (76) | (42) |
| Net cash generated by operating activities | 86 | 84 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from disposal of Property, plant and equipment | 3 | - |
| Payments to acquire Property, plant and equipment | (360) | (462) |
| Payment of advances of Property, plant and equipment | (495) | - |
| Payments to acquire Intangible Assets | (1) | (7) |
| Interest received | - | 27 |
| Contributions to F.F.F.S.F.I. | (9) | - |
| Cash from business combination under common control | - | - |
| Net cash used in investing activities | (862) | (441) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from borrowings | 182 | 183 |
| Interest paid | (158) | (157) |
| Dividends paid | - | - |
| Repayment of borrowings | (180) | (212) |
| Proceeds from initial public offering, net of issuance costs | - | - |
| Net cash used in financing activities | (156) | (185) |
| Net decrease in cash and cash equivalents | (932) | (542) |
| Cash and cash equivalents at the beginning of the year | 3,180 | 803 |
| Effects of the exchange rate differences on cash and cash equivalents in foreign currency | 46 | 4 |
| **Cash and cash equivalents at the end of the period** | **2,294** | **265** |

# Adjusted EBITDA Reconciliation & Margin

**Adjusted EBITDA Reconciliation & Margin**

*(amounts expressed in millions of pesos, unless otherwise noted)*

| | Three-months ended March 31, | | |
|---|---|---|---|
| | 2018 | 2017 | % Chg. |
| **Adjusted EBITDA reconciliation:** | | | |
| Net profit | 549 | 399 | 37.4% |
| (+) Financial interest, net | 15 | 114 | -86.8% |
| (+) Income tax expense | 213 | 184 | 15.7% |
| (+) Depreciation and amortization | 189 | 155 | 21.5% |
| (+) Exchange rate differences | 109 | (87) | n/a |
| (+) Other financial expenses, net | 26 | 24 | 11.9% |
| (+) Tax on debits and credits to bank accounts | 65 | 40 | 62.1% |
| **Adjusted EBITDA** | **1,166** | **829** | **40.6%** |
| *Adjusted EBITDA Margin* | *25.7%* | *25.9%* | *-18 bps* |

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