Loma Negra
First Quarter 2025 Earnings Call and Webcast
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CORPORATE PARTICIPANTS
Diego Jalón – Head of Investor Relations
Sergio Faifman – Chief Executive Officer & VP, Board of Directors
Marcos Gradin – Chief Financial Officer

About Loma Negra

Founded in 1926, Loma Negra is the leading cement company in Argentina, producing and distributing cement, masonry cement, aggregates, concrete and lime, products primarily used in private and public construction. Loma Negra is a vertically-integrated cement and concrete company, with nationwide operations, supported by vast limestone reserves, strategically located plants, top-of-mind brands and established distribution channels. Loma Negra is listed both on BYMA and on NYSE in the U.S., where it trades under the symbol "LOMA". One ADS represents five (5) common shares. For more information, visit www.lomanegra.com

Disclaimer

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 Company's Annual Report on Form 20-F, as well as periodic filings made on Form 6-K, which are filed with or furnished to the United States Securities and Exchange Commission.

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.

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.

Note: Loma Negra's financial information has been prepared in accordance with the Argentine Securities Commission (Comisión Nacional de Valores-CNV) and with International Financial Reporting Standards. Following the categorization of Argentina as a country with a three-year cumulative inflation rate greater than 100%, the country is considered highly inflationary in accordance with IFRS. Consequently, starting July 1, 2018, the Company is reporting results applying IFRS rule IAS 29. IAS 29 requires that results of operations in hyperinflationary economies are reported as if these economies were highly inflationary as of January 1, 2018, and thus year-to-date, together with comparable results, should be restated adjusting for the change in general purchasing power of the local currency, using official indices. For comparison purposes and a better understanding of our underlying performance, in addition to presenting 'As Reported' results, we are also disclosing selected figures as previously reported excluding rule IAS 29. Additional information in connection with the application of rule IAS 29 can be found in our earnings report.

Slide 1

Operator

Good morning and welcome to the Loma Negra First Quarter 2025 Conference Call and Webcast. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero.

After today's presentation, there will be an opportunity to ask questions. Also, Mr. Sergio Faifman will be responding in Spanish immediately following an English translation. To ask a question, you may press star, then one on your telephone keypad. To withdraw your question, please press star, then two. Please note that this event is being recorded. I would now like to turn the conference over to Mr. Diego Jalón, Head of IR. Please Diego go ahead.

Slide 1

Diego Jalón

Thank you. Good morning and welcome to Loma Negra´s earnings conference call.

By now, everyone should have access to our earnings press release and the presentation for today’s call, both of which were distributed yesterday after market close.

Joining me on the call this morning, will be Sergio Faifman, our CEO and Vice President of the Board of Directors, and our CFO, Marcos Gradin. Both of them will be available for the Q&A session.

Before we proceed, I would like to make the following Safe Harbor statements. Today's call will contain forward-looking statements, and I refer you to the forward-looking statements section of our earnings release, and recent filing with the SEC. We assume no obligation to update or revise any forward-looking statements to reflect new or changed events or circumstances.

This conference call will also include discussion on Non-Gaap financial measures. The full reconciliation to the corresponding financial measures is included in the Earnings press release.

Now, I would like to turn the call over to Sergio.

Slide 2

Sergio Faifman

Thank you, Diego. Hello everyone and thank you for joining us this morning.

I would like to start my presentation by discussing the highlights of the quarter. Then, Marcos will take you through our market review and financial results. Following that, I will share some final remarks before opening the call to your questions.

Starting with slide two.

We are pleased to present Loma Negra's results for the first quarter of 2025. We begin the year with renewed optimism, supported by recent forecasts projecting approximately 5% GDP growth for the Argentine economy. In this encouraging environment, our industry continues its recovery, posting an 11% year-over-year increase in the first quarter, despite the impact of adverse weather conditions during the early months.

However, this recovery remains in its early stages. If the economy meets the projected growth, the real economy, particularly the construction sector, should benefit, potentially fueling a more robust and sustained recovery in the months ahead.

As the year progressed, cement consumption showed signs of improvement, which we believe will continue in the coming months. April figures were nearly 28% higher year-over-year and up 13% on a sequential basis.

Diving into the quarterly results, in the context of a gradual recovery within an industry still characterized by high idle capacity, we continue to focus on driving efficiencies and controlling costs. These efforts enabled us to improve our margins, which rose by 140 basis points compared to the same period last year. We achieved an Adjusted EBITDA of US$40 million. Although this represents a 3.2% decrease in pesos, it translated into a solid US$36 per ton. We remain committed to protecting our profitability while maintaining a strong and resilient balance sheet.

On the financial front, our balance sheet remains solid. During the quarter, net debt increased sequentially to US$174 million, as the first quarter is typically more capital-intensive. However, our net debt EBITDA ratio remains comfortably below 1 time.

I will now hand off the call to Marcos Gradin who will walk you through our market review and financial results. Please, Marcos go ahead

Slide 4

Marcos Gradin

Thank you, Sergio. Good morning, everyone.

Please turn to slide 4.

We started the year with positive forecasts for the Argentine economy, which is expected to grow around 5% following a 1.7% contraction in 2024. However, that contraction affected sectors unevenly: while agriculture expanded by 31%, construction was among the most affected, declining by 18%.

Now, with the last two quarters showing signs of economic expansion, a recovery in construction activity is underway. Although the early months of the year were impacted by adverse weather conditions, the industry closed the quarter with an 11% year-over-year increase. Notably, the second half of March showed encouraging figures in daily dispatches. Furthermore, recent data from AFCP for April indicates a more robust recovery, with cement volumes growing 28% year-over-year and 13% sequentially.

The breakdown of cement sales by dispatch mode remains consistent with historical trends: bagged cement accounted for 60% of total sales, while bulk cement represented the remaining 40%.

We are cautiously optimistic about this start to the year. While we remain in the early stages of recovery, we expect the process to gain momentum and strengthen in the coming quarters.

Slide 5

Marcos Gradin

Turning to slide 5 for a review of our topline performance by segment.

First-quarter topline declined by 8.9%, primarily due to weaker performance in the Cement segment, along with declines across other business areas.

The Cement, Masonry Cement, and Lime segment posted a 10.9% revenue drop, despite an 8.9% year-over-year increase in volumes, extending the recovery trend observed in previous quarters. However, the positive effect of higher volumes was offset by a softer pricing environment. That said, prices remained above the evolution of our internal cost structure.

Concrete revenues declined by 1.4% in the quarter, as a 22.8% increase in volumes was offset by price pressures stemming from a more competitive market environment. The rise in sales volume was driven by private infrastructure projects and renewable energy developments in the province of Buenos Aires, along with ongoing residential construction and a slight uptick in public works.

Similarly, the Aggregates segment posted a 14.2% revenue decline, despite a 29% increase in sales volumes, driven by higher road construction activity in the provinces of Buenos Aires and Santa Fe. However, a still overall weak market activity continued to weigh on pricing dynamics. Prices were also impacted by the sales mix, as road construction projects primarily require fine aggregates, which carry a lower average price.

Railroad revenues saw a more moderate decline of 1.2% in the quarter. Higher transported volumes, up 19.9%, helped offset softer pricing. Volume growth was primarily driven by increased transport of construction materials and grain. However, the rise in grain transport negatively impacted the average price, as grain generates lower revenue per kilometer transported.

The main negative event of the quarter was the severe storm that struck Bahía Blanca on March 7, which disrupted the railway line connecting the city with Neuquén. This caused a negative impact on the transport of several products, a disruption whose effects are expected to continue into the second quarter.

Slide 7

Moving on to slide 7, consolidated gross profit declined 4.7%, while gross margin expanded by 116 basis points year-over-year, reaching 26.4%.

In the Cement segment, higher volumes and effective cost management played a key role in mitigating the impact of a softer topline during the first quarter.

Improved energy input costs had a positive effect on variable costs. As in the fourth quarter of last year, the Company benefited from thermal energy contracts with year-over-year tariff reductions, including some short-term agreements linked to oil production that presented spot opportunities. On the electrical energy side, the year-over-year comparison reflects an increase in prices in dollar terms, primarily due to adjustments in transport and distribution costs implemented last year. However, this effect was softened when measured in pesos. Additionally, lower maintenance expenses and a reduction in salary costs contributed further to overall cost efficiencies.

Margins expanded across all segments except Aggregates, which continued to be impacted by challenging market conditions despite volume growth.

Finally, SG&A expenses decreased by 7.8%, mainly due to lower marketing and IT expenditures, as well as reduced salary costs. As a percentage of sales, SG&A reached 11.7%, representing a 13-basis-point increase year-over-year, primarily due to the lower topline.

Slide 8

Please turn to slide eight.

Consolidated Adjusted EBITDA for the quarter stood at $40 million dollars, while in pesos it reached 39.2 billion, reflecting a 3.2% year-over-year decline. This decrease was primarily driven by lower EBITDA generation in the Cement segment. However, the consolidated EBITDA margin expanded to 24%, representing a year-over-year increase of 140 basis points.

In the Cement segment, the Adjusted EBITDA margin expanded to 28.9%, up 279 basis points, mainly driven by cost improvements. Costs declined by 21.9% on a per-ton basis, supported by higher sales volumes, partially offset by softer pricing dynamics.

The Concrete segment saw its Adjusted EBITDA margin improve by 455 basis points, reaching -5.5% compared to -10% in the first quarter of 2024. While cost controls and increased volumes contributed positively, they were not sufficient to fully offset the impact of continued pricing pressure.

In the Aggregates segment, the Adjusted EBITDA margin fell sharply to -24.7%, compared to -1.1% in the same quarter last year. Although volumes continued to recover, profitability was significantly affected by a highly competitive market and an unfavorable product mix.

The Railroad segment also reported a contraction in its Adjusted EBITDA margin, which declined by 592 basis points to -5.5%, from 0.4% in the first quarter of 2024. Volume growth—driven by increased shipments of construction materials and grain—helped support performance. However, the higher share of grain transport, which yields lower revenue per kilometer, pressured margins. This effect was partially mitigated by effective cost controls.

Slide 10

Moving on to the bottom line on slide ten. Net profit attributable to owners of the Company totaled 21.5 billion pesos for the quarter, compared to a net gain of 79 billion pesos in the first quarter of 2024. This decline was primarily driven by a lower financial result, while operational performance remained stable.

On the financial front, the main driver of the year-over-year variation was a reduced gain on the net monetary position, reflecting a more moderate inflationary environment. The Company reported a net financial gain of 8.9 billion pesos for the quarter, compared to 103.2 billion pesos in the same period last year.

Additionally, net financial expenses declined, supported by lower interest rates, a reduced debt position, and a smaller loss from exchange rate differences.

Slide 11

Moving on to the balance sheet, as you can see on slide eleven,

We ended the quarter with net debt of 187 billion pesos and a Net Debt to EBITDA ratio of 0.96x, slightly up from 0.89x at the end of 2024, as this quarter is typically more capital-intensive.

Cash flow used in operating activities totaled 1.3 billion pesos, a significant improvement compared to the 12 billion pesos used in 1Q24, primarily driven by a reduced need for working capital.

We invested 11.1 billion pesos in capital expenditures this quarter, mainly directed toward the final stages of the 25-kilogram bags project and maintenance CAPEX.

During the quarter, the Company generated 15 billion pesos from financing activities, mainly from new borrowings, net of loan repayments and interest payments.

In U.S. dollar terms, net debt stood at 174 million dollars, with a duration of less than one year. The sequential increase is linked to seasonal capital demands, as the first quarter tends to be more capital-intensive due to a more aggressive production strategy during the warmer months. Dollar-denominated debt represents 84% of our total debt, with the remainder in pesos.

The Company's debt maturity profile remains well-balanced, with the Class 2 bond scheduled to mature on December 2025.

Now, for our final remarks, I'll hand the call back to Sergio. Thank you.

Slide 13

Sergio Faifman

Thank you, Marcos,

Now to finalize the presentation I please ask you to turn to slide thirteen.

As mentioned earlier, we begin this year with renewed optimism, having left behind a challenging 2024. The consolidation of the stabilization plan, along with decreasing uncertainty and economic volatility, is creating a more promising outlook. If Argentina achieves the projected growth—currently forecast at around 5% by market consensus and up to 5.5% according to recent IMF estimates—our industry is well positioned to enter a more sustained and deeper recovery in the coming quarters. Encouragingly, the second half of March and the latest figures from April show promising signs of this positive trend taking hold.

Furthermore, recent changes in exchange rate policy and the easing of capital controls represent long-awaited measures that could play a pivotal role in accelerating the recovery process. These changes may unlock investment projects that had been put on hold, awaiting greater clarity and flexibility. While there may be short-term impacts on the sector as industry participants adjust to the new framework, we believe this is a critical step that will deliver significant long-term benefits.

While conditions remain challenging—following the sharp decline our sector experienced last year—we are still in the early stages of recovery, and the industry continues to operate with significant idle capacity. We remain focused on driving efficiencies and controlling costs, with the clear objective of safeguarding our profitability while continuing to deliver excellent products and services to our clients.

We have high expectations for the future and are confident in our ability to capitalize on the opportunities ahead.

This is the end of our prepared remarks. We are now ready to take questions. Operator, please open the call for questions.