Loma Negra
Second Quarter 2025 Earnings Call and Webcast
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CORPORATE PARTICIPANTS
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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

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 Second 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.

As the Argentine economy continues to recover—as reflected in the latest GDP figures from INDEC for the first quarter—cement dispatches in the industry are accompanying this trend, supporting the growth seen in the first three months of the year and maintaining a positive trajectory. That said, there is still a long way to go, and we are currently navigating the initial phase of recovery.

However, in terms of results, and within this still early-stage recovery for the sector, margins for the quarter stood at 21.2% on a consolidated basis, showing a year-over-year decline. This was mainly driven by the impact of a more challenging competitive environment, typical of a recovery that is not yet fully consolidated.

An 11% increase in volumes during the quarter helped offset the more difficult pricing dynamics that affected the top line. We are transitioning into a lower inflation scenario, where price adjustments are more spaced out and more limited under current market conditions.

We achieved an Adjusted EBITDA of 34 million dollars, down 31% in real terms when measured in pesos. EBITDA margin contracted primarily due to a softer top line, although strict cost control helped mitigate the impact.

On the financial front, our balance sheet remains solid. During the quarter, net debt increased sequentially to 215 million dollars, as the first half of the year is typically more capital-intensive. Our net debt-to-EBITDA ratio remains at a comfortable level, reaching 1.34 times.

Following the end of the second quarter, we successfully issued a new corporate bond for 112.9 million dollars. The proceeds will be used to address upcoming debt maturities, extending our debt duration and improving our maturity profile.

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.

The results for Argentina's economy in the first quarter were very positive, with year-over-year growth reaching 5.8%. Current forecasts for the full year remain around 5%, sustaining optimism in this recovery process.

However, it's important to note that the recovery is not uniform across all sectors. In particular, the ISAC — the construction activity index — continues to signal a positive rebound in our industry.

Regarding cement dispatches during the second quarter, volumes grew by 14% year-over-year, with a stronger recovery in bulk cement compared to bagged cement. As a result, bulk cement gained 3 percentage points in the overall dispatch mix, reflecting a rebound in this segment. For the first half of the year, cumulative growth reached 13%.

As we've mentioned previously, we are still in the early stages of recovery, with a midterm election on the horizon that could introduce some political volatility. Nonetheless, we remain optimistic that the consolidation of the current economic model will lead to a more stable environment, enabling sustained growth over time.

Slide 5

Marcos Gradin

Second-quarter topline declined by 8%, primarily due to weaker performance in the Cement segment, followed by softer results across the remaining segments.

The Cement, Masonry Cement, and Lime segment posted a 9.9% revenue decline, despite an 11.1% year-over-year increase in volumes, continuing the recovery trend observed in the first quarter. Bulk cement dispatches began to show stronger momentum, driven by industrial and commercial projects as well as larger housing developments. Additionally, certain provincial-level public works started to gain traction, although they remain at a very early stage. Bagged cement volumes continued the trend seen in the first quarter, posting single-digit year-over-year growth. However, the positive impact of higher volumes was offset by softer pricing conditions. In the context of an early-stage recovery and a new low-inflation environment, the competitive landscape continues to limit pricing dynamics.

Concrete revenues declined by 1.1% in the quarter, as a 44% increase in volumes was offset by price pressures stemming from a more competitive market. Volume growth was supported by private projects —mainly related to logistics infrastructure and residential developments— as well as a moderate uptick in public works.

On the other hand, the Aggregates segment posted a slight 0.8% revenue increase. A 34% increase in volumes, driven mainly by higher road construction activity in the provinces of Buenos Aires and Santa Fe, offset the impact of softer pricing. Prices were also affected by the sales mix, as road construction projects primarily require fine aggregates, which carry a lower unit price and reduce the overall average.

Railroad revenues declined by 8.6% in the quarter. A 10.6% increase in transported volumes helped mitigate the effect of weaker pricing, with volume growth primarily driven by higher transport of construction materials. However, the disruption of the railway line in Bahía Blanca in March particularly affected longer-haul traffic—mainly grains, gypsum, and frac sand—reducing ton-kilometers transported and, consequently, revenue generation.

Slide 7

Moving on to slide 7, consolidated gross profit declined 30.5%, while gross margin contracted by 659 basis points year-over-year, reaching 20.4%.

In the Cement segment, cost of sales decreased by 0.8% year-over-year despite the increase in sales volumes. Effective cost management and a lower depreciation impact helped offset the weaker pricing environment. Additionally, lower maintenance costs and improved energy input prices contributed positively to the quarterly cost structure. Continuing the trend from previous quarters, the Company continues to benefit from thermal energy contracts with year-over-year tariff reductions, including short-term agreements linked to oil production.

Margins also declined across the remaining business segments, with the exception of Railroad, which experienced a margin expansion.

Finally, SG&A expenses increased by 5.3%, mainly driven by higher salary and insurance costs, partially offset by lower marketing expenses. As a percentage of sales, SG&A reached 10.7%, representing a year-over-year increase of 135 basis points.

Slide 8

Please turn to slide eight.

Consolidated Adjusted EBITDA for the quarter stood at 34 million dollars, while in pesos it reached 37 billion, reflecting a 30.6% year-over-year decline. This decrease was primarily driven by lower EBITDA generation in the Cement segment. In line with this, the consolidated EBITDA margin contracted to 21.2%, representing a 691 basis point decline year-over-year.

In the Cement segment, the Adjusted EBITDA margin contracted to 24.8%, down 678 basis points, mainly due to a softer pricing environment. Costs declined by 10.7% on a per-ton basis, supported by lower energy input prices and maintenance costs. These efficiencies, together with higher sales volumes, partially offset the weaker top line.

The Concrete segment saw its Adjusted EBITDA margin decline by 773 basis points, reaching -13.0%, compared to -5.3% in the second quarter of 2024. Although higher volumes and cost efficiencies contributed positively, they were not sufficient to fully offset the negative pricing impact.

In the Aggregates segment, the Adjusted EBITDA margin fell to -27.3%, compared to -10.8% in the same quarter last year. While volumes continued to recover, a still challenging competitive environment and an unfavorable product mix weighed on the segment’s profitability.

On the other hand, the Railroad segment reported an Adjusted EBITDA margin expansion, increasing by 351 basis points to 9.8%, up from 6.3% in the first quarter of 2024. Volume growth —driven by increased shipments of construction materials— and cost control supported the performance. However, the disruption of the railway line in Bahía Blanca continues to affect volumes, particularly in longer-haul traffic such as grains, gypsum, and fracsand.

Slide 10

Moving on to the bottom line on slide ten. Net profit attributable to owners of the Company totaled 0.4 billion pesos for the quarter, compared to a net gain of 41 billion pesos in the second quarter of 2024. This decline was primarily driven by a decline in the financial result, combined with weaker operational performance.

On the financial front, the main driver of the year-over-year variation was a reduced gain from the net monetary position, as the inflationary effect on monetary liabilities moderated significantly compared to the same period last year. In addition, exchange rate differences had a higher impact due to the devaluation that followed the easing of capital controls. As a result, the Company reported a net financial loss of 16.7 billion pesos for the quarter, compared to a gain of 33.5 billion pesos in the same period of 2024.

Additionally, net financial expenses declined by 50%, reaching 9.8 billion pesos, primarily due to lower interest rates.

Slide 11

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

We ended the quarter with net debt of 256 billion pesos and a Net Debt to EBITDA ratio of 1.34x, up from 0.89x at the end of 2024, as the first half of the year is typically more capital-intensive. Cash flow used in operating activities totaled 22.3 billion pesos, compared to the 22.3 billion pesos generated in 2Q24. This performance was primarily driven by a lower operational result and a higher income tax paid.

The income tax paid during the quarter stood at 45.5 billion pesos and mainly corresponds to the amount determined for fiscal year 2024. Since the Company reported a negative result in 2023, no advance payments were made for 2024 until the final tax was assessed and became due in May 2025. Additionally, the Company has already started making advance payments for fiscal year 2025. This effect was partially offset by lower working capital needs in other areas.

With the beginning of the winter season, we began to minimize clinker production and increase the use of inventories.

Additionally, we invested 18 billion pesos in capital expenditures this quarter, primarily allocated to the 25-kilogram bagging project.

During the quarter, the Company generated 45.6 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 215 million dollars, with a duration of less than one year.

By the end of the second quarter, dollar-denominated debt represented 71% of our total debt, with the remainder in pesos.

After the close of the quarter, the Company successfully issued its Class 5 corporate bond for 113 million dollars, with a two-year tenor and an interest rate of 8%. The new bond was partially subscribed through exchanges with holders of Class 2 and Class 3 bonds.

Proceeds will be primarily used to repay the remaining balance of the Class 2 bond maturing in December, as well as other short-term debt. With this issuance, the Company extended the average duration of its debt and continues to maintain a well-balanced maturity profile.

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.

The recovery trend observed in the first quarter has continued, although we are still in the early phase of the process and market conditions remain challenging.

The 5.8% GDP expansion in the first quarter is a very positive signal for what lies ahead. Based on that, and on the evolution of cement dispatches during the first half of the year, we reaffirm our expectation of achieving double-digit growth in 2025.

While demand remains in the early stages of recovery, the industry is well positioned for future expansion. In this context, we continue to prioritize operational efficiency and remain fully focused on delivering solid results.

Despite the ongoing challenges, I want to highlight LOMA's strong commitment to innovation and the continued development of our industry — as well as to the health and safety of everyone involved in construction activities.

A clear example of this is the transition to 25-kilo cement bags — a project that required significant effort and investment, and one we are proud to have successfully implemented.
While the current environment remains demanding, we are encouraged by the road ahead and remain confident in LOMA's ability to thrive.

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

Q&A SESSION

Operator

We will now conduct a question-and-answer session. If you would like to ask a question, please press star, then one on your telephone keypad. A confirmation tone will indicate that your line is in the question queue. You may press star then two if you would like to remove that line. For participants using speaker equipment, it may be necessary to pick up your handset prior to pressing the keys. Once again, that is star and then one on your telephone keypad.

We would also like to ask you to please limit your questions to one question and one follow up. If you have any additional questions, you may requeue for those questions and they will be addressed. Also, please note that Mr. Sergio Faifman will be responding in Spanish immediately following an English translation. Please hold momentarily as we assemble our roster,

And the first question will come from Mario Simplicio with Morgan Stanley. Please go ahead.

Mario Simplicio
Hello, Loma Negra team. Thank you for taking my question. My question is regarding pricing. I just want to know if you could provide more color if the weaker-than-expected pricing in the second Q could be explained by the timing of the price increase or maybe they were closer to the end of the quarter? Or are you guys seeing more structural trends that could make pricing more challenging in the near term? And second, if possible, could you please also share how are these competitive and pricing trends behaving heading to third quarter and the second half of the year? Thank you.

Operator
Hello. Mr. Diego Jalón, your line may be muted.

Sergio Faifman
Hi, Mario. Thank you for your question. *[Speaking Spanish].* Regarding pricing, it has more to do with the competitive environment of the last five months. *[Speaking Spanish].* Particularly, once the [indiscernible], the restrictions on certain contracts were lifted, that had an impact on the FX. *[Speaking Spanish].* And so was this last month with the hike on the FX as well. *[Speaking Spanish].* I'd also say that in the last two months, the competitive environment is better than in the previous month. *[Speaking Spanish].* We are foreseen to end the year with an increase in pricing above inflation. *[Speaking Spanish].* And so, with a recovery in pricing for the remaining of the year. *[Speaking Spanish].* Regarding the competitive environment, it's stable. We are not seeing major variations for the month to come.

Mario Simplicio
That's clear. Thank you.

Operator
And our next question will come from Sofia Vatta with Latin Securities.

Sofia Bata
Hi. Thank you for taking my question. Regarding the sector, what is your outlook for the construction in the second half of the year, and which are the potential drivers?

Sergio Faifman
Hi, Sofia, thank you for your question. *[Speaking Spanish].* We are seeing a slow but steady recovery, in these last couple of months. *[Speaking Spanish].* And regarding drivers, looking forward, there are many that should have a positive impact.
[Speaking Spanish]. Nonetheless, obviously, those drivers, in order to have a significant impact on dispatches, is going to take some time. *[Speaking Spanish].* We keep our forecast for the year, but considering that we should have a gradual moderate growth for the remainder of the year. *[Speaking Spanish].* In the last couple of months, we are starting to see some increase in the level of activity of public works in the provinces of Buenos Aires and Santa Fe. *[Speaking Spanish].* And we believe that this activity in public works should have a positive dynamic in the upcoming months. And also, there are projects linked to private investments in infrastructure that should start in the remaining of the year.

Sofia Bata
Thank you.

Operator
Our next question will come from Marcelo Furlan with Itau. Please go ahead.

Marcelo Furlan
Hi, everyone. Good morning. Thanks for taking the question. The first one, just a follow-up regarding volumes. You guys mentioned that you still expect volumes to increase by double digit in 2025. So, I'd just like to get more color on that, if you guys are expecting more close to low-double-digits or could expect mid-teens of cement volumes growth for the year.

And my second question is related to the cost efficiency that you guys expect to post ahead. So, I just would like to understand, what is the company perspectives in terms of cost efficiencies for the second half of this year? And also, what could we expect in terms of margins?

And if I may, just one more final question here regarding dividends. I just would like to understand what is the management's view regarding potential dividends for this year. So, these are my points. Thank you.

Diego Jalón
Sorry, Marcelo, the audio is very bad. I don't know if you can repeat the question. I know the first one was regarding volumes.

Marcelo Furlan
Oh, sure. Can you hear me better now?

Diego Jalón
Yes, that's better.

Marcelo Furlan

Okay. So, my question for volumes is if you're expecting volumes more close to low double digit increase for this year? Or could you expect volume maybe to increase by mid-teens for 2025? So, this is my first question. My second is related to the margins, what could we expect for margins in the second half of 2025. And finally, if I may, one further question is regarding dividends, I'd like to understand the company's view for dividends this year. Thank you.

Sergio Faifman
Hi, Marcelo, thank you for your question. *[Speaking Spanish].* As I mentioned before, and regarding our expectations for the year, we are keeping this double digit forecast for the year. *[Speaking Spanish].* Specifically for the performance of July, which was below the year-on-year comparison, we have to remember that July of last year was one of the peaks of the year so there was a very challenging base of comparison. *[Speaking Spanish].* Regarding volumes for the second half of last year, we are not seeing that situation to happen again.
[Speaking Spanish]. Regarding margins and what I mentioned about our pricing, we are expecting a recovery in the upcoming months. *[Speaking Spanish].* Probably in next quarter, even though we're going to have some impact of the cost of winter, we're expecting some recovery. *[Speaking Spanish].* And then continuing this tendency of recovery for the fourth quarter.

The last question was about dividends?

Marcelo Furlan
Yes.

Sergio Faifman
[Interpreted]. *[Speaking Spanish].* We are still analyzing every alternative on the financial front for our shareholders, *[Speaking Spanish]*, analyzing the structure of capital of the company. *[Speaking Spanish].* But we don't have any provision for paying dividends so far this year.

Marcelo Furlan
Okay. Thank you so much.

Operator
Our next question will come from Andres Cardona with Citigroup. Please go ahead.

Andres Cardona
Hi. Good morning. I was wondering if part of the pressure on margin may have come from the readjustment in energy prices.

Diego Jalón
Hi, Andres. Sorry, you are asking for energy prices? We are not having the best audio.

Andres Cireona
Yes. Sorry. No, I'm asking if the pressure on margins may be partially explained by the increase in electricity prices that we have seen in the year-to-date, but it's just a matter of the pricing strategy.

Sergio Faifman
[Interpreted. Hi, Andres, thank you for the question. *[Speaking Spanish].* Yes, as I mentioned before, in this past few months we have a competitive dynamic which was more challenging. *[Speaking Spanish].* And if we see what happened in the last two months and our forecast for the remainder of the year, we have more positive expectations. *[Speaking Spanish].* And when you see the numbers that we published that are adjusted by inflation, you also have to compare them, considering the increases in pricing that we had in the first semester of last year, and then when you adjust those numbers by inflation, those numbers as a base of comparison are not very fair.

[Speaking Spanish]. Clearly, in the upcoming months, there's going to be a recovery in terms of pricing. *[Speaking Spanish].* That when you see the comparison against adjusted by inflation figures, sometimes the comparisons, it's difficult to assess. *[Speaking Spanish].* But we are expecting that in a reasonable time, we expect to see again the figures of pricing in US dollar terms, and cost and margins that we previously saw this year.

Operator
Our next question will come from Daniel Rojas with Bank of America. Please go ahead.

Daniel Rojas
Good morning. Can you hear me?
Diego Jalón
Yes, Daniel, we can hear you.

Daniel Rojas
So, I wanted to go back to the pricing question, and sorry, maybe it's the third time you've answered this, but I just wanted to get it very, very clearly. So, as the industry moves from this high inflation environment and the competitive environment you discussed becomes more challenging I just wanted to get a better sense of your commercial strategy. I'm guessing that previously you had to increase prices at a very high pace to keep up with inflation. And now maybe that changes and structurally the whole industry has to rethink their approach to pricing increments. And maybe that explains the pricing situation. Or is it more of a competitive dynamic where the competition is not increasing prices and you're not able to increase as much? I just wanted to drill down on those dynamics, so we can get a better sense of how in the second half, you're going to be able to catch up. Thank you. I'm sorry for asking this so much.

Sergio Faifman
Hi, Daniel. Thank you for the question. *[Speaking Spanish].* I would say that it’s a combination of these two situations. *[Speaking Spanish].* On one hand, the sudden decrease on inflation, it changes the strategy in pricing, not only by the amount of the increases on prices that you can have, but also in the timing of the adjustments. *[Speaking Spanish].* And also, at the same time, once these adjustments are more spaced out, the competition might not take this price adjustment with the same timing as before.

[Speaking Spanish]. In a scenario of high inflation, this dynamic was very fast, and these variations did not impact that much in our clients or clients of our competitors. *[Speaking Spanish].* And in these first months of this transition period, from a high-inflation scenario to a low-inflation scenario, these new dynamics affected a little bit the competitive environment.

[Speaking Spanish]. Once the scenario is more stable, as we commented before, we are seeing improvements in this last two months, and we expect that to continue in the coming months. *[Speaking Spanish].* And that's what we are expecting for the remainder of the year.

Daniel Rojas
Thank you for the additional color. And if I may have a follow-up. The President announced a privatization program for 10,000 kilometers of roads and other initiatives to try to push for an increment in public works in Argentina. I know it's early, and there are few details, but I just wanted to get a better sense of how the public work program is recovering. You mentioned a couple of regions in the country that are seeing better prospects and more activity, what's your outlook for the second half and the outlook for these programs, the President is announcing? Thank you.

Sergio Faifman
[Interpreted]. *[Speaking Spanish].* We believe there is a lot of potential in terms of public infrastructure. *[Speaking Spanish].* We have no doubt that this will come. *[Speaking Spanish].* As we do understand that given that these projects need a framework to make the private sector access these projects, this might require some time. *[Speaking Spanish].* We think that probably, the impact of this in the second semester is not going to be very high, but we do believe it is a very interesting driver for next year and forward.

Daniel Rojas
Thank you. This is very clear.

CONCLUSION

Operator

That will conclude our question and answer session. I would like to turn the conference back over to Diego Jalon for closing remarks.

Diego Jalon

Thank you once again for joining us today. We sincerely appreciate your continued interest and support. As always, we look forward to reconnecting with you on our next call. In the meantime, please don’t hesitate to reach out with any questions you may have. Take care and have a great day.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect your lines and have a pleasant day.