



PRESS RELEASE

Consolidated Financial Report

**2nd QUARTER
2021**



InterCement

Building sustainable partnerships

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Operational leverage trend remains, Adj. EBITDA¹ at US\$109M in 2Q'21, up 92% YoY, with leverage at 3.3x

1. 2Q21 Performance

- Volume of 4.9 million tons in 2Q21 was up by 15.9% YoY. Argentinean operations continued to post robust growth and expanded volumes by 39.5%, driven by strong household and retail demand growing above pre-pandemic levels. Operations in Brazil remained on its positive dynamics, with volumes expanding by 5.3% YoY. In addition, our African operations showed a recovery on demand and volumes expanded by 16.1% YoY.
- Total Sales of US\$ 370 million increased 48.6% YoY, backed by solid performances in all the regions, despite the currency depreciation on Brazilian Real and Argentinian Peso. Excluding forex impact, sales would have grown remarkable 60.2% - revenues in Brazil and Argentina both expanded 64.9% in local currency.
- Adjusted EBITDA reached US\$ 109 million, more than doubling when compared to 2Q20, increasing a strong 115.2% YoY, as consequence of significant operational leverage. Brazil registered a growing and solid Adj. EBITDA of US\$ 49 million, an expansion of +130.1%, while Argentina came with US\$ 41 million, a growth of 79.3%. Therefore, Adjusted EBITDA margin raised to 29.5% in 2Q21, a 9.1 p.p. expansion from 20.4% in 2Q20.
- Free Cash Flow to the Company was negative at US\$ 23 million, lower than 2Q20 by US\$ 70 million, mostly due to: (i) working capital comparison basis, given the pandemic context in 2Q20; (ii) working capital moves in 2Q21, affected by strategic petcoke purchases in Brazil; and (iii) higher income taxes paid in Argentina, as result of 2021 taxes' payment anticipation, in addition to the US\$ 17 million related to last year's divestment in Paraguay.
- Net Debt² totaled US\$ 1,450 million, an increase of 6.7% compared to Dec'20, mainly due to the FX variation over debt in Brazilian Reais, reflecting the new debt profile after its renegotiation in 2020, now with 59% of the total debt denominated in Reais. Gross debt increased US\$ 7 million compared to Dec'20, as result of FX variation, while cash position was at US\$ 177 million.
- Leverage dropped to 3.3x in the quarter from 4.9x in 2Q20 and 3.8x in 4Q20, mostly driven by strong operational recovery during recent quarters, reflected in the LTM EBITDA rise to US\$ 444M in 2Q21, from US\$ 314M in 2Q20 and US\$ 358M in 4Q20.

KEY FIGURES		(Operations in Continuation)				
(US\$ million, unless otherwise expressed)	2Q21	2Q20	Var. %	1H21	1H20	Var. %
Cement and Clinker Sales ('000 ton)	4,884	4,215	15.9%	9,533	8,385	13.7%
Sales	370	249	48.6%	726	563	28.9%
EBITDA	118	41	190.3%	223	101	121.5%
Adjusted EBITDA ¹	109	51	115.2%	217	118	83.3%
CAPEX	(40)	(30)	34.9%	(64)	(106)	(40.0%)
FCF	(23)	47	(149.9%)	(29)	(133)	78.5%

Debt

(US\$ million)	2Q21	4Q20	Var. %
Net Debt ²	1,450	1,360	6.7%
Net Debt/ Adjusted EBITDA LTM	3.3	3.8	

2. Profit and Loss

Volumes Sold totaled 4,884 thousand ton, an expansion of 15.9% YoY in the quarter. In Argentina, volumes increased 39.5% magnified by the poor comparison base of 2Q20 due to the COVID-19 restrictions, but mostly driven by strong household and retail demand growing above pre-pandemic levels, benefited from the consumer perception of real estate assets as a safe harbor for savings in hard currency. Brazil volumes remained on a positive path, rising 5.3% YoY, benefited by the continuous and growing real estate activity, backed by strong pace of growth of residential launches, and helped by agribusiness positive dynamics on investments and income growth. South Africa maintained the good dynamics seen since the last quarter of 2020 and volumes were up 57.4% YoY, benefited from the 2Q20 compressed base, due to COVID-19 restrictions, and from bulk market demand continuous reaction, while Egypt showed recovering volumes, +12.9%, due to a more favorable environment, driven by regional resumption in small-medium scale construction activities, backlogged from the previous quarter. On the other hand, Mozambique registered volumes retraction, -15.4% YoY, as result of tougher competitive environment in the southern region, due to the entry of a new player.

Note: The review of this report is not part of the scope review of the independent auditors, thus, this report was not reviewed by the independent auditors

1 – Adjusted EBITDA: it is non-accounting metric and was not audited by independent auditors.

2 – Net Debt is calculated as follows: the sum of current and non-current borrowings and financings and debentures (excluding interest payable, current and non-current obligations under finance leases) less cash, cash equivalents, current securities and derivatives.

INCOME STATEMENT

(US\$ million)	2Q21	2Q20	Var. %	1H21	1H20	Var. %
Sales	370	249	49%	726	563	29%
Net Operational Cash Costs	(252)	(208)	(21%)	(503)	(462)	(9%)
Operational Cash Flow (EBITDA)	118	41	190%	223	101	122%
Deprec. Amort. and Impairments	(39)	(34)	(13%)	(78)	(81)	4%
Operating Income (EBIT)	79	6	1181%	145	19	660%
Financial Results	(76)	(18)	(316%)	(83)	(36)	(131%)
Pre-tax Income	3	(12)	123%	62	(17)	467%
Income Tax	(48)	5	(1010%)	(65)	(11)	(503%)
Net Inc. from continuing Operations	(45)	(7)	(557%)	(3)	(28)	89%
Net Inc. from discontinuing Operations	(0)	3	(100%)	(0)	6	(100%)
Net Income	(45)	(4)	(1007%)	(3)	(22)	86%
Attributable to:						
Shareholders	(43)	(10)	(337%)	(20)	(37)	46%
Minority Interests	(2)	6	(137%)	17	15	12%

Sales totaled US\$ 370 million during 2Q21, an increase of 48.6% YoY, helped by rising volumes, as mentioned above, and mostly benefited from better pricing dynamics in all geographies, which more than offset the currency devaluation in the period. InterCement's main operational currencies (i.e. Brazilian Real and Argentinian Peso) significantly depreciated in the period –10% the former and 36% the latter. Excluding forex impact, sales would have grown 60.2%.

Consolidated **Adjusted EBITDA** reached US\$ 109.1 million, up 115.2% - considering only continued operations – and margin expanded to 29.5%, +9.1 p.p. YoY. Brazil kept its improving operating performance trend, backed by material operational leverage, and posted an Adjusted EBITDA of US\$ 49.0 million, an expansion of 130.1% YoY with a margin of 32.7%, a 10.6 p.p. improvement. In Argentina, Adjusted EBITDA totalled US\$ 40.6 million, an increase of 79.3% YoY, and +6.6 p.p. margin improvement. South African operations continued their operational turnaround, after being severely affected by COVID-19 lockdown one year ago, and posted an expansion of +223.7% YoY. Mozambique, despite the volume retraction, posted an expansion of 37.3%, helped by a better operational performance.

Non-recurring items related to InterCement's operations totalled US\$ 8.8 million, mostly explained by: (i) PIS/COFINS tax credit at InterCement Brazil; (ii) taxes on bank debits and credits in Argentina; (iii) extraordinary costs due to COVID-19; and (iv), expenses on restructuring projects. Please see below the Adjusted EBITDA reconciliation:

ADJ. EBITDA - RECONCILIATION ITEMS						
(US\$ million)	2Q21	2Q20	Var. %	1H21	1H20	Var. %
EBITDA Operations in Continuation	118	41	190%	223	101	122%
Reconciliation Items to Adjusted EBITDA	(9)	10	s.s.	(6)	18	s.s.
Taxes on bank debits and credits - Argentina	1	1	132%	3	3	15%
Costs due to COVID-19	1	1	s.s.	2	5	(67%)
Reestructuring projects	1	3	(80%)	1	5	(76%)
Layoff related to reestructuring	1	4	(76%)	1	5	(71%)
Others non-recurring	0	1	(93%)	0	1	(86%)
PIS/ COFINS Credit	(13)	-	s.s.	(13)	-	-
ADJ. EBITDA Operations in Continuation	109	51	115%	217	118	83%

Depreciation, Amortization and Impairment amounted for US\$ 39 million in the 2Q21, affected by Brazilian Reais QoQ appreciation, in contrast to a devaluation of 10% in 2Q20 vs 1Q20 that led Depreciation & Amortization to reach US\$34 million one year ago.

Financial Results amounted for US\$ 76 million in the 2Q21, a deterioration of US\$58 million when compared to 2Q20, mostly consequence of BRL appreciation in the 2Q21 vs 1Q21, which generated a non-cash loss of US\$ 62 million in Holding Companies level due to loan denominated in BRL terms. .

Income taxes totalled US\$ 48 million in the 2Q21, mainly impacted by a tax reform in Argentina, which increased nominal tax rate to 35% from previous 30%, leading Deferred Income Tax Assets and Liabilities to be reassessed, resulting in a non-cash loss of US\$ 31 million.

All in all, **Net Income** registered a loss of US\$ 45 million, mainly as consequence of non-cash expenses mentioned above. Excluding those effects net income would have reached a US\$ 48 million profit.

3. Free Cash Flow

FREE CASH FLOW GENERATION MAP				
(US\$ million)	2Q21	2Q20 ¹	1H21	1H20 ¹
Adjusted EBITDA	109	57	217	131
Fluctuation in Operational Assets/Liabilities	(50)	67	(115)	(38)
Others	7	(14)	3	(32)
Operating Activities	66	110	106	61
Interests Paid & Derivative Unwinding	(28)	(32)	(47)	(83)
Income taxes Paid	(28)	(2)	(33)	(7)
Cash Flow before investments	10	76	26	(29)
CAPEX	(40)	(30)	(64)	(106)
Assets Sales / Others	7	0	9	2
Free Cash Flow to the company	(23)	47	(29)	(133)
Borrowings, financing and debentures	11	988	38	1,119
Repayment of borrowings, financ. and debent.	(27)	(1,001)	(67)	(1,084)
Dividends	(14)	-	(14)	(3)
Other investment activities	(3)	(5)	(32)	(10)
Changes in cash, equivalents & securities	(57)	30	(103)	(111)
Exchange differences	10	(10)	2	(38)
Cash, equivalents and securities, End of the Period	177	203	177	203

InterCement reached US\$ 66 million of **Cash Flow from Operations** in the quarter, a decrease of US\$ 44 million when compared to US\$ 110 million in the same period of last year, mostly due to working capital variation. However, 2Q20 comparison base turns to be misleading given the pandemic context, on which payables were postponed and inventories' level were extraordinarily reduced. On top of that, 2Q21 figures were affected by opportunistic petcoke purchases in the Brazilian operation that aimed to optimize the cost of fuel.

Interests paid in the period totalled US\$ 28 million, a decrease of US\$ 4 million in comparison to US\$ 32 million paid in 2Q20, due to lower accumulated interest rates between the periods and to the residual effect of the debt refinancing in 2Q20, given that debt refinanced's interest balance fully paid and then reset in June 2020.

CAPEX disbursement during 2Q21 amounted for US\$ 40 million, 35% higher than in 2Q20 mostly due to comparison base given COVID's context last year. In 2Q20 the Company had a primary focus of preserving cash, on top of production and work restrictions imposed to some operations, thus reducing investments on Capex, yet keeping environment and safety investments as a priority.

The Free Cash Flow to the company was a deficit of US\$ 23 million in the quarter, while for the first half of the year it totalled a deficit of US\$ 29 million, an improvement of US\$ 104 million when compared to the

¹ – 2020 Cash flow includes discontinued operations in Paraguay.

same period of 2020. Such improvement was mostly result of stronger operating performance and lower Capex disbursements, due to the conclusion of L'Amali II project, whose kiln was inaugurated in June and has its mill and packing line under commissioning now, to be fully operational by the end of 3Q21.

As result, InterCement posted a cash burn of US\$ 57 million in the quarter, mainly as consequence of repayment of debt in Argentina in the amount of US\$ 17 million, dividends to minority shareholders (US\$ 14 million), higher taxes paid in Argentina (related to 2021 taxes payment anticipation and on capital gain from divestment in Paraguay last year) and opportunistic petcoke purchases in Brazil that affected working capital.

Cash and Cash Equivalents balance, including financial instruments such as securities, totalled US\$ 177 million in June 2021, a decrease of US\$ 26 million when compared to US\$ 203 million in 2Q20.

4. Balance Sheet

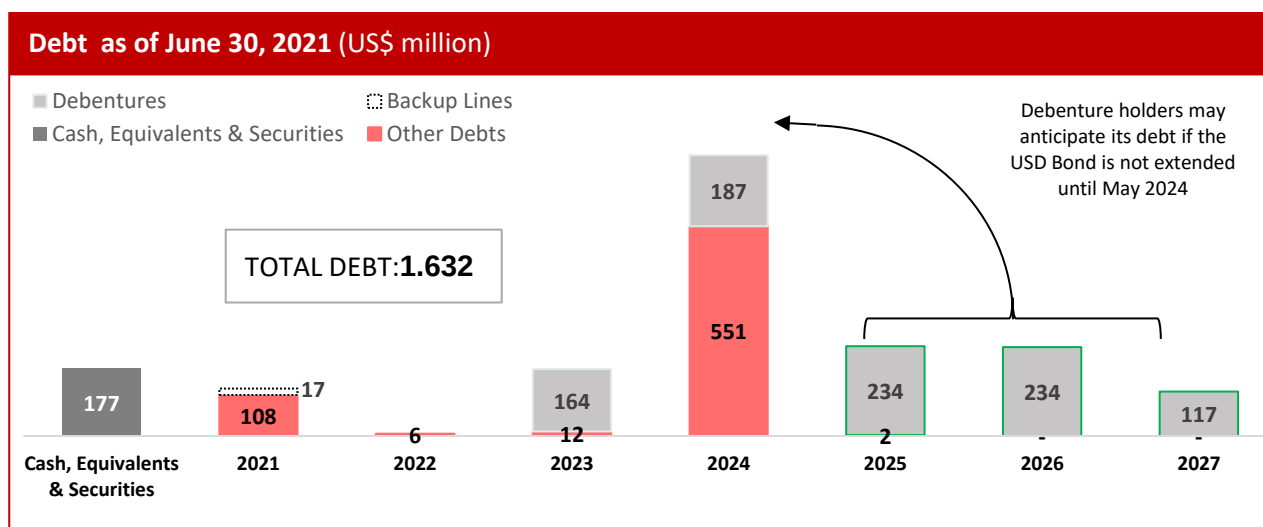
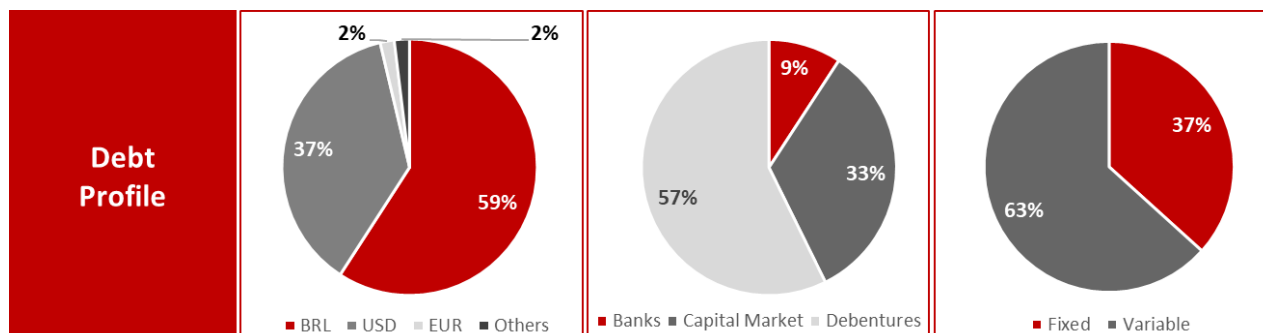
Total Assets amounted to US\$ 3,295 million in June, 2021, an increase of US\$ 129 million when compared to December 2020, mainly related to FX effect derived from Brazilian Reais appreciation in the period.

Gross Debt at US\$ 1,632 million, implied a net debt of US\$ 1,450 million, an increase of 6.7% when compared to Dec'20, when net debt was at US\$ 1,360 million. The increase was mostly due to the FX variation over the debt in Brazilian Real, partially offset by minor debt amortizations in Argentina and HoldCos.

CONSOLIDATED BALANCE SHEET SUMMARY

(US\$ million)	30 jun 2021	31 dec 2020	Var. %
Assets			
Non-current Assets			
Other Non-current Assets	2,660	2,533	5%
Derivatives	4	5	(9%)
Current Assets			
Cash and Equivalents	177	261	(32%)
Other Current Assets	453	367	23%
Total Assets	3,295	3,166	4%
Current Liabilities			
Loans & Obligations	125	125	0%
IFRS 16	24	27	(11%)
Other Current Liabilities	396	417	(5%)
Non-Current Liabilities			
Loans & Obligations under finance leases	1,507	1,500	0%
IFRS 16	25	30	(17%)
Provisions & Employee benefits	82	85	(4%)
Other Liabilities	305	266	15%
Total Liabilities	2,465	2,451	1%
Shareholders' Equity attributable to:			
Equity Holders	498	419	19%
Minority Interests	332	296	12%
Total Shareholders' Equity	830	715	16%
Total Liabilities and Shareholders' Equity	3,295	3,166	4%

The Debt Profile on June 30, 2021 was as follows:



5. Operations in-depth look – 2Q21

Brazil

Brazil cement industry remained on a positive trend, benefitted by solid construction activity, deriving from the strong pace of real estate launches seen in the last quarters, on top of home improvement and self-build market. InterCement's volumes registered a 5.3% YoY expansion in 2Q21.

EBITDA totalled US\$ 61.0 million in the period, up +200% YoY, driven by strong top line performance along with material operational leverage, with margins reaching 40.6% (+19.6 p.p. YoY). Excluding non-recurrent expenses (including US\$ 12.9 million of PIS/COFINS credit reversal, adjusted EBITDA was at US\$ 49.0 million, up 130.1%.

Argentina

Argentinean operations continued to show increasing volumes, benefitted by 2Q20 comparison base given COVID lockdown restrictions last year, but also driven by strong household and retail demand growing above pre-pandemic levels, benefited from the consumer perception of real estate as a safe harbor for savings in hard currency, besides appealing construction costs in US\$ terms. Therefore, volumes expanded by 39.5% YoY.

Adjusted EBITDA increased 79.3% YoY to US\$ 40.6 million, driven by top line performance (up +41.0% YoY) leading to operational leverage, but also benefitted by comparison base in 2Q20 – given COVID context. Margins reached 30.8% in 2Q21, a 6.6 p.p. YoY increase.

Africa

African operations registered a 16.1% YoY expansion in volumes in 2Q21, and a strong 71.5% YoY increase in Adjusted EBITDA in 2Q21.

South Africa maintained the positive dynamics seen since 4Q20, with increasing demand and bulk market that continued to recover. Volumes, thus, expanded by 57.4% YoY, also benefited from 2Q20 poor comparison base due to COVID-19 restrictions last year. Meanwhile, prices in 2Q21 were up in local terms, and boosted by ZAR appreciation, leading prices in US\$ terms to increase 37% vs 2Q20. Moreover, a better cost performance also contributed to Adjusted EBITDA profitability, which grew 223.5%, and placed margins at 26.4% (+7.7 p.p. YoY).

Volumes in Mozambique declined 15.4% YoY in the quarter, hurt by a tougher competitive environment in the southern region, as result of the entry of a new player. Despite that, costs savings, mostly benefited from imported clinker at more favourable pricing and FX, combined with better operational performance led Adjusted EBITDA in USD to increase 37.3% YoY in the period, with margins reaching 24.4%.

Although still facing subdued demand, the Egyptian cement industry has noted some improvements on its market dynamics, helped by the regional resumption in small-medium scale construction activities. As result, volumes sold in Egypt increased by 12.9% YoY, while prices were relatively stable in local currency, up 1.2% YoY.

Operational Summary

See below the summary tables for our operational performance in 2Q21:

CEMENT AND CLINKER VOLUMES SOLD

(thousand tons)	2Q21	2Q20	Var. %	1H21	1H20	Var. %
BRA	2,386	2,265	5.3%	4,534	4,234	7.1%
ARG	1,402	1,005	39.5%	2,786	2,008	38.7%
AFRICA	1,097	945	16.1%	2,213	2,143	3.3%
Consolidated Total	4,884	4,215	15.9%	9,533	8,385	13.7%

NET REVENUES

(US\$ million)	2Q21	2Q20	YoY	1H21	1H20	YoY
BRA	150	97	55.5%	277	199	39.0%
ARG	132	93	41.0%	281	218	28.6%
AFRICA	88	61	44.1%	168	146	15.3%
Others	24	5	382.2%	35	8	346.4%
Sub-Total	394	256	53.9%	761	571	33.2%
Intra-Group Eliminations	(24)	(7)	(238.8%)	(35)	(8)	(335%)
Consolidated Total	370	249	48.6%	726	563	28.9%

ADJ. EBITDA

(US\$ million)	2Q21	2Q20	Var. %	1H21	1H20	Var. %
BRA	49	21	130.1%	95	34	180.0%
ARG	41	23	79.3%	95	69	38.7%
AFRICA	20	12	71.5%	33	25	34.0%
Others	(1)	(5)	(87.2%)	(6)	-9	(34.9%)
Consolidated Total	109	51	115.2%	217	118	83.3%
EBITDA Margin	29.5%	20.4%	9.1 p.p.	29.9%	21.0%	8.9 p.p.

6. Corporate and subsequent events

Senior Note interest payment

On July 15, 2021, InterCement Financial Operations B.V., a wholly-owned subsidiary of InterCement Participações S.A, paid the semiannual coupon of its 2024 senior notes in the net amount of US\$ 15.8 million.

Disclaimer:

This announcement contains 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, 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.

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