



# RESULTS 2Q17

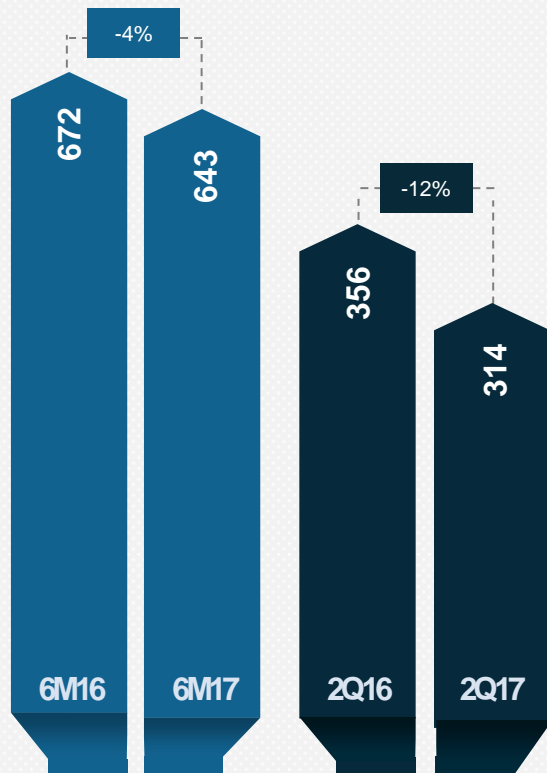
July 26, 2017

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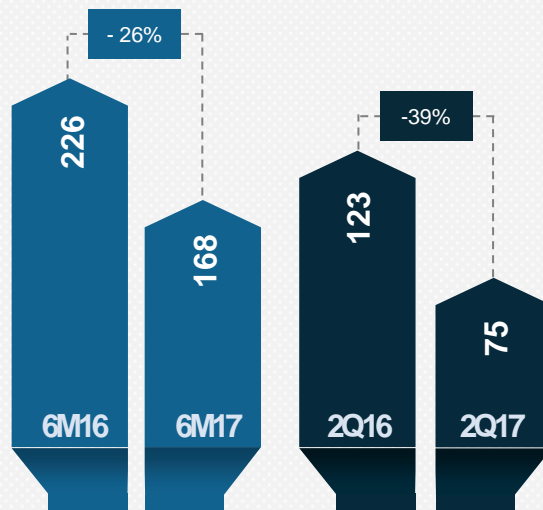
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# Financial Results Summary

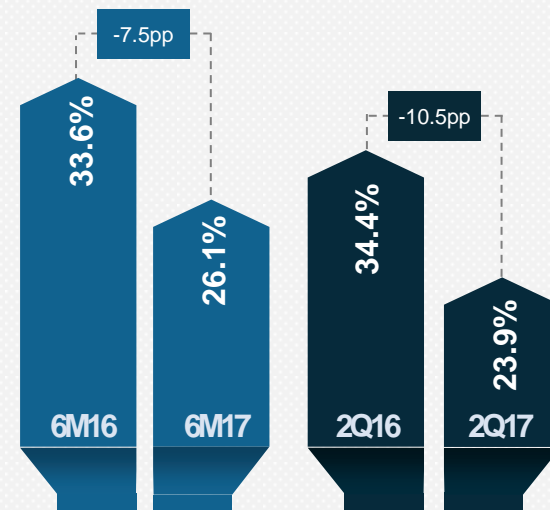
Net Sales  
(US\$M)



Operating EBITDA  
(US\$M)



Margin EBITDA  
(%)



# Consolidated Volumes and Prices

## Domestic gray cement

	6M17vs. 6M16	2Q17 vs. 2Q16	2Q17 vs. 1Q17
Volume	0%	-3%	-2%
Price (USD)	-8%	-12%	-4%
Price (LtL <sub>1</sub> )	-9%	-11%	-3%

## Ready-mix concrete

Volume	-5%	-13%	-5%
Price (USD)	3%	-1%	-3%
Price (LtL <sub>1</sub> )	1%	0%	-1%

## Aggregates

Volume	-4%	-9%	1%
Price (USD)	-2%	-10%	-7%
Price (LtL <sub>1</sub> )	-4%	-9%	-6%

**Our consolidated volumes for our three core products decreased during 2Q17,**

mainly as a result of fewer working days, and weaker demand conditions in Colombia

**This quarter, our daily cement dispatches increased**

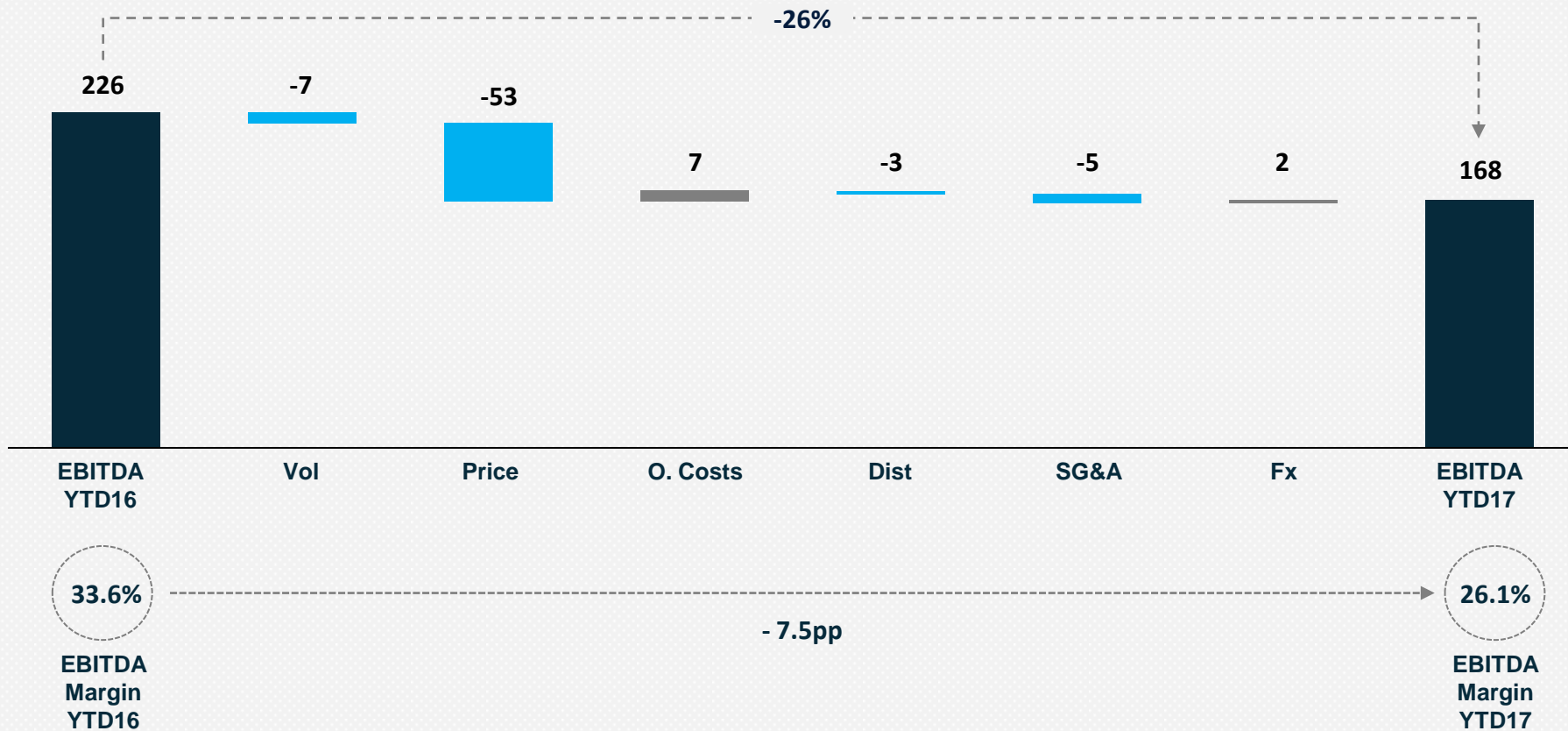
in all of our operations with the exception of Colombia and Nicaragua

**Our cement prices declined by 11% and 3% in 2Q17,**

in local currency terms<sup>1</sup>, against those of 2Q16 and 1Q17, respectively, mainly as a result of intense competitive dynamics in Colombia

(1) Like-to-like prices adjusted for foreign-exchange fluctuations

# EBITDA Variation YTD 17







# REGIONAL HIGHLIGHTS

Results 2Q17



# Results Highlights Colombia

# Colombia – Results Highlights

## Financial Summary US\$ Million

	6M17	6M16	% var	2Q17	2Q16	% var
Net Sales	291	339	-14%	135	182	-26%
Op. EBITDA	60	116	-48%	23	61	-63%
as % net sales	20.7%	34.2%	(13.5pp)	16.7%	33.5%	(16.8pp)

## Volume

	6M17 vs. 6M16	2Q17 vs. 2Q16	2Q17 vs. 1Q17
Cement	-5%	-9%	-4%
Ready mix	-14%	-23%	-9%
Aggregates	-17%	-26%	-12%

## Price (Local Currency)

	6M17 vs. 6M16	2Q17 vs. 2Q16	2Q17 vs. 1Q17
Cement	-20%	-23%	-8%
Ready mix	0%	-2%	-3%
Aggregates	4%	4%	3%

## National cement dispatches remain subdued.

We estimate that during 2Q17, daily national cement dispatches decreased by 2.6% compared to those of 2Q16

## Competitive dynamics intensified during 2Q17,

resulting in significant cement price drops across the country

## Our cement market position has remained stable

since the price erosion began in 2H16

## Our cost containment efforts partially offset the EBITDA decline





Challenging economic conditions have affected middle and high income housing developments

Social interest housing sales and initiations grew by double digit rates

during the January-May period, on a year-over-year basis

Cement demand from residential sector is expected to decrease in the low single digits during 2017

In recent months we finished the casting of over 1,000 social interest ready-mix concrete homes, and are advancing works for 4,000 more concrete dwellings

### Infrastructure works should drive cement demand in 2017,

mainly as a consequence of:

- Initial works of 4G program, specially in 2H17
- Higher project execution by local and regional administrations
- Increased disbursements from the royalties fund

### According to the National Infrastructure Agency<sup>2</sup>:

- 17 projects from the 4G program have officially started construction works
- 5 more are in pre-construction phase

**Cement demand from infrastructure projects should grow ~4% in 2017**

**As of June 30<sup>th</sup> CLH had secured<sup>1</sup> the supply for:**  
**39% of the functional units (4G's and PPP's)**  
**34% of the cement requirements**

(1) Refers to those functional units which have contracted cement and ready-mix so far

(2) Agencia Nacional de Infraestructura (ANI)





# Results Highlights Panama

# || Panama – Results Highlights

## Financial Summary US\$ Million

	6M17	6M16	% var	2Q17	2Q16	% var
Net Sales	141	130	9%	72	67	6%
Op. EBITDA	58	58	0%	27	33	-19%
as % net sales	40.9%	44.6%	(3.7pp)	37.6%	49.5%	(11.9pp)

## Volume

	6M17 vs. 6M16	2Q17 vs. 2Q16	2Q17 vs. 1Q17
Cement	9%	9%	1%
Ready mix	23%	18%	-2%
Aggregates	19%	10%	1%

## Price (Local Currency)

	6M17 vs. 6M16	2Q17 vs. 2Q16	2Q17 vs. 1Q17
Cement	0%	-1%	0%
Ready mix	0%	-1%	0%
Aggregates	0%	-1%	-2%

**Cement, ready-mix and aggregates volumes grew** during 2Q17, compared to those of 2Q16

**Prices for our three core products remained practically flat during 2Q17 and 1H17** on a year-over-year basis

**EBITDA and EBITDA margin declined during the quarter,** compared to those of 2Q16, as a result of maintenance activities, a product-mix effect, and higher fuel costs



## || Panama – Sector Highlights



Infrastructure and residential sectors were the main drivers of cement demand in 2Q17

Demand from social and middle income housing projects remained strong this quarter

Tender offers for the 4<sup>th</sup> bridge over the Canal already presented.

It is likely that execution for the project could start in early 2018

**Construction industry has benefited from government efforts to enhance infrastructure and reduce the housing deficit**



# Results Highlights Costa Rica

# Costa Rica – Results Highlights

## Financial Summary US\$ Million

	6M17	6M16	% var	2Q17	2Q16	% var
Net Sales	77	82	-6%	39	43	-8%
Op. EBITDA	27	35	-22%	15	18	-16%
as % net sales	35.2%	42.5%	(7.3pp)	38.0%	41.4%	(3.4pp)

## Volume

	6M17 vs. 6M16	2Q17 vs. 2Q16	2Q17 vs. 1Q17
Cement	-2%	-5%	1%
Ready mix	-7%	-4%	3%
Aggregates	26%	55%	74%

## Price (Local Currency)

	6M17 vs. 6M16	2Q17 vs. 2Q16	2Q17 vs. 1Q17
Cement	-4%	-4%	0%
Ready mix	-13%	-12%	1%
Aggregates	-49%	-61%	-31%

In 2Q17, daily dispatches for our three core products increased, versus 2Q16 levels

On a sequential basis, our cement, ready-mix and aggregates volumes increased, despite the effect of Easter holidays

EBITDA margin declined 3.4pp in 2Q17 vs. 2Q16, mostly explained by lower cement prices and a mix effect reflecting lower sales of VAPs<sup>1</sup>



## || Costa Rica– Sector Highlights

**We expect cement volumes for infrastructure to grow ~13%**

as the government resumes some projects in advance of the presidential elections

**Cement demand for housing, and industrial and commercial sectors should increase 1% in 2017**

**During the 2H17 demand for our products should be driven by the execution of :**

- Oxígeno project
- Northern Beltway
- Route 32
- APM port terminal

**The improving construction prospects in all demand sectors, and the progress we have made in our value before volume strategy, make us cautiously optimistic with regards to our operations in Costa Rica**





# Results Highlights Rest of CLH

## || Rest of CLH – Results Highlights

### Financial Summary US\$ Million

	6M17	6M16	% var	2Q17	2Q16	% var
Net Sales	148	133	11%	75	71	6%
Op. EBITDA	47	44	5%	23	25	-9%
as % net sales	31.6%	33.4%	(1.8pp)	30.3%	35.2%	(4.9pp)

### Volume

	6M17 vs. 6M16	2Q17 vs. 2Q16	2Q17 vs. 1Q17
Cement	12%	6%	0%
Ready mix	30%	32%	24%
Aggregates	87%	128%	48%

### Price (Local Currency)

	6M17 vs. 6M16	2Q17 vs. 2Q16	2Q17 vs. 1Q17
Cement	-1%	-2%	1%
Ready mix	-10%	-10%	-1%
Aggregates	-11%	-13%	-9%

**In 2Q17, we reached the highest ever cement volumes in the Rest of CLH region,** despite the Easter holidays and adverse weather conditions

**Cement, ready-mix and aggregates volumes increased by 6%, 32% and 128% in 2Q17,** respectively, over those of 2Q16

**EBITDA Margin decline 4.9pp** in 2Q17 vs. 2Q16, mostly explained by lower cement volumes and prices in Nicaragua, as well as a product-mix effect reflecting higher ready-mix and aggregates volumes

**We estimate that construction of roads and hospitals,**

should drive demand for our products during the second half of the year.

**Regional and local construction activities should remain strong,**

in anticipation of local elections and Central American Games in December

**Construction works for new residential projects have slowed down in recent months**

**Despite of our positive performance, we remain cautious given some perceived vulnerabilities of the country's external accounts**



## || Rest of CLH – Guatemala highlights

Despite lower volumes for our three core products as a result of Easter, our EBITDA remained flat during 2Q17, on a year over year basis

Our daily cement dispatches increased by 2% during 2Q17 above 2Q16 levels

Residential, and industrial and commercial continue to be the main cement demand drivers, whereas demand from public works remains dull

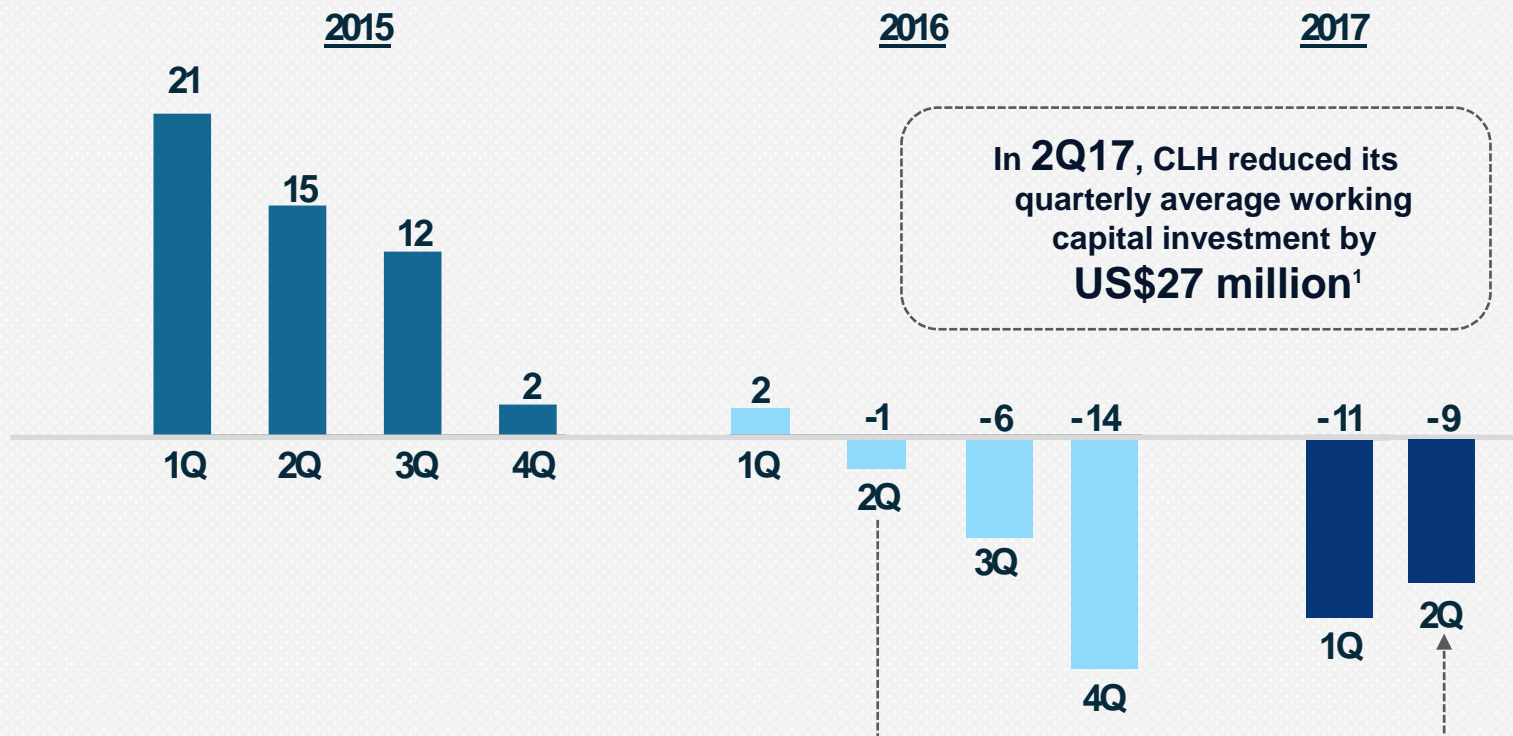




# FREE CASH FLOW

2Q17 Results

## Working Capital Balance (Average Days)



(1) Compared to that of the same period in 2016

## Free Cash Flow

US\$ Million	6M17	6M16	% var	2Q17	2Q16	% var
<b>Operating EBITDA</b>	<b>168</b>	<b>226</b>	<b>-26%</b>	<b>75</b>	<b>123</b>	<b>-39%</b>
- Net Financial Expense	<b>32</b>	29		15	14	
- Maintenance Capex	<b>23</b>	22		14	18	
- Change in Working Cap	<b>-12</b>	-22		-35	-32	
- Taxes Paid	<b>65</b>	64		43	51	
- Other Cash Items (net)	<b>2</b>	6		-2	2	
<b>Free Cash Flow</b> After Maintenance Capex	<b>58</b>	<b>127</b>	<b>-55%</b>	<b>40</b>	<b>70</b>	<b>-43%</b>
- Strategic Capex	<b>28</b>	76		12	45	
<b>Free Cash Flow</b>	<b>30</b>	<b>51</b>	<b>-42%</b>	<b>28</b>	<b>25</b>	<b>12%</b>

Free cash flow after strategic Capex increased to US\$28 M during the second quarter

The negative effect from the EBITDA variation was more than offset by:

- Lower maintenance and strategic Capex
- A positive variation in working capital
- Lower cash taxes

Net debt was reduced during 2Q17 to US\$897 M



# GUIDANCE

2Q17 Results



## Volume YoY%

### Colombia

Cement	Ready - Mix	Aggregates
0% to -3%	-1% to -3%	-1% to -3%

### Panama

Cement	Ready - Mix	Aggregates
4% to 6%	7% to 9%	7% to 9%

### Costa Rica

Cement	Ready - Mix	Aggregates
1% to 3%	1% to 3%	7% to 9%

## Consolidated volumes in 2017 expected to grow:

- + Cement: 1% to 2%
- + Ready-mix: 0% to 2%
- + Aggregates: 1% to 3%

## Maintenance and Strategic Capex in 2017

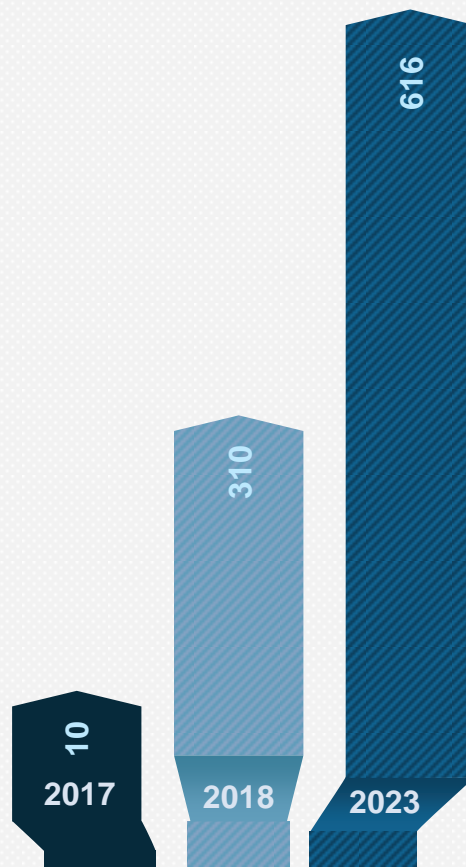
are expected to be about US\$51 M and US\$29 M, respectively

## Consolidated Cash taxes

are expected to range between US\$100 M and US\$110 M

## Consolidated debt maturity profile

US\$ Million



**US \$936 Million**

Total debt as of June 30, 2017

**2.5x Net Debt/EBITDA (LTM)<sup>1</sup>**

as of June 30, 2017

(1) Last twelve months to June 2017



# RESULTS 2Q17

July 26, 2017