



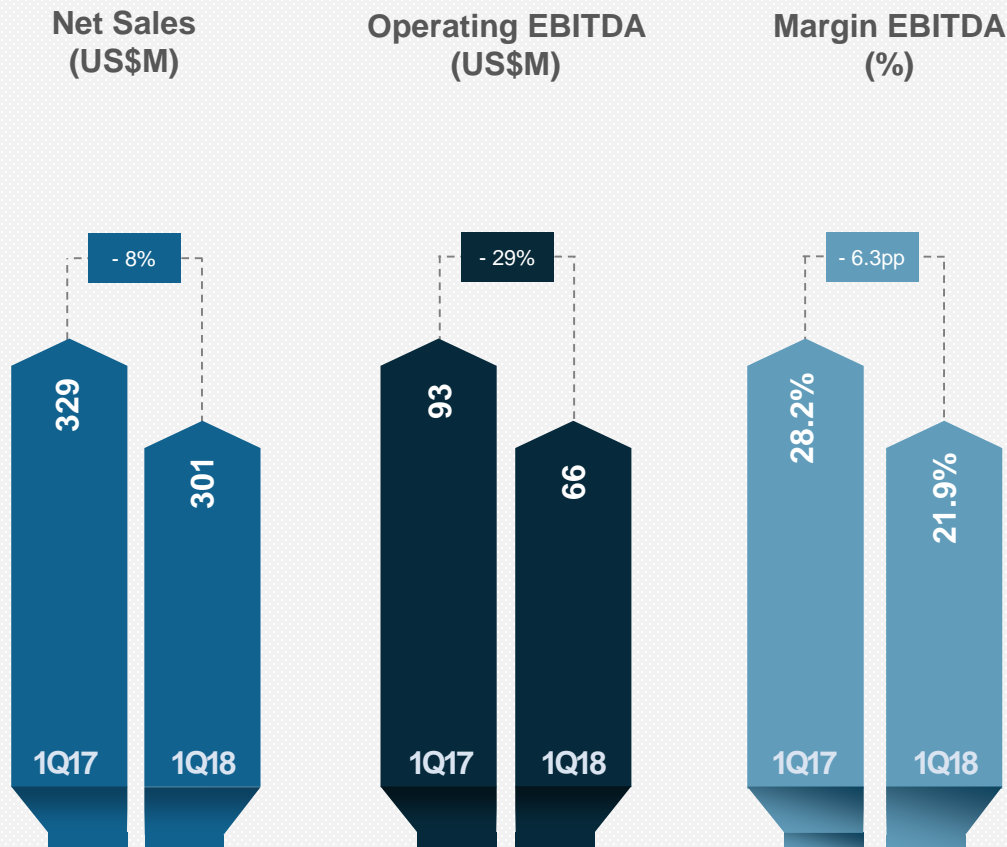
LATAM  
HOLDINGS

# RESULTS 1Q18

April 26, 2018

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UNLESS OTHERWISE NOTED, ALL CONSOLIDATED FIGURES ARE PRESENTED IN DOLLARS AND ARE BASED ON THE FINANCIAL STATEMENTS OF EACH COUNTRY PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS.



## Net sales declined by 8%

mainly due to lower volumes and a difficult comparison base for cement prices in Colombia; fewer business days on a year-over-year basis because of Easter holidays affected our consolidated sales by ~US\$9 M

## EBITDA affected mainly by

our results in Colombia and Panama; weak industry volumes in these countries, a difficult comparison base for prices in Colombia, as well as an adverse product-mix effect in cement and a major kiln maintenance in Panama

## Also, the EBITDA decline

reflects a high comparison base as 1Q17 had the highest quarterly EBITDA of last year

# Consolidated Volumes and Prices

Domestic  
gray  
cement

	1Q18 vs. 1Q17	1Q18 vs. 4Q17
Volume	-9%	-2%
Price (USD)	0%	6%
Price (LtL <sub>1</sub> )	-1%	4%

Ready-mix  
concrete

	1Q18 vs. 1Q17	1Q18 vs. 4Q17
Volume	-11%	-6%
Price (USD)	0%	7%
Price (LtL <sub>1</sub> )	-2%	3%

Aggregates

	1Q18 vs. 1Q17	1Q18 vs. 4Q17
Volume	-5%	-4%
Price (USD)	-6%	4%
Price (LtL <sub>1</sub> )	-8%	1%

## Favorable cement volumes in Costa Rica

were more than offset by declines in Colombia, Panama and Rest of CLH

## In our ready-mix business, volume improvements in Costa Rica and Guatemala

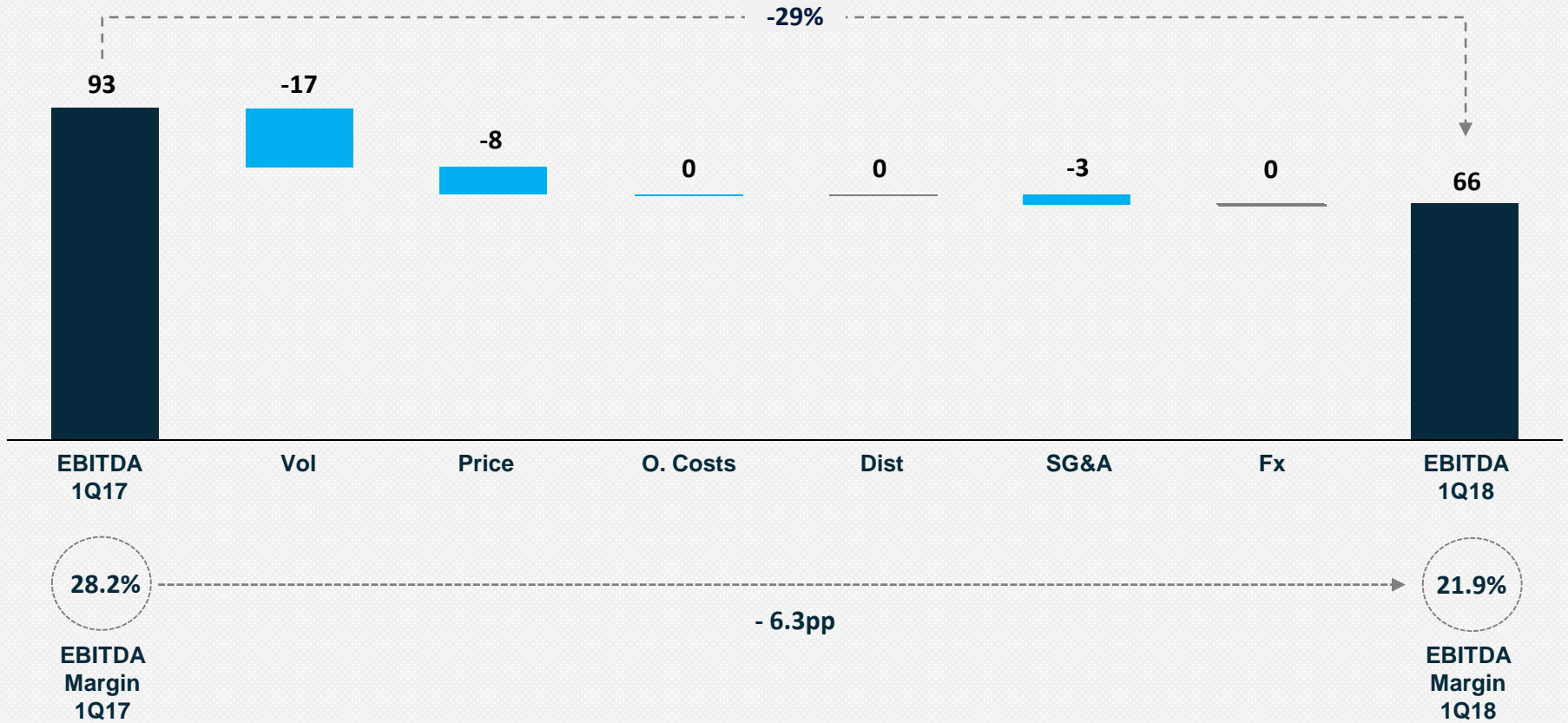
were more than offset by lower volumes in Colombia and Panama

## Consolidated prices of our three core products increased sequentially during 1Q18

both in local currency and in U.S. dollar terms

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

# EBITDA Variation





# REGIONAL HIGHLIGHTS

Results 1Q18



# Results Highlights Colombia

# Colombia – Results Highlights

## Financial Summary US\$ Million

	1Q18	1Q17	% var
Net Sales	136	155	-12%
Op. EBITDA	25	38	-34%
as % net sales	18.2%	24.3%	(6.1pp)

## Volume

	1Q18 vs. 1Q17	1Q18 vs. 4Q17
Cement	-11%	-7%
Ready-mix	-16%	-10%
Aggregates	-16%	-9%

## Price (Local Currency)

	1Q18 vs. 1Q17	1Q18 vs. 4Q17
Cement	-5%	3%
Ready-mix	-1%	3%
Aggregates	-4%	-3%

## Uncertainty around upcoming elections

weighed on the economy during 1Q18

## Our cement and ready-mix volumes during 1Q18

declined by 11% and 16%, respectively, due to a weak demand environment

## Cement prices continued their upward trajectory

shown in 4Q17 and increased by 3% in local-currency and by 10% in U.S. dollar terms, QoQ

## Lower EBITDA margin due

to lower sales and increased distribution costs related to a bridge collapse in the Ibagué-Bogotá highway that increased travel times





## Cement dispatches for housing projects

remained weak during the quarter

## Despite low-income housing sales reaching historic highs year-to-date February,

housing starts decreased by about 12% in this period

## In the middle- and high-income segment,

housing sales and starts continued declining year-to-date February, however, housing starts in this segment increased double-digits in this period compared to those of November-December 2017

**We expect industry cement demand for this sector to accelerate during 2H18 and increase by 1% this year, supported by lower interest rates, improved subsidies execution, as well as by the improvement in the intention-to-buy-a-home-indicator, which is now back up to the 5-year avg.**



**Low levels of public investment during 1Q18 due to the *Ley de Garantías***

which ends its enforcement in coming months after the elections

**Volumes to this sector supported by two relevant projects in *Bogotá*:**

the PTAR Salitre water plant and the CETIC Hospital

**4G projects advancing slowly,**

estimated total ready-mix consumption to reach 430,000 m<sup>3</sup> in 2018, of which we expect to supply 150,000 m<sup>3</sup>

**We expect industry cement demand to this sector to remain flat during 2018**



# Results Highlights Panama

# || Panama – Results Highlights

## Financial Summary US\$ Million

	1Q18	1Q17	% var
Net Sales	61	70	-12%
Op. EBITDA	20	31	-34%
as % net sales	33.0%	44.3%	(11.2pp)

## Volume

	1Q18 vs. 1Q17	1Q18 vs. 4Q17
Cement	-18%	6%
Ready-mix	-10%	20%
Aggregates	4%	24%

## Price (Local Currency)

	1Q18 vs. 1Q17	1Q18 vs. 4Q17
Cement	0%	0%
Ready-mix	-6%	-2%
Aggregates	-5%	4%

## Weak volumes during 1Q18

due to a high comparison base—with cement volumes increasing 9% during 1Q17—as well as to delays in the execution of already awarded infrastructure projects

## Sales declined by 12% YoY

mainly due to lower volumes, lower prices in ready-mix, as well as a product-mix effect in cement with a higher proportion of clinker sales

## EBITDA margin decline mainly due to

lower sales and increased costs related to a major maintenance made to kiln #1, which we did not perform last year



### **We expect improved demand conditions in 2H18**

as projects such as the Panama northern corridor, the ITSE college, the *Transísmica* Road rehabilitation, as well as the *Chorrera-San Carlos* road expansion, intensify cement consumption

### **Increased activity in public works should be supported**

by the country's healthy fiscal situation, the increasing revenues from the Canal expansion, as well as 2019 presidential elections

### **The construction-workers-union strike will impact**

our results during the time it remains unresolved



# Results Highlights Costa Rica

## || Costa Rica – Results Highlights

### Financial Summary US\$ Million

	1Q18	1Q17	% var
Net Sales	36	37	-5%
Op. EBITDA	10	12	-21%
as % net sales	26.7%	32.3%	(5.6pp)

### Volume

	1Q18 vs. 1Q17	1Q18 vs. 4Q17
Cement	5%	7%
Ready-mix	11%	-7%
Aggregates	31%	-6%

### Price (Local Currency)

	1Q18 vs. 1Q17	1Q18 vs. 4Q17
Cement	1%	2%
Ready-mix	-2%	2%
Aggregates	-28%	-3%

**Our cement and ready-mix volumes increased by 5% and 11%, respectively, during 1Q18**

**Cement prices increased by 2% sequentially;**

as a result of our price increase implemented during the quarter

**EBITDA margin decline was mainly due to**

increased costs due to an 18% increase in energy, as well as a mill maintenance done in March—while done in April last year—partially offset by improved cement prices

**For the rest of 2018 demand for our products should be supported by**

already contracted projects like a wholesale market in the North Pacific part of the country and the new building for the Parliament

**We expect a slight demand increase**

from residential projects this year

**Our cement volumes expected to increase from 2% to 4% during 2018**

Considering our project pipeline, as well as the expected entrance of new mill capacity during 2H18





Results  
Highlights  
Rest of CLH

## || Rest of CLH – Results Highlights

### Financial Summary US\$ Million

	1Q18	1Q17	% var
Net Sales	72	73	-1%
Op. EBITDA	22	24	-10%
as % net sales	30.0%	33.0%	(3.0pp)

### Volume

	1Q18 vs. 1Q17	1Q18 vs. 4Q17
Cement	-4%	1%
Ready-mix	20%	-19%
Aggregates	36%	-26%

### Price (Local Currency)

	1Q18 vs. 1Q17	1Q18 vs. 4Q17
Cement	4%	2%
Ready-mix	1%	1%
Aggregates	-3%	0%

## Cement volumes decreased by 4% YoY,

mainly due to delays in already contracted highway projects in Nicaragua, partially offset by higher volumes in Brazil

## Ready-mix volumes increased by 20%

mainly due to improved service from our operation in Guatemala

## EBITDA margin decline of 3.0 pp mainly due to

an 8% increase in energy costs and lower volumes in Nicaragua, as well as higher distribution costs in Guatemala, partially offset by improved prices in Nicaragua and Brazil

## Cement volumes declined by 11%

mainly due to delays in the execution of already contracted concrete roads

## In the infrastructure sector, concrete roads such as

Bluefields-United Nations, *Mulukuku-Siuna* and *Malacatoya-El Papayal*, as well as for the Masaya water plant, should provide volume support

## In the industrial-and-commercial sector, cement demand from

the *Chinadenga* hospital, a new distribution center, as well as tourism-related projects, should drive volumes||

The recent social unrest in the country is hampering construction activity

**Our cement volumes in Guatemala declined by 7%,** or by 2% adjusting for fewer working days, while our ready-mix business reached record-high volumes

**Increased cement volumes to retailers and to our ready-mix operations**

partially compensated lost volumes to two mining projects that shutdown during 2Q17

**In our cement business, we are directly reaching more retailers**

while in ready-mix we are improving service and client coverage in Guatemala City



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# FREE CASH FLOW

1Q18 Results

## Free Cash Flow

US\$ Million	1Q18	1Q17	% var
<b>Operating EBITDA</b>	<b>66</b>	<b>93</b>	<b>(29%)</b>
- Net Financial Expense	15	17	
- Maintenance Capex	7	10	
- Change in Working Cap	36	23	
- Taxes Paid	12	22	
- Other Cash Items (net)	26	4	
<b>Free Cash Flow</b> After Maintenance Capex	<b>-30</b>	<b>17</b>	<b>N/A</b>
- Strategic Capex	1	16	
<b>Free Cash Flow<sup>1</sup></b>	<b>-31</b>	<b>1</b>	<b>N/A</b>

Free cash flow after Strategic Capex declined to negative US\$ 31 M

Lower financial expense, capex and taxes more than offset by:

- Lower EBITDA
- Higher working capital investment due to spare parts needs in preparation to upcoming maintenance works, as well as a holiday-related increase in receivables
- Fine payment to the Colombian *Superintendencia de Industria y Comercio*

Net debt decreased US\$22 M

during 1Q18 vs. 1Q17, to US\$903 M, and increased US\$21 M compared to that of 4Q17

(1) The penalty imposed by the Colombian Superintendence of Industry and Commerce was paid on January 5, 2018 and the cash outflow is reflected in the "Other cash items" line of the Free Cash Flow



# GUIDANCE

1Q18 Results

## Volume YoY%

### Colombia

Cement	Ready - Mix	Aggregates
-2% to 0%	-1% to 1%	0% to 1%

### Panama

Cement	Ready - Mix	Aggregates
-4% to 0%	5% to 7%	6% to 8%

### Costa Rica

Cement	Ready - Mix	Aggregates
2% to 4%	-2% to 0%	5% to 7%

## Consolidated volumes:

- Cement: -2% to 0%
- Ready-mix: 0% to 2%
- Aggregates: 0% to 2%

## Total Capex US\$55M

Maintenance Capex US\$50 M

Strategic Capex US\$5 M

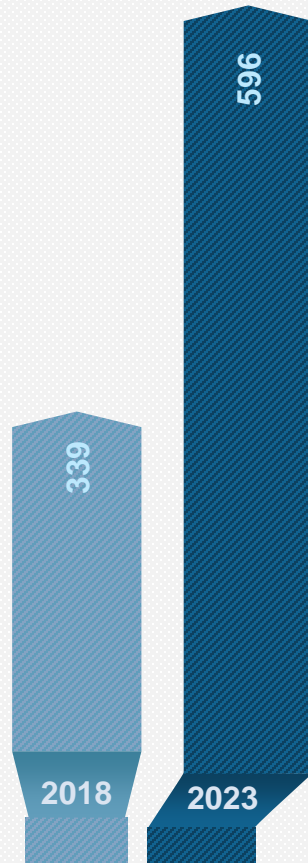
## Consolidated Cash taxes

US\$75 M



## || Consolidated debt maturity profile

US\$ Million



**US \$935 M**

Total debt as of March 31, 2018

**3.2x Net Debt/EBITDA**

as of March 31, 2018



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# RESULTS 1Q18

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