Votorantim Cimentos 1Q19

R$ Million	1Q19	1Q18	1Q19 vs. 1Q18
Sales Volume (mtons)	**6.4**	**6.7**	**-5.0%**
Net Revenues	**2,524**	**2,393**	**5.5%**
COGS	**(2,271)**	**(2,134)**	**6.4%**
SG&A	**(390)**	**(328)**	**18.9%**
Selling Expenses	(176)	(153)	14.9%
General & Adm. Expenses	(214)	(175)	22.3%
Other Operating results	**455**	**29**	**1481%**
Depreciation	**294**	**247**	**19.1%**
Other additions and exceptions items	**(25)**	**7**	**N.A.**
Adjusted EBITDA	**586**	**214**	**173.9%**
EBITDA Margin	**23%**	**9%**	**+ 14 p,p,**

The Brazilian economy continues its gradual recovery since 2017, nevertheless on a slower pace than expected. For 2019, Brazilian Central Bank (BCB) has reviewed its GDP growth forecast from 2.4% to 2.0%, due to political uncertainty regarding economic reforms approval and a volatile global economic scenario. For the cement sector, the first quarter showed positive signs as volumes increased by 1.3%, on a YoY basis, according to the Brazilian Cement Association (SNIC). For the full year of 2019, SNIC maintains its growth projection of 3.0%.

US recorded a strong economic performance in 2018 with a real GDP growth of 3.1% and the economy is expected to continue growing in 2019, as per Federal Reserve (FED) forecast of 2.1%, supported by low unemployment rate and steady inflation rate. Cement consumption forecast to increase by 2.3% in 2019, according to the Portland Cement Association (PCA) driven by positive economic environment and construction spending.

In Spain, despite political uncertainty prior to the general elections that occurred in April/19, preliminary indicators shows solid economic performance, fueled by consumption and employment growth. GDP is expected to grow 2.1% this year, according to the International Monetary Fund (IMF) and cement consumption forecasted to grow from 3% to 6% in 2019 per the Oficemen (*Agrupación de fabricaciones de cemento de España*).

For 2019, Turkey challenging economic and political scenario is expected to continue to impact economic performance and consequently, cement demand in the country. According to the IMF, GDP might decrease by 2.5% this year along with high inflation and interest rates. Cement demand dropped in 2018 by 11% according to the Turkish Cement Manufactures Association, and the expectation for 2019 is for an even more severe adjustment in cement consumption until the country economy stabilize.

In Morocco, according to the IMF, GDP will grow by 3.2% in 2019 driven by recovery of non-agricultural activity and implementation of economic reforms by the government. For the first quarter of 2019, cement demand was positively impacted by weather conditions and presented growth of almost 8% on a YoY basis.

In Tunisia, economy experienced a modest recovery during recent years, with GDP to grow by 2.7% in 2019, according to the IMF, supported by strong performance of agriculture and services. Nevertheless, economic activity continues to suffer from political and economic instability as growth has remained insufficient to reduce unemployment, which remains on double-digit levels.

1 Net Revenues

Net Revenues (R$ Million)	1Q19	1Q18	1Q19 vs. 1Q18
VCBR	1,536	1,489	3%
VCNA	416	390	7%

VCEAA	401	399	0%
VCLATAM & Others	172	114	50%
Consolidated	**2,524**	**2,393**	**5%**

Consolidated net revenues totaled R$2.5 billion in 1Q19, a 5% increase when compared to 1Q18, mainly explained by the results of the operations in Brazil and Latam, combined with the positive effect of the depreciation of the Brazilian real against the US dollar and the Euro on the consolidation of operations abroad.

VCBR's net revenues increased by 3%, from R$1,489 million in 1Q18 to R$1,536 million in 1Q19, mainly due to higher prices. In VCNA, net revenues reached R$ 416 million, a 7% YoY increase, mainly impacted by the depreciation effect of the Brazilian real, which offset worse weather conditions that affected the markets in which VCNA operates. VCEAA's net revenues were flat, when compared to 1Q18, and reached R$401 million as the positive dynamics in Spain, Morocco and Tunisia have not fully offset the decrease in volumes in Turkey and the depreciation of the local currencies in those countries. VC Latam's net revenues increased by 50% when compared to 1Q18, from R$114 million to R$172 million, mainly due to higher volumes in Bolivia, as VC continues to increase its presence in the country, and higher domestic volumes and prices in Uruguay.

2 COGS and SG&A

Consolidated COGS increased by 6% when compared to 2018, reaching R$2.3 billion, as a result of higher fuel prices in all regions and higher freight costs and maintenance in Brazil combined with the strengthening of the US dollar and Euro.

Consolidated SG&A totaled R$390 million, 19% higher than 2018, driven by the depreciation of the Brazilian real which negatively impacted overall SG&A in the operations abroad along with higher local inflation and higher selling expenses, mainly in Brazil and Bolivia.

3 Adjusted EBITDA

Adj EBITDA (R$ Million)	1Q19	1Q18	1Q19 vs. 1Q18
VCBR	509	112	354%
VCNA	(51)	(35)	-46%
VCEAA	97	113	-14%
VCLATAM & Others	31	24	30%
Consolidated result	**586**	**214**	**174%**

Consolidated adjusted EBITDA reached R$586 million in 1Q19, an increase of 174% YoY, with margin reaching 23%. The most significant growth was in VCBR, which presented an adjusted EBITDA of R$509 million when compared to R$112 million in 1Q18, as a result of the higher operational results in the country along with non-recurring items mainly related to tax credits due to the exclusion of the ICMS on the PIS/COFINS, which positively impacted 1Q19 results.

VCNA's adjusted EBITDA reached -R$51 million in 1Q19 versus -R$35 million in 1Q18, mainly due to seasonality given that worse weather conditions have impacted its results in 1Q19, as did the depreciation of the Brazilian Real.

VCEAA's adjusted EBITDA decreased 14% YoY, amounting to R$97 million, negatively affected by lower volumes and margins in Turkey partially offset by the depreciation of the Brazilian real, improved margins in Tunisia and Spain, and consistent result in Morocco.

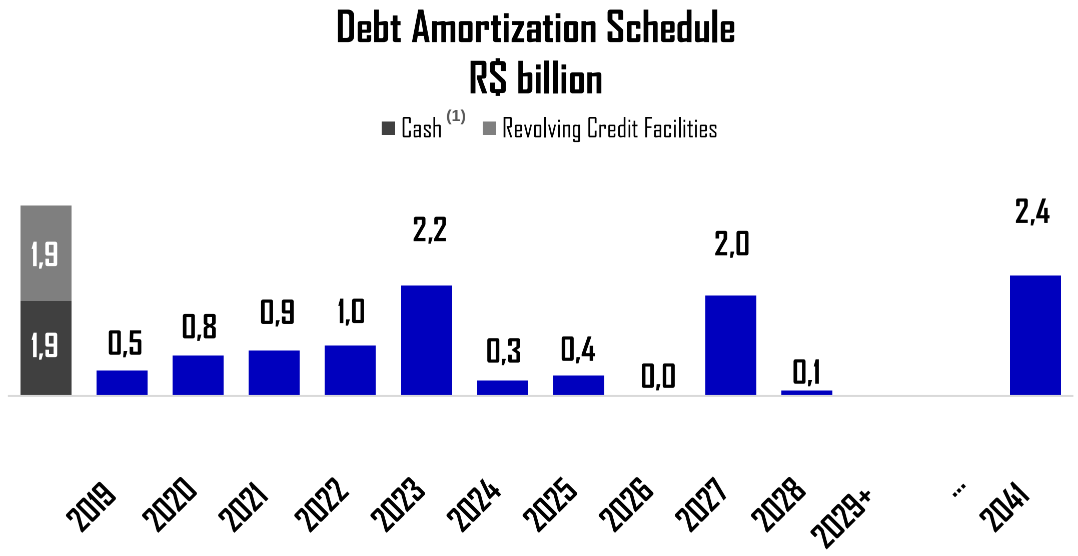
VC Latam’s adjusted EBITDA increased by 30%, from R$24 million to R$31 million in 1Q19, as a result of increased volumes and efficiency in Bolivia and the performance in Uruguay, due to positive dynamics in the domestic market.

4 Liquidity and Indebtedness

At the end of the first quarter of 2019, gross debt amounted to R$10.7 billion, 21% lower when compared to the end of 2018. Votorantim Cimentos reduced its gross debt by almost R$3.0 billion with the proceeds from the capital increase made in Jan/19 of R$2.0 billion from Votorantim S.A. combined with own cash position, in order to expedite the deleveraging process. The proceeds were fully used for debt repayment through a cash tender offer to repurchase bonds in dollars and euros maturing in 2021, 2022 and 2041. On the other hand, the impact of the adoption of the IFRS 16, since the beginning of the year, has increased net debt by almost BRL 548 million due to the company´s leasing operations.

Votorantim Cimentos presented a net debt/adjusted EBITDA ratio of 3.1x, a reduction of 0.5x when compared to the end of 2018, due to better operational results, positive impact of the already mentioned capital injection and gross debt reduction, which was offset by the negative cash flow generation in the quarter due to the liability management and the seasonality in all regions.

The chart below summarizes the debt amortization schedule as of March/2019 including subsequent events:



(1) Includes cash, cash equivalents and financial investments

In March/2019, S&P Global Ratings upgraded VCSA's and its shareholder Votorantim S.A. ratings to BBB- from BB+ on a global scale (stable outlook). With the upgrade, VC is now an investment grade company by two (Fitch and S&P) of the main three rating agencies.

5 Investments & Divestments

During the first quarter of 2019, Votorantim Cimentos CAPEX totaled R$151 million, 18% lower when compared to the same period of last year.

Expansion projects amounted to 11% of total CAPEX, as the company near the end of its international expansion plan with the start-ups in Bolivia, Turkey and US in the past years. As part of its strategy to enhance its adjacent products in Brazil, it was concluded a new line of mortars production in Cuiabá and the expansion of our agricultural lime capacity in the Nobres plant, both in the center-north of Brazil.

Votorantim Cimentos also announced the expansion of its grinding in Pecém, in the northeast of Brazil. The company will invest approximately BRL

200 million in the project, which is expected to be concluded in 2020 and will add 800 thousand tons of cement capacity.

Non-expansion projects amounted to 89% of total CAPEX, with the highlight being the increase in modernization projects, mainly in Brazil, as the company focus on value creation through increased efficiency and competitiveness in its operations. For the next five years, the company expects to allocate more than BRL 1.2 billion in modernization projects in all regions, further investing in co-processing, energy efficiency, industry 4.0, automation and digital initiatives.

On March 2019, VCNA concluded an agreement to purchase the assets of United Materials LLC and certain of its affiliates (United). United is a ready-mix concrete, aggregates and building materials supplier based in Buffalo, New York, that was founded in 1998. The transaction aims to further strengthen VCNA presence in the Great Lakes region of the US and Canada.

6 Subsequent Event

In April 2019, it was concluded the sale of VC operations in India. The company received more than EUR 20mm with the conclusion of the transaction and proceeds of the sale will be used for debt prepayment.

In line with its liability management strategy to extend indebtedness profile and reduce the average cost, the subsidiary Itacamba carried out two debt issuances on April 2019, in the Bolivian capital market, amounting to BOB 534 million (~USD 77 million), with maturity up to 2029. The funds raised in the operations above were used to partially prepay the current more expensive syndicated loan with maturity in 2025.

In April 2019, Moody´s upgraded VCSA’s and its shareholder Votorantim S.A. ratings to Ba1 from Ba2 on a global scale with positive outlook.

INVESTOR RELATIONS CONTACTS

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