Votorantim Cimentos 2018

R$ Million	2018	2017	2018 vs. 2017
Sales Volume (mtons)	**30,9**	**30,6**	**1%**
Net Revenues	**12,610**	**10,928**	**15%**
COGS	**(10,224)**	**(8,726)**	**17%**
SG&A	**(1,423)**	**(1,384)**	**3%**
Selling Expenses	(613)	(578)	6%
General & Adm. Expenses	(810)	(807)	0%
Other Operating results	**596**	**(207)**	**N.A.**
Depreciation	**1,038**	**956**	**9%**
Other additions and exceptions items	**27**	**167**	**-84%**
Adjusted EBITDA	**2,624**	**1,733**	**51%**
EBITDA Margin	**21%**	**16%**	**+ 5.0 p,p,**

The Brazilian economy had its growth expectation revised along 2018 given the truck driver´s strike on May/18 and the volatility arising from an uncertain political election on October/18. The construction GDP and the national cement sales were also impacted, as volumes decreased by 1.2% in 2018, on a YoY basis, according to the Brazilian Cement Association (SNIC). Nevertheless, on the last quarter of 2018, demand start to rebound and volumes increased 2.4% YoY. For 2019, SNIC expects for the rebound to continue and an increase on the cement demand of 3%, which would be the first annual market growth since 2014.

US recorded a strong economic performance in 2018 with a GDP growth of 2.9% supported by lower unemployment and steady inflation. Total construction spending increased by 1.6% compared to the same period last year, mainly in non-residential construction, as per the latest US Census Bureau data released in December/18. Cement consumption was positively impacted and grew by 2.9% in 2018, according to the Portland Cement Association (PCA). In Canada, as per Statistics Canada, new housing construction in 2018 declined by 3.1% YoY negatively impacting cement consumption in the country.

In Spain, domestic cement volumes recorded a 8% YoY increase in 2018, according to Oficemen (Agrupación de Fabricantes de Cemento de España), supported by solid housing activity and infrastructure investments in the country.

In Turkey, economic distress has negatively influenced the cement market, mainly in the second semester of the year, given the depreciation of the Turkish Lira, the rise of annual inflation as well as a series of increases in the benchmark interest rate. According to the Turkish Cement Manufacturers Associations, cement sales decreased by more than 10.8% YoY in 2018. For 2019, Turkey challenging economic scenario is expected to continue to impact GDP growth and consequently, cement demand in the country. Turkish operation represented 2% of VC consolidated EBITDA in 2018.

In Morocco, economic growth is expected to maintain at strong levels in 2018, mainly due to a robust agricultural season and strong tourism activity as per the +3.1% GDP forecast according to the International Monetary Fund (as of Jan/19). Nevertheless, a softening of housing activity has impacted national cement sales volume, which decreased by 3.7% in 2018 YoY according to the country's ministry of Housing and Urbanization.

In Tunisia, economy shows sign of recovery after challenges in past years with political instability and volatile external environment. GDP is expected to grow by 2.6% in 2018, according to the International Monetary Fund (IMF), driven by strong output in agriculture and tourism. Nevertheless, unemployment rate continues to be high, at around 15%, and presents a challenge for sustainable economic growth as well as austerity measures implemented by the government and political turmoil that might arise from it.

1 Net Revenues

Net Revenues (R$ Million)	2018	2017	2018 vs. 2017
VCBR	6,614	5,821	14%
VCNA	3,436	2,939	17%
VCEAA	1,888	1,651	14%
VCLATAM	672	517	30%
Consolidated	**12,610**	**10,928**	**15%**

Consolidated net revenues totaled R$12.6 billion in 2018, a 15% increase when compared to 2017, mainly explained by the results of the operations in Brazil and in the US, combined with the positive effect of the depreciation of the Brazilian real against the US dollar and Euro, on the consolidation of operations abroad.

VCBR's net revenues increased by 14%, from R$5.8 billion in 2017 to R$6.6 billion in 2018, despite the 1.2% decrease in volumes in the Brazilian cement market according to SNIC. Net revenues in VCNA reached R$3.4 billion, a 17% increase when compared to 2017, due to higher cement volumes and prices in the US that mitigated a more challenging market environment in Canada, combined with the depreciation effect of the Brazilian real. VCEAA's net revenues improved by 14%, from R$1.7 billion in 2017 to R$1.9 billion in 2018, as a result of increased volumes in Spain, higher local prices, mainly in Tunisia, and the Brazilian real depreciation which partially offset lower cement volumes in Turkey combined with the Turkish lira strong depreciation. VC Latam's net revenues increased by 30% when compared to 2017, from R$517 million to R$672 million, mainly due to higher volumes in Bolivia, as a reflection of the expansion ramp-up and higher volumes and prices in Uruguay due to a positive domestic environment.

2 COGS and SG&A

Consolidated COGS increased by 17% when compared to 2017, reaching R$10.2 billion in 2018, as a result of higher fuel and power prices combined with the strengthening of the US dollar and higher freight costs, mainly in Brazil.

Consolidated SG&A totaled R$1.4 billion, 3% higher than 2017, driven by higher expenses in VC Latam due to the ramp-up in Bolivia and the depreciation of the Brazilian real which negatively impacted overall SG&A in the operations abroad. Despite the negative impact of the FX, general and administrative expenses maintained 2017 levels as part of the Company's continued focus on efficiency and cost reduction.

3 Adjusted EBITDA

Adj EBITDA (R$ Million)	2018	2017	2018 vs. 2017
VCBR	1,027	344	198%
VCNA	992	868	14%
VCEAA	461	423	9%
VCLATAM	145	99	47%
Consolidated result	**2,624**	**1,733**	**51%**

Consolidated Adjusted EBITDA reached R$2.6 billion in 2018, an increase of 51% when compared to 2017, with margin reaching 21% versus 16% in 2017. The most significant growth was in VCBR, which presented an adjusted EBITDA of R$1.0 billion when compared to R$344 million in 2017, as a result of the higher operational results in the country along with non-recurring items mainly related to tax credits related to the exclusion of ICMS on the PIS/COFINS, which positively impacted 2018's results. On a like-for-like basis, VCBR's adjusted EBITDA would have increased by 26% YoY.

VCNA's adjusted EBITDA increased by 14%, from R$868 million in 2017 to R$992 million in 2018, mainly due to higher sales volumes and prices in the US, combined with the depreciation of the Brazilian real against the US dollar, which helped to mitigate the challenging scenario in Canada, as well as to offset higher fuels and material costs. VCNA's EBITDA margin remained strong (in local currency), reaching 28% in 2018.

VCEAA's adjusted EBITDA increased in 2018, amounting to R$461 million, positively affected by the depreciation of the Brazilian real and the increase in EBITDA margins in Tunisia and Spain, consistent results in Morocco which partially offset the lower results in Turkey.

VC Latam's adjusted EBITDA increased by 47%, from R$99 million to R$145 million in 2018, as a result of the positive performance in Uruguay, due to positive pricing and volume dynamics in the local market and higher volumes and scale efficiency, resulting from the ramp-up in Bolivia.

4 Liquidity and Indebtedness

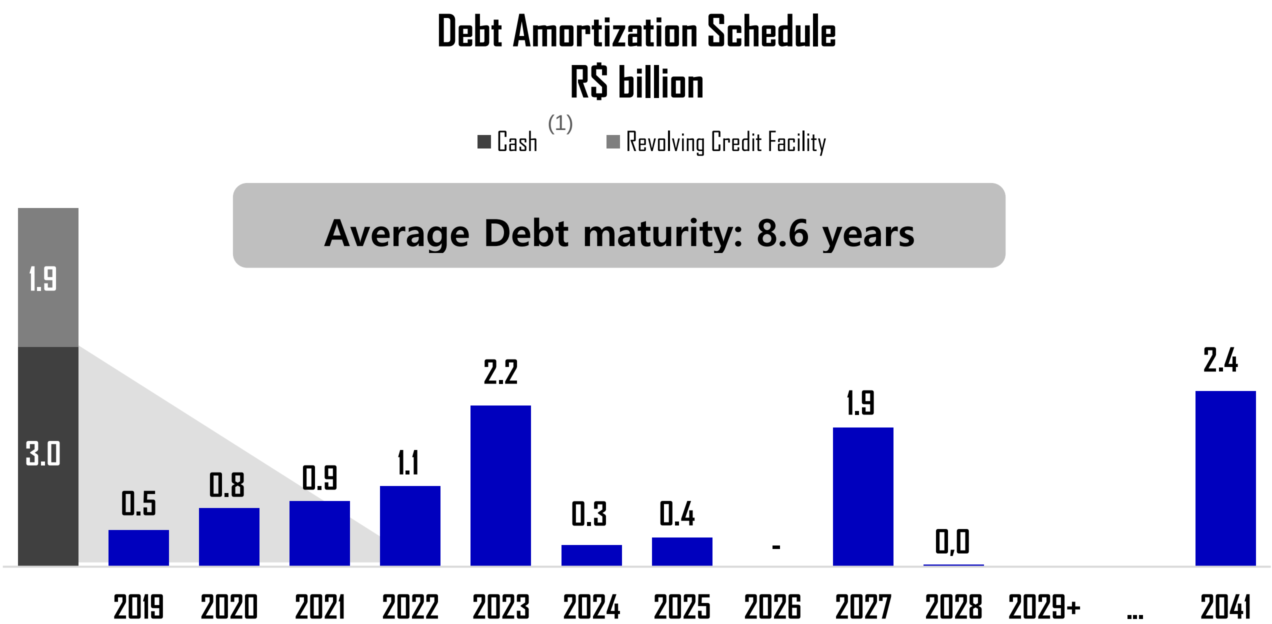
In December 2018, gross debt amounted to R$13.5 billion, 1% lower when compared to the same period of 2017. Votorantim Cimentos reduced its gross debt by approximately R$1.4 billion, considering the net of borrowings and amortizations. Nevertheless, this reduction was fully offset by the depreciation of the Brazilian real against foreign currencies.

In January 2019, Votorantim Cimentos received a capital injection of R$2.0 billion from Votorantim S.A., in order to expeditethe deleverage 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. The tender offer resulted in a gross debt reduction of R$3.0 billion. Considering the tender offers, pro-forma gross debt reduced by 23% when compared to 2017 and reached R$10.5 billion.

Votorantim Cimentos ended 2018 with a net debt/adjusted EBITDA ratio of 3.64x, a 1.6x reduction when compared to the end of 2017, due to better operational results and cash flow generation. Considering the capital increase and consequent liability management, pro-forma net debt/adjusted EBITDA ratio would have reached around 2.8x.

The chart below summarizes the debt amortization schedule, after the capital injection and the tender offer transaction:



(1) Includes cash, cash equivalents and financial investments

Another highlight of 2018 was the creation of Votorantim Cimentos International (VCI), which aggregates all company investments outside Brazil.

Based in Luxembourg, the company, created in October 2018, aims to facilitate the continued international expansion of Votorantim Cimentos, in addition to enabling an even more efficient capital management. VCI is now the issuer of the bonds in Euro maturing in 2021 & 2022 and the bond in USD maturing in 2041, which are now guaranteed by Votorantim Cimentos S.A.

5 Investments & Divestments

During 2018, Votorantim Cimentos CAPEX totaled over R$1.0 billion, 9% lower when compared to 2017.

Expansion projects amounted to 20% of total CAPEX, mainly due to the conclusion of the expansion of its Charlevoix plant in Michigan, in the United States adding almost 600kt of cement production capacity. The start-up of the project was in June/18.

Non-expansion projects amounted to 80% of total CAPEX, with the highlight being the increase in modernization projects, mainly in Brazil, as the company focus to increase efficiency and competiveness in its operations.

In September/18, Votorantim Cimentos finalized the purchase from Cemex a Terminal in Manaus. The acquisition has the objective to increase our presence in northern region while expanding our geographic diversification and capillarity in the country.

In October/18, the company completed the divestment of its operations in Peru by selling its stake (50%) in Cementos Portland S.A. In the following month, the company announced the sale of its operation in India by selling its stake (75%) in the company Shree Digvijay Cement Company Ltd. Expectation is for the sale to be concluded by the first semester of 2019.

6 New CEO

In late 2018, the company announced that, after more than five years as the head of the company, Walter Dissinger, Global CEO, communicated his desire to pursue new challenges. To succeed him, Votorantim Cimentos appointed Marcelo Castelli, an executive who began his history in the Votorantim Group in 1997 and held various executive roles before reaching the position of CEO. Castelli will lead the company, continuing its growth trajectory.

7 Subsequent Event

On March 8, 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.

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