Votorantim Cimentos 3Q19

R$ Million	3Q19	3Q18	3Q19 vs. 3Q18
Sales Volume (mtons)	**8.4**	**8.5**	**-0.6%**
Net Revenues	**3,800**	**3,734**	**1.8%**
COGS	**(2,953)**	**(2,878)**	**2.6%**
SG&A	**(419)**	**(359)**	**16.6%**
Selling Expenses	(184)	(136)	34.9%
General & Adm. Expenses	(234)	(222)	5.4%
Other Operating results	**16**	**69**	**-77.1%**
Depreciation	**310**	**272**	**14.1%**
Other additions and exceptions items	**36**	**(6)**	**N.M**
Adjusted EBITDA	**790**	**832**	**-5.0%**
EBITDA Margin	**21%**	**22%**	**- 1 p,p,**

The Brazilian economy maintains its gradual recovery As the GDP presented a 0.4% increase in the 2Q19, above expectations of 0.2%. In the 3Q19, Brazilian Central Bank (BCB) has reviewed its 2019 GDP growth forecast from 0.87% to 0.88% interrupting the sequences of drops in the review. For the cement sector, the third quarter showed positive figures as domestic volumes increased by 3.2%, on a YoY basis and reached a 3.0% accumulated increase (YTD), according to the Brazilian Cement Association (SNIC).

The Federal Reserve (FED) slightly increased its US economy growth forecast in 2019 by 2.2% supported by strong second quarter economic indicators and low unemployment levels. Nevertheless, FED maintain its forecasts for a slowdown of the US economy in 2020 and 2021, mainly due to the effects of the trade war uncertainties. Latest PCA estimates (summer forecast) is for cement consumption growth of 2.2% in 2019 driven by a positive economic environment and construction spending.

In Spain, the economy has shown signs of deceleration with IMF forecasting a 1.8% increase in GDP, impacted by political instability and the decrease in tourism, complemented with the international instability due to Brexit and trade wars. Cement consumption, still benefiting from the higher demand in the first five months of this year, registered a growth of 8.5% in September (YTD), in the latest report published by Oficemen (*Agrupación de fabricaciones de cemento de España*).

The economic and political scenario in Turkey continues to be challenging, in 2020 as IMF forecasts a 3% increase in GDP, however unemployment still oscillates in the 13% levels. In addition the scenario is aggravated by the military operations in south-east Syria, which continues to impact VC's performance in the country. Cement demand in the country dropped by 30% from January to July (YTD) compared to the same period of last year according to the last report from the Turkish Cement Manufactures Association.

In Morocco, GDP is expected to continue growing in 2020 driven by tourism and the recent financial reforms, despite the downturn in the agriculture sector for 2019. For the 9 month period (YTD), domestic cement demand presented a growth of almost 2.0% compared to the same period of last year.

In Tunisia, economic indicators started to decline due to industrial production results and political instability caused by recent elections. With that, IMF has reduced its growth forecast for 2019 to 1.5%. However for 2020, economic growth is expected to accelerate with a recovery in the industrial production and consumer spending.

1 Net Revenues

Net Revenues (R$ Million)	3Q19	3Q18	3Q19 vs. 3Q18
VCBR	1,911	1,814	5%

VCNA	1,291	1,219	6%
VCEAA	450	515	(13%)
VCLATAM & Others	148	186	(20%)
Consolidated	**3,800**	**3,734**	**2%**

Consolidated net revenues totaled R$3.8 billion in 3Q19, a 2% increase when compared to 3Q18, mainly explained by higher volumes and prices in Brazil (VCBR) and strong results in the North American operations (VCNA), which offsets the Turkey (VCEAA) and VCLatam results.

VCBR's net revenues increased by 5%, from R$1.8 billion in 3Q18 to R$1.9 billion in 3Q19, mainly due to higher volumes and prices and the better performance of the cement market in the quarter. In VCNA, net revenues reached R$ 1.3 billion, a 6% YoY increase, as a result of higher volumes and increase in prices, mainly in US. In the Europe and Africa cluster (VCEAA), net revenues decreased by 13% when compared to 3Q18, and reached R$450 million, negatively impacted by the continuous decrease in sales volume in Turkey and the depreciation of local currencies, which was partially offset by good sales performances in Tunisia and Morocco. Votorantim Cimentos Latam's net revenues decreased by 20% when compared to 3Q18, from R$186 million to R$148 million, as result of FX and lower volumes in Uruguay mainly due to a more positive local market dynamic in 2018 . This impact was partially offset by improved results in Bolivia due to exports.

2 COGS and SG&A

Consolidated COGS increased by 3% when compared to 3Q18, reaching R$3.0 billion, as a result of higher variable costs in Brazil, such as freights and power, higher volumes in VCNA partially mitigated by volumes decreases in Turkey and Uruguay.

Consolidated SG&A totaled R$419 million, 17% higher than 3Q2018, driven by higher personnel costs, mainly due to inflation, higher consulting and selling expenses in Brazil, also impacted by timing impact on marketing expenses.

3 Adjusted EBITDA

Adj EBITDA (R$ Million)	2Q19	2Q18	2Q19 vs. 2Q18
VCBR	169	241	(30%)
VCNA	497	441	13%
VCEAA	97	109	(10%)
VCLATAM & Others	27	41	(36%)
Consolidated result	**790**	**832**	**(5%)**

Consolidated adjusted EBITDA reached R$790 million in 3Q19, a 5% decrease YoY, with EBITDA margin reaching 21%. VCBR presented an adjusted EBITDA of R$169 million when compared to R$241 million in 3Q18. Nevertheless, the results in 3Q18 was positively impacted by ~R$ 30 million one-offs due to tax credits and asset sales. Excluding this impact, consolidated adjusted EBITDA would have reduced by 1%.

VCNA's adjusted EBITDA reached R$497 million in 3Q19 versus R$441 million in 3Q18, a 13% increase due to a strong performance compared to the 1H19 results affected by weather seasonality, resulting in improved figures, mainly in the US.

VCEAA's adjusted EBITDA reached R$97 million in 3Q19 versus R$109 million in 3Q18, a 10% decrease due to the continuous challenging scenario in Turkey with significant decrease in sales volume and reduction on margins as the high inflation rate impact the costs of the operation. Improved results in Tunisia and Morocco and a stable scenario in Spain helped to partially offset VCEAA´s EBITDA decrease.

VC Latam’s adjusted EBITDA decreased by 36%, from R$41 million to R$27 million in 3Q19. This decrease is mainly caused by Uruguay, highly impacted in volumes due to a more positive local market dynamic in 2018 and declined results in ready-mix, since Itacamba operations continues to present solid results.

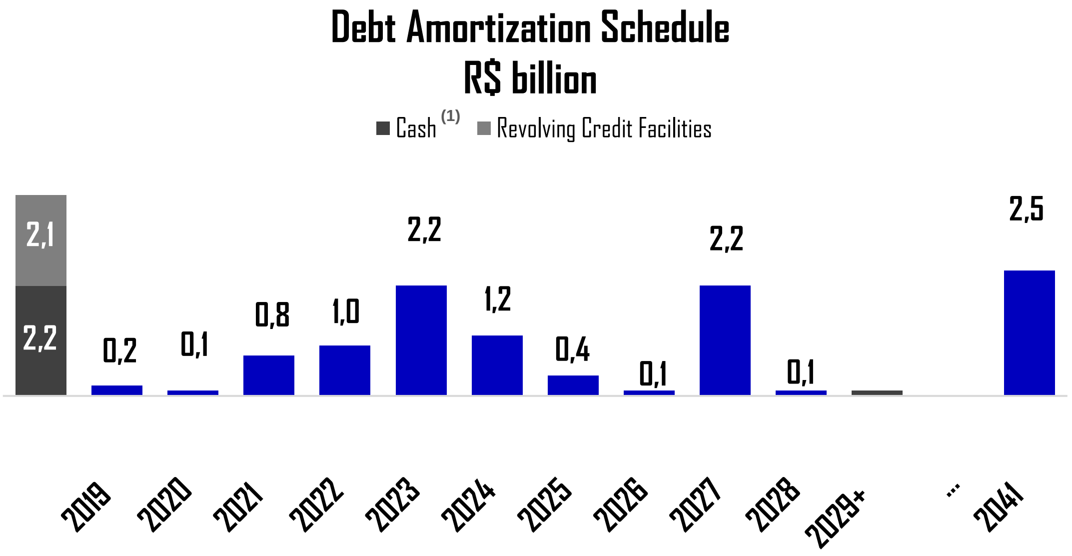
4 Liquidity and Indebtedness

At the end of the third quarter of 2019, gross debt amounted to R$10.8 billion, an R$ 0.6 billion increase when compared to the second quarter of 2019 driven by the depreciation of the Brazilian real at the end of quarter versus 2Q19.

Aligned with the company’s liability management strategy, in the 3Q19, VC issued a new 4131 debt of USD$ 75 million at CDI 107% (Brazilian Interbank Deposit Rate). All this amount was used for more expensive debt prepayment and to extend our already comfortable debt average maturity.

Votorantim Cimentos presented a net debt/adjusted EBITDA ratio of 3.2x, a stable scenario versus 2Q19, due to quarter end FX offsetting the strong cash generation of the quarter.

The chart below summarizes the debt amortization schedule as of September 2019:



(1) Includes cash, cash equivalents and financial investments

5 Investments & Divestments

During the third quarter of 2019, Votorantim Cimentos CAPEX totaled R$287 million, 9% higher when compared to the same period of last year.

Expansion projects amounted to 9% of total CAPEX, as the company finished its international expansions in US in 2018 and focused on adjacencies expansions in Brazil during 2019.

Non-expansion projects amounted to 91% of total CAPEX, an 80% increase YoY, due to the focus on modernization projects.

Additionally, the company subsidiary in Argentina, which is consolidated through the equity method, started up its new mill as part of the San Luis expansion, which will add 0.7mtons in capacity.

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