



ANNUAL
REPORT

2013



BUILDING



SUSTAINABLE



PARTNERSHIPS

INTERCEMENT
IS ONE OF THE TOP
TEN INTERNATIONAL
CEMENT PRODUCERS



06. PROFILE



16. MESSAGE

JOSÉ ÉDISON BARROS FRANCO



18. MESSAGE

RICARDO LIMA



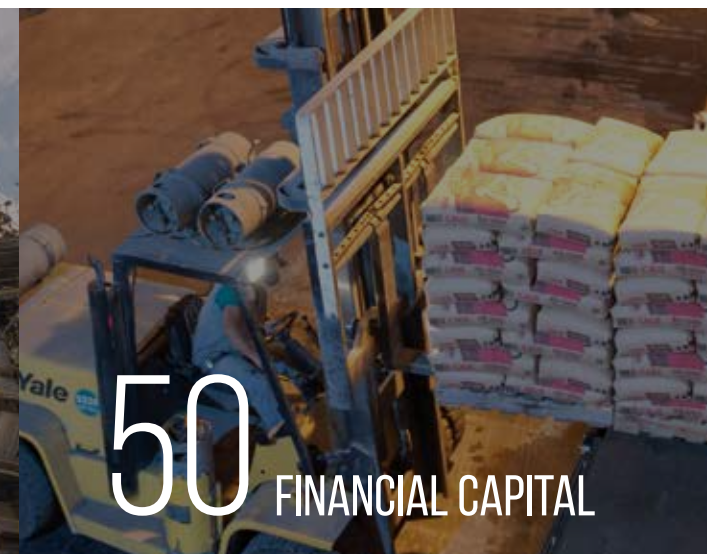
20. CORPORATE GOVERNANCE



34 INTELLECTUAL CAPITAL



42 BUILT UP CAPITAL



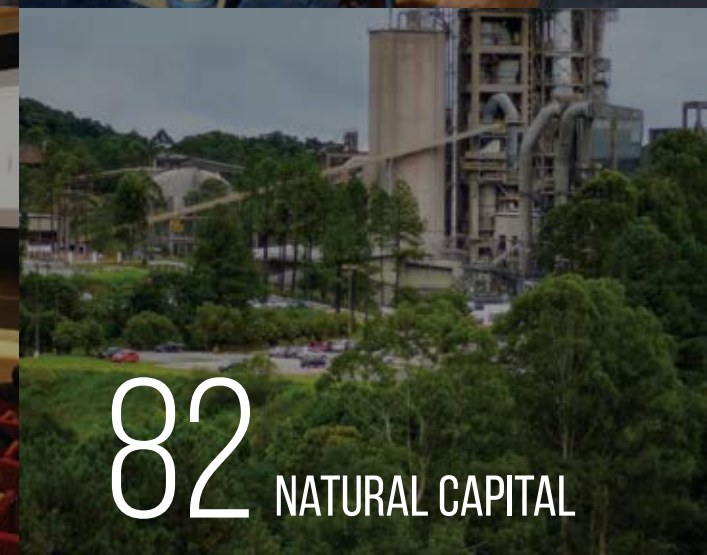
50 FINANCIAL CAPITAL



60 HUMAN CAPITAL



68 SOCIAL CAPITAL



82 NATURAL CAPITAL

ONE OF THE TOP 10 INTERNATIONALLY

With operations in eight countries in South America, Europe and Africa, InterCement stands as one of the leading global companies in the cement market.

InterCement is one of the ten largest international cement producers. With operations in eight countries across South America, Europe and Africa, it is a market leader in Portugal, Argentina, Mozambique and Cape Verde, and second to the leader in the Brazilian and Paraguayan markets, in addition to maintaining significant operations in South Africa and Egypt.

With 40 cement production plants active, the company has an installed capacity of 46 million metric tons/year. Through this structure, it markets cement, concrete and special mortars, products recognized for their quality and high reliability rates. It also has a participation in a company incorporated in Angola, together with local investors for

the construction of an integrated unit with an annual production capacity of 1.6 million metric tons of cement.

In 2013, 28.4 million tons of cement and clinker were sold, a volume increase of 19% over 2012, resulting in net revenues of R\$ 7,526 million, a 7.6% increase over the previous year. This performance is the result of intensive work to improve and strengthen the company's relationship with its customers, the strategic focus on its market performance, and on the performance of its 8,875 employees.

The company is controlled by Camargo Corrêa SA, a leading Brazilian business organization, with operations in key sectors of the economy: in addition to

cement, it operates in engineering and construction, energy concessions, transportation and urban mobility, offshore naval industry, clothing and footwear, denim and workwear, and real estate development.

Founded in 1967 as Camargo Corrêa Industrial, the company started cement production at its first factory, in 1974. Over time, it grew based on plant expansion projects and acquisitions of companies in the sector, such as Cement Cauê, Minas Gerais, (1997), Loma Negra, Argentina (2005) and Cimec do Brasil (2006). In 2010, InterCement acquired approximately 33% of Cimpor - Cimentos de Portugal and, in 2012, it took over 94.11% of the company's shares.

INTERNATIONAL PRESENCE

Among
the top 10
international
cement companies



46 million
Metric tons annual
capacity for cement
production



8.875
Employees



4 million
metric tons of
international
trading annually



40 production
units around
the world

PARAGUAY

- **01** Grinding
- **0,4** Million metric tons of capacity
- **30%** Market share

ARGENTINA

- **06** Integrated plants
- **02** Grinding units
- **01** Mixer
- **8,5** Million metric tons of capacity
- **46%** Market share

BRAZIL

- **10** Integrated plants
- **06** Grinding units
- **17,9** Million metric tons of capacity
- **20%** Market share

CAPE VERDE

- **01** Bagging terminal

PORTUGAL

- **03** Integrated plants
- **02** Grinding units
- **9,1** Million metric tons of capacity
- **55%** Market share

EGYPT

- **01** Integrated plant
- **5,5** Million metric tons of capacity
- **06%** Market share

MOZAMBIQUE

- **01** Integrated plant
- **04** Grinding units
- **2,9** Million metric tons of capacity
- **72%** Market share

SOUTH AFRICA

- **01** Integrated plant
- **02** Grinding units
- **1,7** Million metric tons of capacity
- **11%** Market share

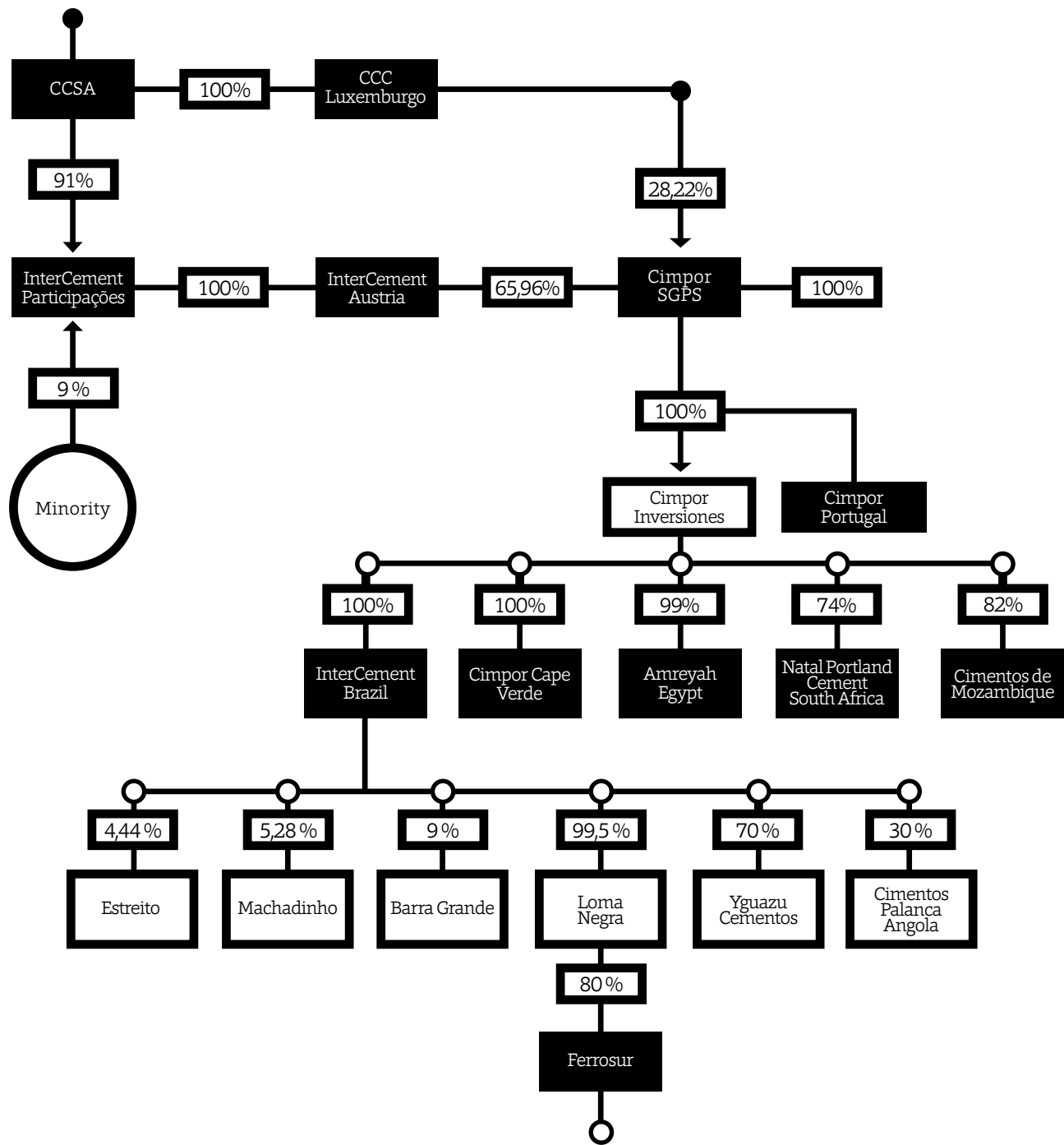
EVOLUTION





SHAREHOLDING STRUCTURE

AS OF DECEMBER 31, 2013



VISION

To stand out to customers for the level of partnership and services, while staying among the top ten largest and top five most solid and profitable companies in the sector, internationally.

MISSION

To grow and develop together with customers, employees, suppliers, shareholders and communities, driven by innovation, sustainability and operational excellence.

VALUES

RESPECT FOR PEOPLE AND THE ENVIRONMENT

To always act in a correct and fair manner in relation to shareholders, associates, customers, suppliers, governments, communities and society in general. To act responsibly with regard to the environment.

RESPONSIBLE PERFORMANCE

To comply with the terms of the laws of the regions and countries in which it operates; to correspond to the values set forth herein; to act with integrity and in accordance with universal standards of human co-existence, with no discrimination in relation to race, gender, creed, religion, position, function or other.

TRANSPARENCY

To supply clear and in-depth information on activities, achievements, policies and performance in a systematic and accessible manner.

FOCUS ON THE RESULTS

To always strive to maximize performance as a means of guaranteeing continuity, its investments, shareholders profit and suitable working conditions.

QUALITY AND INNOVATION

To guarantee customers the best possible quality in the execution of services and supply of products and to invest continuously in the improvement of its activities and personnel.

MAIN INDICATORS

	Reals						Euros		
FINANCIAL	2009	2010	2011	2012	2013	Variation 13/12	2012	2013	Variation 13/12
Net income (in millions)	R\$2363	R\$2474	R\$2884	R\$6997	R\$7526	7,6%	€2.788,9	€2.624,4	-5,9%
EBITDA (in millions)	R\$641	R\$616	R\$695	R\$1927	R\$1970	2,2%	€768,1	€686,9	-10,6%
EBITDA Margin (%)	27%	25%	24%	27,5%	26,2%	- 1,4pp	27,5%	26,2%	-1,4 p.p.
Net profit (in millions) ¹	R\$538	R\$255	R\$257 ²	-R\$1250	R\$490,0	-	(€ 49,8)	€170,9	-
Investments (in millions)	R\$263	R\$302	R\$579	R\$1014	-	-	-	-	-
Revenue per employee (in thousands)	R\$639	R\$654	R\$708	R\$1473	R\$1572	6,7%	€295	€296	0,3%
EBITDA per employee (in thousands)	R\$135	R\$129	R\$137	R\$406	R\$412	1,5%	€81	€77	- 4,7%
OPERATIONAL				2009	2010	2011	2012	2013	Variation 13/12
Sales of cement and clinker (millions of metric tons)				10,1	11,5	12,7	27	28,4	5,4%
Sales of concrete (millions of m³)				2,5	2,3	2,1	5,2	4,8	- 6,7%
Volume of aggregates (millions of metric tons)				-	1,3	2,9	8,1	8,3	1,5%
Tons transported (millions of metric tons) (1)				5,1	5,2	5,6	5,2	5,8	10,4%
Employees (at the end of the period)				4.751	4.787	5.061	9.457	8.875	- 6,2%

(1) Results attributable to capital holders

CONSOLIDATION WITH PARTNERSHIPS

THE NEW STRATEGIC VISION DIRECTS THE AGENDA OF THE COMPANY TO BUILD SUSTAINABLE PARTNERSHIPS IN ORDER TO ACHIEVE THE GROWTH AND PROFITABILITY GOALS.

Consolidation is the word that sums up the year of 2013 for InterCement and that sustains our strategic objectives: maintaining our rank among the ten largest international cement companies and becoming one of the five strongest and most profitable in the industry by 2023. In order to drive this agenda, we have defined a new strategic vision expressed in the tagline Building Sustainable Partnerships.

Along this line, we have successfully implemented the integration of the InterCement and Cimpor units, whose acquisition, completed in 2012, has placed us among the Top 10 in the world. We have overcome the challenge of conciliating the diversity of geographies, cultures and peoples in the eight countries where we operate, and have incorporated the best practices in both companies. It was a strenuous exercise that required a lot of focus and determination from our leaders, to identify our key levers for adding value.

These drivers cover the exact topics related to building sustainable partnerships and are essential to turn the future we wish for into reality. One of the most

important aspects is the relationship with customers. Let us emphasize the joint development of solutions and products that sets us apart due to our level of partnership and services, adding to the benefits of our practices and know-how, and, in return, receiving loyalty and increasing sales volumes. These partnerships also allow for the advances in concrete, so that we can achieve a significant market share in this channel. Additionally, we plan to increase our representation in aggregates, with focus on planning and long-term goals.

In order to achieve this, we need a thorough understanding of our customers' businesses, with a more detailed view of each segment in order to adjust the value proposal in products, services, and logistics. Examples of this are the customization of portfolios by types of use and integrated logistics solutions, all of which we will continue to improve with the transfer of best practices between operations in different countries.

Innovation and technology are also strategic, because they directly bolster three key levers of value creation, namely: productivity, industrial efficiency

and coprocessing. Our investments in research and development and process improvement have allowed us significant results, challenging us to move further. Our targets to be reached by 2023 include reducing the incorporation of clinker in cement from 72.5% to 50% without loss of margin and reaching a coprocessing rate of 60%, by replacing fossil fuels with renewable energy sources, such as tires, scrap and urban waste. Our average is currently 12%, one of the world's highest coprocessing rates.

This practice helps in another aspect, which is the focus on carbon management to reduce environmental impact and create a competitive advantage with integrated control of a significantly expensive component, and also opportunities to sell carbon credits.

We have great projects running in 2014 and future years, such as building a new culture, productivity and innovation, all in line with our long-term strategy. Therefore, in addition to acknowledging the commitment of all professionals over the past year, we can rely on a team that is able to act quickly to meet

the challenges and fulfill our mission to grow with partnerships, oriented to innovation, sustainability and operational excellence.



**JOSÉ ÉDISON
BARROS FRANCO**
CHAIRMAN OF THE BOARD OF
DIRECTORS AT INTERCEMENT

UNITED BY THE SAME IDEAL

INTEGRATION WORK BROUGHT SYNERGY GAINS ON SEVERAL FRONTS, SUCCESSFULLY COMPLETING INTEGRATION WITH PROCESS EFFICIENCY GAINS AND COST SAVINGS.

The year 2013 marked a unique and decisive moment in the history of InterCement. We came to the end of a major growth cycle and entered a new stage, which involves even more ambitious goals for the next ten years. The joint effort to define the long-term goals reflects how important the participation of all areas has been, to define the Vision 2023, which will guide the proposed actions for the next decade.

Undoubtedly, it was a year of hard work, but also one of quite impressive results. The integration process required special attention. It is not easy to integrate two companies with such different geographical operations, and with so many different habits, cultures and people. Fortunately, we were able to rely on a highly skilled and motivated team of professionals, which has enabled us to successfully complete each stage of this important journey. The integration work has brought synergy gains on several fronts. We improved process efficiency and management, performed better and further reduced costs.

All this diversity has also been essential for the rich insights on the reality of each country where we operate

- not only with regard to the knowledge of the business, but also to the political and economic conditions in these regions, which have strengthened our performance.

Today, the InterCement brand is present in all the countries where we operate. This was a strategic decision, aiming to add even more value to our business, and to promote a closer relationship with our customers. We understand that this is one of the most important premises to grow steadily and continuously.

In the global context, the financial performance of the cement industry has experienced critical moments, with a shrinkage effect in almost all economically developed countries. But still, even below forecasts, we managed to grow in sales volume and cash generation in 2013. EBITDA for the year was R\$ 1,970 million, 2.2% higher than in 2012.

From the point of view of operations, we have made significant progress in all countries. There was an excellent trading effort in Portugal, a country whose economy has not yet recovered from the severe European economic crisis. We saw a chance to increase

exports - the volume was 76% higher - and make new partners in places where we were not operating yet.

There were improvements also in Paraguay, with the new grinding unit going into operation. It was a record year also in Argentina, with 6.4 million metric tons sold. And despite the less dazzling performance of the Brazilian economy in the first half of the year, the cement market rebounded in the second half, surpassing the numbers from 2012.

Also, let us not forget to look at the other pillars of sustainability. We reinforced our ethical position with the creation of a single Code of Conduct for all countries. We are striving for excellence in environmental management and, in the sphere of social responsibility, the InterCement model was disseminated to all countries. The first practical result of this effort was holding the Day of Doing Good in all units, with absolute success.

We are aware that there is still a long way to go. We want to be among the top ten largest and the top five most solid and profitable international companies. It is an

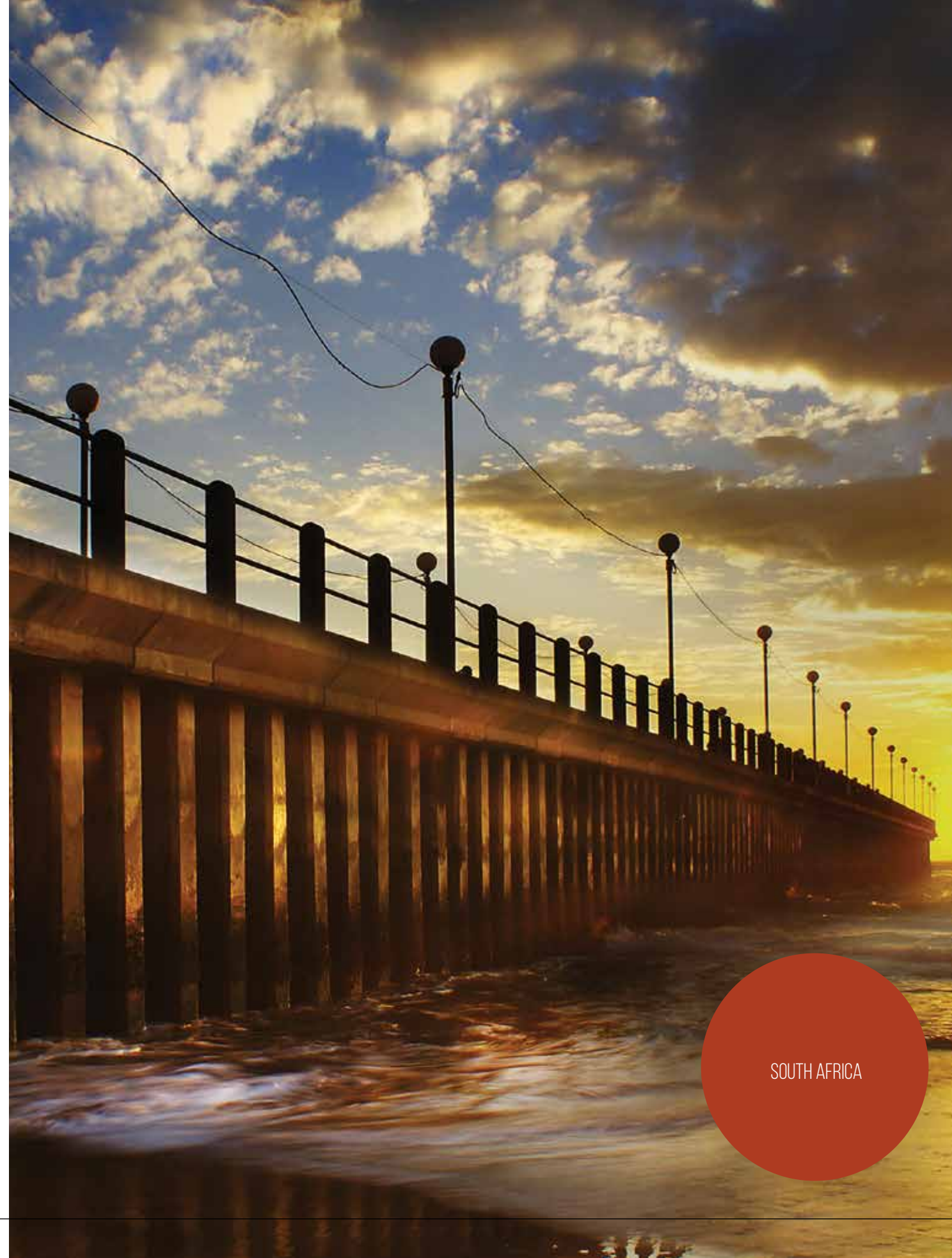
audacious goal, but an achievable one. We are on the right track, with engaged partners, motivated employees, efficient processes and quality products. And this is how we will arrive in 2023 as a solid, strong and very successful company.



RICARDO LIMA
CEO CIMPOR

SIMPLIFIED STRUCTURE

WITH THE SIMPLIFICATION OF THE STRUCTURE, INTERCEMENT BEGAN OPERATING WITH A SINGLE GOVERNING BODY, THE EXECUTIVE COMMITTEE, RESPONSIBLE FOR THE OVERALL CONDUCT OF BUSINESS.



SOUTH AFRICA

An effective governance model needs to have, in its DNA, elements that ensure the contribution of all and that bring the results of the integration into the future vision.

To this end, InterCement simplified its structure in 2013 and now operates with a single governing body, the Executive Committee.

The committee consists of six members: the Chairman of the Board of Directors at InterCement, the Cimpor CEO and the Vice Presidents of Organizational Development, Engineering & Technology, Business Support and Finance.

Moreover, in 2013 the position of Vice-President of Operations in Africa was created, with an office in the city of Durban, South Africa. The initiative was intended to provide a geographical solution for the work InterCement develops in the three countries located on the continent: Mozambique, South Africa and Egypt. ➤

A NEW CODE FOR ALL

UNIFIED FOR ALL OPERATIONS, THE CODE OF CONDUCT HAS BEEN WIDELY CIRCULATED AMONG EMPLOYEES DURING ROAD SHOWS THROUGH THE COUNTRIES.

Ethics, transparency and respect drives InterCement's relationships with peers, suppliers, customers, employees and other stakeholders. These relationships are based on the principles of the new Code of Conduct, which is the same for all business units and was been widely circulated among employees in 2013, during road shows that took place in the various countries.

An Ethics Hotline is available to all stakeholders, to receive complaints, comments, suggestions and reports regarding behaviors that break the Code of Conduct. Managed by an outside company, this channel ensures complete confidentiality and independence in the analysis and decisions regarding all reports.

The company reinforces its action within the regulations, laws and responsible conduct regarding the lawsuit that has investigated an alleged cartel in the Brazilian cement market for seven years now. In January 2014, the trial started at the Administrative

Council for Economic Defense (Cade), and fines for companies and associations in the lawsuit were proposed, to the total of US\$ 3.144 billion, of which about US\$ 550 million would be paid by InterCement Brasil, as the successor of Cimpor Brazil and Camargo Corrêa Cimentos. In addition, the lawsuit provides that major companies in the sector (InterCement, Votorantim, Holcim and Itabira) waive a portion of their assets - in the case of InterCement, 25% of installed capacity.

The trial is still underway and is not expected to be completed anytime soon. The company's management and its legal counsel evaluate the success of InterCement in this lawsuit.

SUSTAINABILITY KEY TO THE FUTURE

COMMITTED TO CREATING LONG-TERM VALUE, THE COMPANY SEEKS TO ENSURE OPERATIONAL AND FINANCIAL STRENGTH AND RESPECT TO ETHICAL, LEGAL, SOCIAL AND ENVIRONMENTAL CRITERIA.

InterCement understands that sustainability is key for business continuity. From this vision, it seeks to ensure operational and financial strength, discipline in capital use and respect to ethical, legal and environmental criteria, in a commitment to creating long-term value for its stakeholders.

This activity is supported by its Health, Safety and Environment (HSE) and Sustainability policies, as well as by internal processes that provide flexibility for possible corrective actions in order to maintain the company's growth and competitive advantages.

The company also believes that the only way to become an increasingly sustainable operation is to discover new ways of working. Therefore, innovation is an important element in this quest.

Attention is focused on measures to minimize the impacts of the company's activity on the environment, using the most advanced production technologies, process controls, risk management and specific actions. In 2013, all units from Cimpor have come to share the same sustainability management model, thus defining a single standard, fully aligned with the vision 2023.

In strengthening this vision, the company assumed external commitments that support the quest for efficiency and continuous improvement. These include the Global Pact, an initiative of the United Nations (UN) for companies to incorporate sustainable business practices; the Cement Sustainability Initiative (CSI), which includes cement producers that seek to reconcile economic growth, ecological balance and social progress; Empresas pelo Clima (EPC), which encourages improvements in the management of air emissions; RedEAmérica, which brings together private organizations working on reducing poverty and increasing social inclusion in the Americas; and Convenio de Lucha contra El Trabajo Infantil, in Argentina.

The company also has, in several units, ISO 9001 (quality management), ISO 14001 (environmental management) and OHSAS 18001 (occupational health and safety) certifications.



RECOGNIZED EXPERTISE

Gold Seal	For the second consecutive year, InterCement Brazil has received the highest recognition from the Brazilian GHG Protocol Program, thus certifying that the company complies with all the requirements of the methodology for assessing the inventory of greenhouse gas (GHG) emissions.
Presidency of the Republic's Award to Companies or people who contribute to the industrial development of Paraguay	In July 2013, Cementos Yguazú, InterCement's operation in Paraguay, received this recognition for efforts in promoting the cement sector, which is strategic for the development of infrastructure in the country.
Corporate Citizenship	Recognition for InterCement Argentina, Loma Negra, came from the American Chamber of Commerce in Argentina (AmCham). The award recognized the ten leading companies in Managing for Sustainability (GES) in Brazil and InterCement Argentina, Loma Negra, was among the winners.
Valor 1000	Cimpor Brazil, integrated to InterCement, was voted the best company in the construction and décor materials industry by the Valor 1000 yearbook, from newspaper Valor Econômico, which recognizes the best performances based on sustainable growth, profitability and value creation, among others.
Melhores e Maiores	Cimpor Brazil, integrated to InterCement, was highlighted by yearbook Melhores e Maiores, from Exame magazine, as the best in the Construction Industry.
Premio Qualidade 2013	In addition to being voted as Best Supplier by professionals in the cement-based products industry, InterCement Brasil won, with the brand Cauê Cimentos, the Vitória Trophy in the categories Portland Cement and High Strength. The award is given out by the National Union of the Cement Products Industry (Sinaprocim) and by the Union of the State of São Paulo Cement Products Industry (Sinprocim).
Entrepreneur of the Year	Given out by the Portuguese Chamber of Commerce in Rio de Janeiro, the award was a tribute to the professionals who have excelled in enhancing bilateral relations (Brazil/Portugal) throughout 2013. Among the winners was the CEO of Cimpor, Ricardo Lima.

GUIDELINES FOR THE FUTURE

STRATEGY REVIEW WAS A PRIORITY IN 2013; IT ENGAGED ABOUT 200 PEOPLE AND ENDED WITH THE DEFINITION OF THE TAGLINE BUILDING SUSTAINABLE PARTNERSHIPS

After the integration of Cimpor, which was executed on schedule, and after exceeding the goal of being among the top 20 cement companies in the world by 2012, reviewing the strategies was a priority in 2013.

It was a period devoted to developing the Vision 2023 and the Mission for the company, culminating in the definition of the tagline Building Sustainable Partnerships.

The strategic planning process involved about 200 people and reviewed all of the critical issues for the future of the segment and of InterCement, establishing the growth prospects.



APPROXIMATELY
200 PEOPLE
WERE INVOLVED

STRATEGIC MAP

EXPANSION OF CURRENT OPERATIONS AND CRITICAL ISSUES FOR THE CEMENT INDUSTRY IN THE FUTURE WERE PRIORITIZED AND INCLUDED IN THE LONG-TERM STRATEGY.

The new Strategic Map establishes the guidelines that will permeate the work in the next decade, in order to position InterCement always among the top ten largest and the five most profitable international companies.

With the incorporation of Cimpor, the goal of expanding geographical boundaries into South America and Africa was met. Now, we will seek to expand the operation at these locations and also in other countries. At the same time, critical issues for the cement industry in the future were prioritized and included in the long-term strategy, such as additions, thermal energy, products and services, concrete and aggregates, and environmental management.

In additions, goals were established to reduce the consumption of clinker based on the use of ground limestone, slag, waste, and others, in order to reduce the emission of the chemical process in cement production. Coprocessing activities to replace fossil fuels in cement production were also in the agenda.

Because of its importance, relevance and impact on the segment, from an environmental perspective, CO₂ management got a strong plan, with goals to reduce emissions by 40% in cement and and 50% in concrete, for the next ten years.

Trading actions have become even more relevant, since they optimize assets with the lowest rate of

use, as the Portugal exports exemplify. In addition, the company seeks to develop a market for the installation of future InterCement operations at the places it exports to. The coordination of shipping, with all the port logistics and the competency of supply to markets, was also significant to spot opportunities and show results beyond the expected.

The discussion about the relevance of Concrete and Aggregates area was intensified in 2013, with effects and planning of action for these products in various countries of operation.

CUSTOMERS AS A PRIORITY

Strengthening the relationship with customers is a priority; in order to achieve this, the solution is offering products and services that create growth and differentiate InterCement within the market. The best practices were replicated between operations, unifying concepts of value proposition and driving innovation. Integrated logistics solutions, customization of the portfolio by type of use, and a menu of cement-related services are among the highlights.

The brand architecture was also defined. Just as the recognition and strength of regional brands are important, the endorsement of a robust group with international presence, is essential to consolidate the company in the market.

Therefore, all operations maintain their identity, but add the signature “a member of.”

Argentina



a member of  InterCement

Portugal



a member of  InterCement

Brazil



Egypt



a member of  InterCement

Mozambique



a member of  InterCement

South Africa



a member of  InterCement



InterCement

Building sustainable partnerships

MANAGEMENT SUPPORT TOOLS

The internationalization of the company determined the need to standardize management and monitor key performance indicators tools. Thus, replication plans for the InterCement Management System (IMS) were created, customized in the local language.

At the same time, we identified the processes with greater impact on EBITDA and safety indicators, and established continuous improvement teams using the PDCA methodology (Plan, Do, Check, Act) made up by operators, supervisors, managers, and often even directors.

The financial statements have also been standardized for the fixed costs and expenses accounting plan.

The concepts of unfolding goals and rewards for results have

revolutionized the company. The methodology of the Guideline-based Management (GPD) was deployed for senior and middle management professionals. Countries such as Argentina and Brazil continued to use the system, and the model was expanded to the Cimpor plants incorporated in Brazil, reaching 100% of the staff. A highlight was Mozambique, which was able to deploy up to 100% of the staff who still did not have variable compensation according to results.

The year also saw the further consolidation of the integration of SAP in Brazil, which included the unification of Cimpor's operations in the country.

The Cimpor production centers in Brazil were also integrated and the procedures for different areas were standardized, with gains of scale and reliability.

RISK MANAGEMENT

Risk management is a priority issue in the company's strategy map, which identifies, evaluates and prioritizes the factors regarded as critical for the business.

InterCement maintains a corporate policy and guidance manual that help optimize risk management, an issue prioritized by the Executive Committee and an integral part of the company's strategy map.

The pilot methodology was developed with the support of a risk factors benchmarking for the cement industry worldwide and its implementation started in 2012, in Brazil and Argentina. It consisted of the identification, assessment and prioritization of risks and processes regarded as critical and included the implementation of action plans for the mitigation of risks and the development of indicators for monitoring them.

The methodology was widely used in 2013 during the integration

with Cimpor, as a priority set by the Executive Committee, and was gradually implemented in all other business units - Portugal, Cape Verde, Egypt, South Africa and Mozambique.

The main mapped risks are those that can affect the continuity of operations and business performance. They involve, especially, financial, operational, market, compliance, information security, reputation and image issues.

A major risk monitored relates to the impact of the exchange rate volatility over InterCement operations, since its revenues are generated in eight different currencies, mostly in emerging countries, and its capital structure consists mainly of stable

currencies, with high purchasing power. In order to mitigate this risk, the Executive Committee has sought, whenever possible, to take out local currency loans to finance investments and working capital for the respective business units. Exchange rate variations, however, do not significantly impact the company's value, since the industrial assets in the cement industry are heavily indexed to U.S. dollars.

RESTRUCTURING OF
THE R&D, INNOVATION
AND SUSTAINABILITY
DEPARTMENT BROUGHT NEW
PERSPECTIVE TO THE
BUSINESS, EXPANDED THE
LEARNING NEW TECHNICAL
COMPETENCIES AND ALIGNED
THE COMPANY WITH THE
BEST GLOBAL PRACTICES.

INTELLECTUAL
CAPITAL



Innovation Workshop - InterCement Brazil

NEW PERSPECTIVES WITH INNOVATION

Innovation and sustainability play an increasingly vital role in the planning and development of InterCement's business. The restructuring of the R & D, Innovation and Sustainability department, in 2013, provided a new perspective for business. A portfolio of programs and projects was created, aimed at guaranteeing incremental values in the short, medium and long terms, involving coordinated projects in Brazil and in Lisbon, branching out in several other places.

A Technology Radar was developed, which allows for an overview of the stage of technologies related to the area of cement and its frontiers. The Radar has a global scope and covers competitors, research institutions, universities and researchers. In addition, the Internal Technology Group (GIT) was established; the group involves professionals from various fields to support R&D management in order to ensure, with its network of knowledge, the relevance and appropriateness of the research portfolio.

Throughout 2013, the company's partners enabled the development of projects and the acquisition of new technical skills. Beyond knowledge, this practice provides long-term outcomes, such as reduced costs, as well as short-term outcomes, once the research has already produced changes in testing, evaluation of materials and process improvement.

Even in the little time during which the area has been structured, the company has already reaped significant results, such as obtaining funding from agencies in non-reimbursable resources, which exceed the investment in the department. Another achievement was managing to file three patents, in partnership with the Massachusetts Institute of Technology (MIT), Instituto Superior Técnico (IST) at the University of Lisbon, and the Instituto de Pesquisas Tecnológicas (IPT) of São Paulo.

The initiative with the IST brought, as a result, the first patent filing fully developed under the leadership of InterCement. The object of this research is an innovation that, when introduced in the process, will reduce CO² emissions in the production of clinker by 25%. ➡

CENTER FOR CONCRETE AND AGGREGATES COMPETENCIES

Spreading excellence and aligning the company with best global practices, the Center for Concrete and Aggregates Competencies was restructured to meet the demands of InterCement's international presence, packed with new challenges and opportunities. The company currently has 131 concrete plants and distributes 4.8 million cubic meters of concrete. It also owns 25 active quarries which produce about

10.5 million metric tons of aggregates, annually.

As the production of concrete varies greatly between countries, due to cultural, environmental, legal and even labor characteristics, it has been very challenging to establish indicators that are common to all business units. In 2013, two Best Practices Manuals were released, one for Concrete and one for Aggregates.

Focused on developing global

projects and promoting interaction between the units, the center for concrete and aggregates competencies is structured into five pillars of performance, contemplating the critical issues that permeate the company: Business Intelligence and Information Management; Performance and Benchmarking; Production, Products and Quality; Investments and Engineering; and Development and Innovation.



AGGREGATES
ARGENTINA



Workers at the Central Laboratory

CENTRAL LABORATORY

To support the business of cement, concrete and aggregates, the Central Laboratory has been operating for 20 years in the research and development of new products and technologies, with tests that are essential to confirm theoretical parameters, mitigate risks and spot opportunities to increase the productivity of the operation. Based in Lisbon, it relies on ten highly specialized professionals and has infrastructure compatible with the most renowned laboratories in the world.

In 2013, about 40,000 tests were performed, from 2,063 samples, serving virtually all areas of the company (49% for Brazil, 23% for Portugal, 9.5% for Mozambique, 7% for

Argentina, 6.5% for Egypt and 5% to the Innovation & Development department).

The work involved, for example, tests for the production of new types of cement, reducing carbon emissions, improving the reactivity and mineralization of clinker, the durability of concrete, and the behavior of concrete using new types of cement and new additions.

In addition to the central laboratory, InterCement also runs laboratories in São Paulo (Brazil) and Buenos Aires (Argentina).

DRIVING DEVELOPMENT

Sustainable partnerships with national and international research centers have been instrumental in identifying innovative techniques to be applied efficiently and safely in the production chain.

InterCement operates with a network of more than 20 research centers, universities and private companies, with the aim of developing new technologies and expanding knowledge within the value chain.

While still being structured, the company's R&D department already shows interesting results that reinforce the promising nature of this activity.

Some examples of projects:

- The production of cement from civil construction waste, which has given the company its first filed patent in Brazil.
- The establishment of the Technology Center in high carbon technology.
- In the quest for new alternatives of additions, the department works in partnership with Instituto de Pesquisas Tecnológicas (IPT) and with the Arcelor Mittal steel mill, and receives support from the Brazilian Agency for Industrial Research and Innovation (Embrapii).
- The establishment of the Sustainable Construction Technology Center, which aims to develop a concrete with low consumption of bunders and, therefore, a much smaller carbon footprint. It is run as a joint effort with Escola Politécnica, the Civil Engineering Department of the University of São Paulo (USP).



RECORD INVESTMENTS OF
R\$ 952 MILLION WERE
EARMARKED FOR EXPANSION
AND MODERNIZATION
PROJECTS INCORPORATING
INTERNATIONALIZATION
AS A NEW DIMENSION
OF BUSINESS.

**BUILT UP
CAPITAL**



GLOBAL STRENGTHENING

A benchmark in the global cement industry, InterCement is present in eight countries on three continents, with 40 units that speak five different languages. Operating at full steam throughout its new perimeter of activity in South America, Europe and Africa, the company expects to strengthen its position as a result of its international presence. To that end, it has an ambitious investment plan that includes increasing capacity especially in Brazil and Mozambique, as well as expanding into new regions, supported by higher exports from Portugal.

In order to grow in an orderly fashion, InterCement Culture has incorporated internationalization as a new dimension, respecting local particularities and encouraging its trademark aspects, such as optimism, flexibility and responsiveness. In 2013, opportunities were mapped and a scale of priorities

was devised, in order to establish actions that would provide the greatest impact and bring significant changes to the business.

The work plan provides a great effort in defining organizational processes, strengthening communication and understanding between the units and making sure that all countries participate effectively in the decision-making and planning processes.

InterCement is present in eight countries on three continents, with 40 production units

INVESTMENTS

The year 2013 was a year of record investments, with R\$ 952 million invested in the expansion and modernization of operations. The highlights were the new production line in Cezarina; the new factory in Caxitu; the completion of the grinding unit in Cubatao; the Apiaí lifts, in Brazil; the beginning of the grinding operation; and the full factory start planned for 2014 in Paraguay; the rehabilitation of a cement mill in Egypt; and the installation of a new cement mill in Dondo, Mozambique.

CONCRETE, MORTAR AND AGGREGATES

Considered a reference in the concrete segment, InterCement maintains 131 plants in eight countries and an area of research and development in tune with the very latest in products for building technology. Moreover, with the acquisition of Cimpor, also started to work in the production of mortar. At this infrastructure, add to 25 gravel quarries in strategic regions and limestone mines located within a radius of up to 20 km of operational and close to major consumer markets units.

During the year, several improvement actions occurred in all the countries, highlighting a number of strategic meetings, called Concrete Day, we have focused on defining the drivers of long-term business.

TRADING & SHIPPING

InterCement is among the top five global players in cement trading. Its strategic international presence enables thorough actions, with competitive prices and product availability in serving regions with high demand, which, due to various circumstances, have a margin for export operations. In addition, Portugal has an excellent transport infrastructure, with ports, railways and highways that contribute for the full efficiency of the trading process.

During the year, the volume traded in 2012 was nearly doubled, reaching a record 4.5 million metric tons. Highlights included exports to the African and South American markets, especially to Brazil (in the Amazonas region), Paraguay, Algeria, Mozambique and Egypt.

The positioning in the international trading market and the relations with various suppliers allowed InterCement to acquire about 44% of the volume traded with third parties and, thus, optimize flows and maximize results.



Trading - Portugal

LOGISTICS

To support operations in Argentina, InterCement has an 80% stake in Ferrosur Roca, which owns a 3,181 kilometers long railway network. In 2013, the railroad reached record levels of cargo transportation, surpassing the volume of 2012 by 10.4%.

The railway links seven of the nine Loma Negra units, connecting the cement producer to the major consumer centers. For other customers, mainly in the construction sector, it transports chemicals, fuels and raw materials, among others. In 2013, it signed a major contract with Brazilian company Vale, adding even more value to the business.

PROCUREMENT

The procurement area is in charge of maximizing value, driving efficiency and managing the results of the decisions to purchase goods and services, always adhering to the principles of ethics and sustainability. Among the major initiatives of the year were the purchases of petcoke, in particular to Venezuela, the renegotiation of electricity prices in certain regions, the new conditions for the acquisition of paper for production of cement bags, and the new strategy of packaging supply for Brazil and Argentina.

In 2013, in partnership with Portugal's Agency for Investment and Foreign Trade, InterCement organized the event Growing Together (Crescer Juntos), with the aim of supporting and encouraging the relationship between suppliers in various locations. 209 companies participated.

A STRONGER MORE COHESIVE UNIT

The transformation that the unit in Egypt underwent stemmed from simple and original ideas, which brought significant results to the entire business and, particularly, allowed for the development of a more secure and harmonious work environment.

In 2013, InterCement completed the integration of its unit in Egypt, located in Borg El Arab, in Alexandria.

Despite the great difference in cultures and habits, an open and frank dialogue provided an enriching exchange of experiences and, from that, several opportunities were spotted for gains in structural efficiency, logistics, supply, and others, resulting in improved performance and reduced operating costs.

As a result of this change, the unit has maintained a market share of 6.4% and has managed to improve its price margin in local currency, even in the midst of a rather austere economic and political environment.

Egypt currently has an installed capacity of 5.5 million metric tons of cement per year. In 2013, 3.2 million metric tons of product were sold, a volume 2.8% higher than that achieved in 2012.

TOTAL SALES VOLUME
INCREASED 5.4% AND
GROSS REVENUE GREW 6%
IN REALS, AS REFLECTION
OF THE HIGHER SALES,
HIGHER AVERAGE PRICES
AND GOOD TRADING
PERFORMANCE.

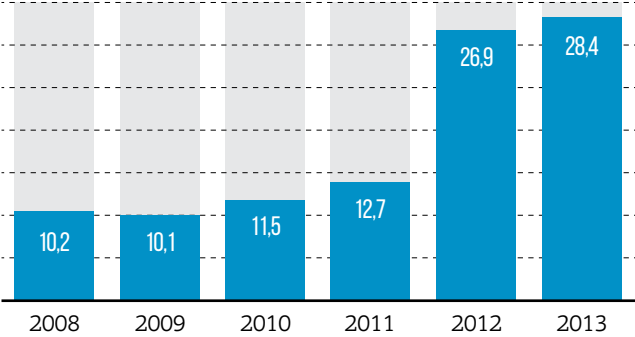
FINANCIAL
CAPITAL

BUSINESS EXPANSION

In 2013, the total volume of cement and derivatives marketed by the business units, across the eight countries where the company operates, reached 28.4 million metric tons, a 5.4% increase compared to 2012. Performance was especially driven by trading activities and by the growth in Argentina, Paraguay, Mozambique and South Africa.

PERCEIVING
THE BENEFITS OF
WORKING TOGETHER

SALES OF CEMENT AND CLINKER
(MILLION METRIC TONS)



TURNOVER PER UNIT (MILLION METRIC TONS)

	2012 (proforma)	2013	Variation (13/12) %
Brazil	12.469	12.533	0,5
Argentina	5.730	6.383	11,4
Paraguay	209	280	34,1
Portugal	3.435	4.053	18,0
Cape Verde	189	176	-6,9
Egypt	3.108	3.196	2,8
Mozambique	1.184	1.299	9,8
South Africa	1.069	1.281	19,8
SUBTOTAL	27.394	29.202	6,6
Intercompany eliminations	-449	-815	-
CONSOLIDATED TOTAL	26.944	28.386	5,4

BRAZIL

In Brazil, InterCement is second only to the leader of the cement market, with about 20% of the market share. About 40% of the company's assets are located in Brazil, which accounted for approximately 60% of the results in 2013.

The Brazilian economy maintained the trend of recent years and the cement market grew in line with Gross Domestic Product (GDP), with an increase of 2% over the previous year. InterCement sold 12.5 million metric tons, a stable number in relation to 2012 (0.5% more), but the highest volume recorded by the company. The activity of concrete and aggregates reached a record sales volume, with 2.8 million m3 and 2.4 million metric tons, respectively.

During the second half, records of production, sales and shipping were reported, with special mention to the units of Campo Formoso (state of Bahia), Cezarina (state of Goiás), São Miguel dos Campos (state of Alagoas) and Suape (state of Pernambuco). The year also marked the company's entry in the state of Amazonas market, with over 10% market share in the Manaus region.

There has also been significant progress in reducing costs, improving efficiency and performance, obtained mainly due to synergy efforts, which allowed an increase of US\$ 161.4 million in EBITDA results. The integration of operations with Cimpor also brought gains in logistics, such as reducing the average radius of operation and, therefore, improving the use of installed capacity.

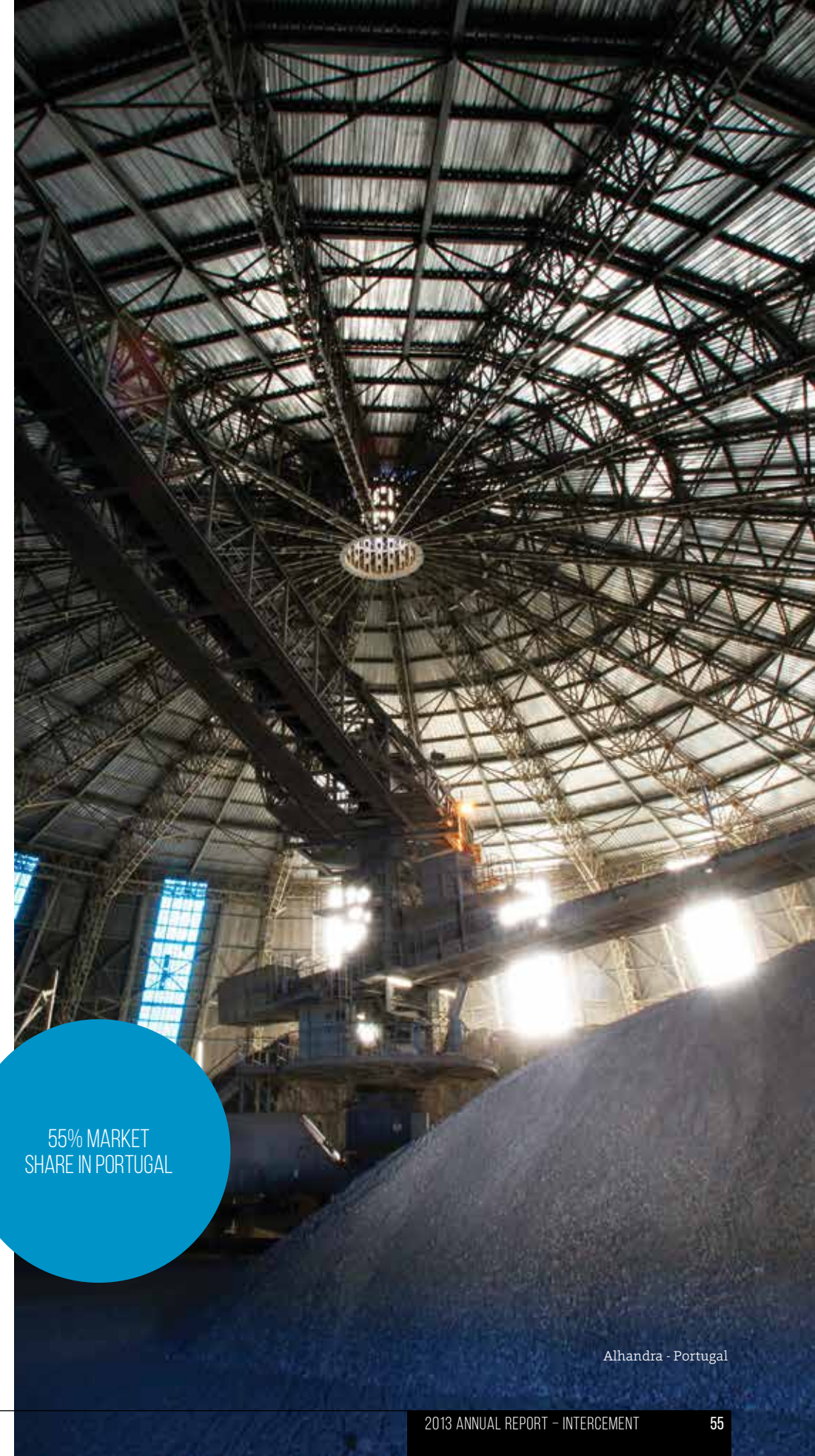
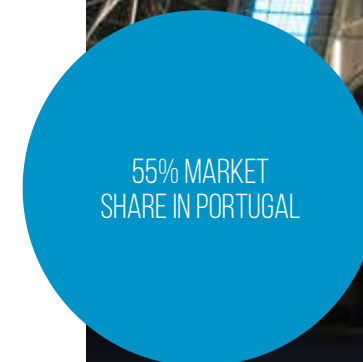
PORTUGAL

Holding approximately 55% stake in the Portuguese market, the Portugal operation is one of the most relevant for the company, mainly due to the high productivity and low operating costs of its plants.

In 2013, performance continued to be strongly impacted by economic conditions, which caused the local cement consumption to drop by about 25%, with no prospect of recovery in the short to medium term. InterCement chose to maintain the export strategy adopted in 2012, which resulted in a 76% growth in export volume.

The movement also allowed the company to gain customers in countries where it did not previously operate, particularly in those located on the western coast of Africa. Part of the exports was also destined to Northern Brazil and to Paraguay.

The total volume of cement and related products sold by the Portugal plants amounted to about 1.5 million metric tons, down 24% compared to 2012. During the year, activities were terminated at the Hydraulic Lime unit of Cabo Mondego, with no significant impact over the business.



Alhandra - Portugal



Lámali - Argentina

ARGENTINA

With the Loma Negra operation, InterCement achieved record production and shipment of all products, with the largest market share in five years: 46%. The country recorded an 11% growth in sales volume in 2013, totaling 6.4 million metric tons.

The activities of concrete and railway transportation, through Ferrosur, also followed this positive trend, with a growth of 7.2% and 10.4%, respectively. Business performance stands out, with strict cost control, operational improvement, increased coprocessing activity (all-time record rate of 3.4%), optimizing the consumption of raw materials and the production management across plants.

PARAGUAY

Through Yguazú Cementos, InterCement holds a market share of approximately 30% in the country. The highlight of 2013 was the start of the new grinding unit, in November. Leveraging the strong dynamics of the local market, sales grew over 30%, for a total of 280 tons. This increase was sustained in the sales of imported cement, mainly from Portugal, and, from the second half on - after the start of the grinding operation, from the production of cement itself.

MOZAMBIQUE

In July 2013, an agreement was executed allowing the lease of one more production unit (Matola 2) in the country, one of the markets where InterCement has the greatest presence. A grinding unit in Dondo also went into operation. Although the results were good, the operation is still negatively impacted by the large distance between the plants and the limestone mines. The start of operation of the two grinding units and a more aggressive business policy have improved the competitiveness of InterCement in imports, with sales of 1.3 million metric tons, 9.8% above 2012.

SOUTH AFRICA

The main operations of InterCement in the country are located in the Durban area, where one cement unit and two grinding units are installed. The company is a benchmark in the country in terms of technical indicators, especially safety.

Just as in other countries of the continent, the South African market is heavily impacted by the imports of cement, especially from India. In order to counteract these effects, InterCement launched premium products during the year and, as a result, was able to recover 1.1% of market share. With a more aggressive trade policy, it increased sales by 19.8% compared to the previous year, to 1.3 million metric tons.

CAPE VERDE

The country accounts for a small portion of the InterCement operations, although the company maintains leadership in the local market. The cement marketed comes from Portugal exports. The year of 2013 was marked by the shrinkage of the cement market, with a sales drop of about 7%, for a total of 176 metric tons.

EGYPT

The repercussions of instability in the country were felt in the construction industry and, consequently, cement consumption in 2013 saw a decrease of about 2%, for a total of approximately 50 million metric tons. InterCement recorded an increase in sales of 2.8% to 3.2 million metric tons, regaining market share.

LEADER IN PROFITABILITY

InterCement’s gross revenue totaled 2,624.4 billion euros in 2013, down 5.9% compared to the previous year (2,788.9 million), basically due to the exchange rate effect, since the currencies of all the countries outside Europe were devalued against the euro. In reals, revenues increased 7.6% to R\$ 7,526 million, as a result of the increase in sales volume, higher average price of cement, and business trading performance.

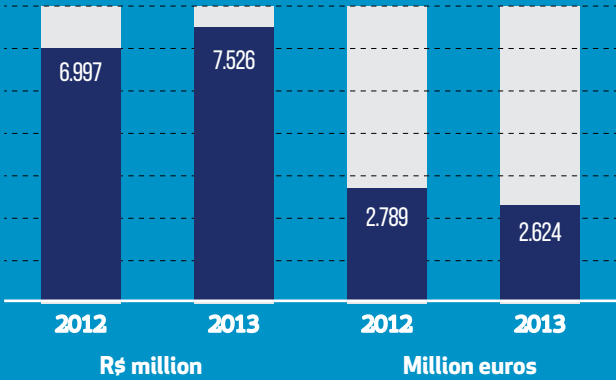
Consolidated EBITDA was 686.9 million euros, representing a decrease of 10.6% compared to 2012. A devaluation of all currencies against the euro caused EBITDA to drop around 100 million euros for the year. In reals, the consolidated amount was equivalent to R\$ 1,970 million, up 2.2%.

The EBITDA margin was 26.2%, which represented a decrease compared to the previous year, when the margin was 27.5%. This result confirms that InterCement is a leader in operating profitability, among the largest international companies in the sector. Eliminating non-recurring items, EBITDA was 741.4 million euros (2,126 million reals), with a margin of 28.2%.

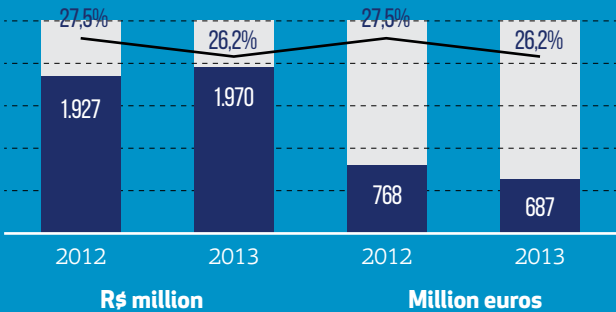
Despite the complexity of global operations, with different currencies for the financial statements, InterCement was able to anticipate the consolidation of the 2013 financial statement and ended this process on February 28, 2014, as recommended by the best practices in the industry.

EBITDA (million euros)			
	2012 (proforma)	2013	Variation (13/12) %
Brazil	420,6	411,2	-2,2
Argentina	129,1	119,7	-7,3
Paraguay	1,8	4,6	157,9
Portugal	74,4	32,0	-57,1
Cape Verde	3,3	3,4	3,7
Egypt	53,1	49,3	-7,2
Mozambique	35,3	32,1	-9,0
South Africa	48,7	36,5	-25,0
Trading/Shipping or others	1,8	-1,8	-
Consolidated	768,1	686,9	-10,6
EBITDA margin	27,5%	26,2%	-1,4 p.p.

NET REVENUE



EBITDA and Margin



Indebtedness

As of December 31, 2013, InterCement Holdings had net financial debt of € 2,466 million, which compares to € 2,975 million as of December 31, 2012.

The reduction in net debt is due to, (i) capitalization, through the issuance of preferred shares held in December, 2013, (ii) operating cash flow in 2013, (iii) sales of non-operating assets, and (iv) exchange gain on indebtedness. Of the total debt, about 2.9% is short-term and 97.1% long-term (mean 4.5 years).

The cash and cash equivalents of the company’s consolidated cash, as of December 31, 2013, totaled € 1,278 million, compared to € 1,051 million as of December 31, 2012.

Net Financial Debt/EBITDA as of December 31, 2013, was 3.3 times its EBITDA in Euros (3.7 times in American Dollars), comfortably below the financial covenant level established in some of its financing agreements.

InterCement Participações S.A. has a BB rating with positive outlook, issued by Standard & Poor’s, the same level of its parent company, Camargo Corrêa S.A..

The image is a vertical collage of four photographs. The top photo shows construction workers in yellow safety vests and hard hats working on a large concrete structure. The second photo from the top shows a man in a light blue shirt sitting at a desk with multiple computer monitors displaying data. The third photo shows a man in a light blue shirt, a dark hard hat, safety glasses, and a white 3M respirator mask, looking down at a set of plans. The bottom photo is a close-up of a woman's face as she looks through a telescope or microscope.

DEVELOPING PEOPLE,
BUILDING A CULTURE
AND STRENGTHENING
WORKPLACE SAFETY
PROGRAMS WERE
PRIORITIES IN AN EFFICIENT
AND TRANSPARENT
PEOPLE MANAGEMENT.

**HUMAN
CAPITAL**

BUILDING A UNIQUE CULTURE

INTEGRATE
HUMAN CAPITAL
EFFICIENTLY AND
TRANSPARENTLY

Apiá Lifts - Brazil

In order to achieve the goals stated in the Strategic Map, the development of people and culture was important in 2013, to efficiently and transparently integrate human capital across InterCement and Cimpor. A set of skills and a standardized model of performance evaluation were defined, and the system of variable compensation for every level of leadership was unified. This action allowed the company to identify the professionals who were more aligned with its vision and values. At the end of the year, the company employed 8,875 people.

The results of the company climate and culture surveys were combined with comparative studies of global best practices, and served as the basis to structure five dimensions for the construction of the new culture aspired by InterCement: Internationalization, Leadership, People Management, Performance Management and Outside Guidance and Innovation.

Each dimension generates corporate action plans, which may, because of other variables, be complemented by individual action plans at each business unit. In order for the process to have the

desired speed, the five members of the Executive Committee were designated as sponsors of the dimensions, and the Chairman of the Board of Directors was assigned the general leadership.

In order to create an environment of meritocracy and high performance, it is critical to value people through the practice of a clear and efficient performance management, with recognition and opportunities offered for careers and development. The participatory model of integration made it possible to capture knowledge that was later replicated during the training of skills. The existing Technical Training Program in Cimpor was expanded to all units of InterCement. ➡

THE FIVE DIMENSIONS

2

PERFORMANCE MANAGEMENT

A culture of focusing on results, always comparing ourselves with the industry, with a robust, simplified management system, structured based on the main levers of business value

3

PEOPLE MANAGEMENT

An environment of development and meritocracy, valuing the people with the best performance and greater engagement and establishing clear consequences for poor performance

1

INTERNATIONALIZATION

A company adapted to the context of international operations - respecting and valuing local particularities, while maintaining the characteristics of InterCement, such as optimism, flexibility and responsiveness

5

OUTSIDE GUIDANCE AND INNOVATION

A company at the forefront of innovation in the industry and in relationships with customers, suppliers and society

4

LEADERSHIP

Inspirational leaders, who make assertive decisions through a participatory process, respecting the cultural issues of each country

ENGAGING ALL
EMPLOYEES, BRINGING
TOGETHER KNOWLEDGE
AND BEST PRACTICES



100% SAFETY

WITH THE EVOLUTION OF THE INTEGRATION PROCESS, THE COMPANY HAS STRENGTHENED SAFETY CULTURE, THROUGH THE DISSEMINATION OF GOLDEN RULES AND A SAFETY BEHAVIORS CAMPAIGN.

Known as Safety 100%, the campaign aims to engage all employees, bringing together knowledge and the best practices.

An action plan for the next five years includes objectives, guidelines, indicators and targets for achieving high levels of safety. Safety Ambassadors were trained and given the task of multiplying and disseminating the campaign at their units.

In order to bolster 100% Safety and evaluate the conditions at each unit, the Radar tool was created, including safety steps and processes, which must be constantly updated by the health and safety managers at the units.

In strengthening the campaign, the Safety Culture dissemination was intensified, based on four pillars:

Understanding	All employees should know the risks and the controls required for each activity.
Acting	After they have the information and knowledge, professionals must act in a safe manner, using the required controls and not taking risks.
Collaborating	Everyone should adopt safe behaviors, protecting their own lives and the lives of other professionals.
Sharing	Professionals should disseminate information and have a positive attitude, ensuring that everyone engages in safety culture.

PROFESSIONALS OF TOMORROW

The integration process between InterCement and Cimpor brought on the challenges of a regional operation that becomes international. In addition to the cultural differences, the synergies between the companies and the respect for the potentials of local communities and employees, there was still the goal of alignment and creation of a governance model that ensured the InterCement identity, to build sustainable partnerships.

The new scenario of the company and of the market was the background for the integration process, which engaged the largest number of people possible. We took advantage of the best at each unit, realigning these experiences to the current corporate moment.

The participation of the teams throughout the whole process made it possible to apply climate and culture surveys with the engagement of over 5000 employees, about 65% of the total. The objective was to measure the level of satisfaction of employees and promote improvements identified as necessary. The number of participants in all countries was 3,549 for the organizational culture survey and 7,869 for the organizational climate survey.

The results reflect people's perception of clarity and alignment regarding the strategic direction of the company (62%). In addition, the Principles and Values are widely known (67%) and the company is recognized for providing the working conditions and workplace safety (69%).



ACTIONS INVOLVING
RELATIONSHIPS WITH
CUSTOMERS, SUPPLIERS
AND THE COMMUNITIES
SURROUNDING THE
OPERATIONS ENCOURAGE
AND APPRECIATE OPEN,
TRANSPARENT DIALOGUE.

**SOCIAL
CAPITAL**



DIALOGUE FOR SUSTAINABILITY

SUPPORTING THE COMMUNITY IN THE PURSUIT OF ITS POTENTIAL IS A FUNDAMENTAL VALUE AT INTERCEMENT, BASED ON A MODEL THAT SEEKS TO RECONCILE THE PRODUCTION OF WEALTH WITH THE GENERATION WITH SOCIAL WELFARE AND ENVIRONMENTAL PROTECTION



In developing these initiatives, the company has the support of Instituto Camargo Corrêa (ICC), who is in charge of the methodology and social intelligence.

In 2013, the company restructured its governance in the management of social responsibility, creating a Corporate Committee to take care of the social responsibility strategy and of the alignment with company values. It is comprised of shareholders and members of the company's Executive Committee, and representatives of ICC and Camargo Corrêa Group; it also relies on the support of Local Committees, made up by corporate representatives and the Board, at each country.

In order ensure that its actions are always in line with this vision of sustainable growth, InterCement seeks to develop actions that value and encourage open and transparent dialogue with stakeholders - customers, suppliers, shareholders, investors and the communities surrounding its plants.

COMMITMENT TO THE CUSTOMER

Over the past few years, InterCement has developed several strategic actions with its major customers. The company believes that, in order to achieve excellence in a relationship, one must offer more than quality products and competitive prices. It is necessary to have technical mastery, market data, and great commitment to results from all the staff, providing solutions for customer loyalty and building long-term relationships.

It is not a coincidence that the new company tagline - Building Sustainable Partnerships - has customer relations as one of the key aspects, and one that will be the object of even greater efforts to strengthen actions that are already focused on customer loyalty. These actions include:

BRAZIL

INTERCEMENT & YOU EXPERIENCE

The initiative is to offer Brazilian customers a series of cultural activities. In 2013, about 90 customers attended national and international concerts, theater plays and musicals in a custom box located at a São Paulo venue.

INTERCEMENT FORUM

A program for customers from various segments of the construction industry in Brazil brings relevant and updated information to help them make assertive decisions in their business. It includes market data, technical analysis, standardization and innovation studies.

ARGENTINA

POINT OF SALE EXPOSURE

The Loma Negra brand was placed in units of over 100 distributor customers across the country, so that the locals could identify the company's brand.

LOYALTY PROGRAM

Points obtained in the purchase of cement can be redeemed for prizes.

BUSINESS SCHOOL

Maintained in Argentina, a joint effort with Instituto de Altos Estudios Empresariales (IAE), from Austral University, it provides training for customers who distribute or use the company's products, exclusively, in the manufacture of concrete. Classes are targeted at managers and sons or daughters who are actively engaged in the company's management. In addition to training more than 120 customers, the action reinforces the Loma Negra brand among the new generations. In 2013, classes were expanded to four additional cities, besides Buenos Aires.

CONSULTING FOR CONCRETE COMPANIES

Also developed in Argentina, the program takes technical and managerial knowledge to concrete producers across the country. Support includes the assessment of several issues, such as the use of machinery, management systems, and development of products and tests of raw materials, in addition to training professionals in the technical center laboratories. A marketing action provides for the concrete mixers of customers to bear the Loma Negra

logo, thus indicating that the concrete is made with cement produced by the company, which gives it a quality advantage.

PORTUGAL

CUSTOMER PLUS MEETING

An event held annually in Portugal to recognize the ten major buyers in the bulk and bagged segments. The outstanding customers in 2013 maintained the same volume of purchases from the previous year, despite the drop of over 13% in the market during the period.

SECTORAL MEETINGS

Throughout 2013, InterCement Portugal promoted several regional meetings with its most representative customers, allowing, on one hand, the identification of customers' expectations and needs, and, on the other hand, the promotion of a few of Cimpor initiatives, such as its new 25 kilos bag and pallet system.

JOINT PROMOTIONAL ACTIONS CIMPOR | CUSTOMER

Carried out especially in newspapers, billboards, and business documentation (invoices, promotional brochures and technical and sporting events). The association between the Cimpor brand and the customer's brand strongly enhanced visibility and credibility in the markets.

SOUTH AFRICA

GOLD CUSTOMER

Dinner at the Oyster Hotel with the key customers of the company.

FULTONS AWARDS

Awards for customers and suppliers who used the company's cement and concrete.

GOLFING DAYS

Customers were invited to go golfing.

EVENTS

Exhibitions, conferences and seminars with customers and institutes in the industry.

VISITS TO UNITS

The initiative invites architects, customers, government agencies and schools to visit the units.

TRAINING

Training courses for customers and their employees.

BREAKFAST

Breakfast invitations for entrepreneurs and resellers.

MOZAMBIQUE

WORKSHOP ON BUSINESS TECHNIQUES

Based on the motto Building Sustainable Partnerships, the Mozambique unit held its first customer event, bringing together representatives of major domestic and foreign construction companies operating in the country, as well as customers and resellers.

EGYPT

UPDATING CUSTOMER DATA

CRM tool with data from 521 customers were updated in the SAP.

LOYALTY PROGRAM

A 2013 calendar was created by the CRM team to underscore a series of customer events.

SURVEY OF CUSTOMER SATISFACTION

Survey conducted among customers to measure their satisfaction.

REMINDER CAMPAIGN

A campaign was used to remind the market of the InterCement Egypt products under the brand Amreyah Cement.

DAILY MEETINGS WITH CUSTOMERS

CRM KPI

KPI plan defined by the CRM team to decide, measure and evaluate the daily CRM performance.

STRENGTHENING SUPPLIERS

INTERCEMENT DEVELOPS A SERIES OF ACTIONS TO STRENGTHEN RELATIONS WITH SUPPLIERS

An example of successful event is Growing Together - Supplier Network, held in June 2013 in Lisbon, Portugal. Organized in partnership with Portugal's Agency for Investment and Foreign Trade (Aicep), the initiative aimed at a greater approximation between InterCement and local companies.

The event was attended by more than 260 small and medium companies, who got to know the procurement profile of all InterCement units and of other 13 partner companies (11 Brazilian and two Argentine).

The format of the event allowed for several business opportunities to be shared, because, in addition to getting to know the procurement profile of InterCement and its partners, suppliers' employees exchanged ideas and information with the people responsible for procurement at each of the units, in order to present concrete business proposals.



Day of Doing Good 2013 – Portugal



INCLUSION IN LOCAL COMMUNITIES

The dialogue with the communities surrounding its operations is an important part in InterCement's decision-making, which actively seeks to participate in the discussion of local problems and help find solutions.

DAY OF DOING GOOD
2013 - BRAZIL

Corporate Social Responsibility is defined by the standard as an ongoing commitment, with minimum procedures for the implementation of social actions, ensuring that they are in line with the business goals. It also meets the principles of the Sustainability Statement and the Corporate Social Responsibility guidelines of the Camargo Corrêa Group, as well as the mission statement, vision

and values of Instituto Camargo Corrêa (Brazil) and Fundación Loma Negra (Argentina).

Investments totaled R\$13.9 million in 2013, with a focus on projects targeted at children, education and income generation, and based on four fronts: 1) Ideal Childhood, to protect young children's rights; 2) Ideal School, to improve the management of public schools;

initially adopted in the city of Apiaí (state of São Paulo); 3) Ideal Future, to encourage entrepreneurship and generate employment and income; and 4) Ideal Volunteer, to encourage employees to take citizenship actions.

VOLUNTEERING VALUES

One of the agendas of the integration process was taking the core guidelines of volunteer action to all units, across eight countries.

The Ideal Volunteer Program was a priority in the integration, since its structure carries much of the values underpinning the company's stance. The selection takes into account that the participation of young professionals in these initiatives allows for the integration between units and communities, according to the social investment strategy.

A road show across business units in South Africa, Egypt, Mozambique and Portugal aimed to raise awareness, align and level the expectations regarding concepts, models of operation and best practices of social investment at InterCement. Specific action plans, however, will be developed by the units themselves, because they have the best insight into the local demands.

During the process, Volunteering and Interaction Incentive Committees and Ideal Volunteer Action Groups were created in all countries. Especially in Mozambique, there was an important advance in this agenda during 2013, with special mention to an effort of diagnosing and setting short and medium term goals. Also noteworthy are the global results of the Day of Doing Good.



EARLY CHILDHOOD AS A PRIORITY

Held from 4-10 November, 2013, the Baby Week - all together for infants and toddlers - had the primary objective of making the right to survival and development of children aged 6 years and under a priority in the agenda of Brazilian municipalities. The action took place in nine Brazilian cities, in the states of São Paulo, Minas Gerais, Pernambuco and Ceará, with about 210 activities over the span of seven days. The initiative was so successful that the city of Itaoca (state of São Paulo) turned the week into a public policy, through a bylaw passed in the House of Representatives.

Actions included official openings with the presence of mayors, councilors and secretaries; lectures and workshops covering topics such as family ties, importance of early childhood, family education, breastfeeding, first aid, among others. Various activities were conducted, such as visitation of pregnant women to the maternity ward, a ballet performance, makeup workshops for mommies to be, face painting for children, musical performances, physical activities for pregnant women, videos about sexuality, scavenger hunt and cultural presentations.



Day of Doing Good 2013 - Brazil

DEVELOPMENT AND INCLUSION

InterCement also develops projects that help social inclusion and income generation. A highlight among these programs is Apiaí Ceramics Pole, in the region of the Upper Ribeira Valley, in the state of São Paulo. The work is performed by a group of women artisans who collect raw materials from nature to manufacture pieces that reflect the local culture.

The company has supported the establishment of community output centers, with technical and managerial trainings, as well as actions which have improved the dissemination of labor and, consequently, optimized the marketing of products, increasing productivity and business profitability.

Another good example of social investment has taken place in Pedro Leopoldo, state of Minas Gerais, where the Community Development Committee (CDC) of the municipality has a decisive role in the definition of projects and programs for local action. The program is structured around the four pillars of action previously defined by committee: the training of childhood education professionals; the enhancement of care for pregnant women and newborns; fostering culture and leisure; and reducing the rate of teenage pregnancy.

AN EXERCISE IN CITIZENSHIP

More than 99,000 people have benefited from the action of professionals who engaged in InterCement's Day of Doing Good in 2013. The action is in line with Instituto Camargo Corrêa (ICC)'s social policy on volunteering. In its fifth edition, the activities were expanded to Africa and Europe, complementing the actions already undertaken in South America.

In Argentina, Brazil and Paraguay, the event took place on August 25, and in other countries it happened on October 20. In total, 142 actions took place, with the engagement of 14,000 volunteers (including employees, family members and partners). Including the resources allocated by the company, by business partners and by communities, the investment totaled US\$ 1.22 million. The main initiatives included repair work and improvements in kindergartens, schools, hospitals, and social institutions headquarters, in addition to recreational activities.

Units in Europe and Africa relied on the expertise already developed in other countries and volunteers were assigned to Volunteering and Community Interaction Incentive Committees. Based on the culture and conditions of each location, the project was set in motion.



THE CONCEPT OF
SUSTAINABLE DEVELOPMENT
UNDERPINS PRODUCTION
PROCESSES AND ALIGNS
INITIATIVES OF CONTINUOUS
IMPROVEMENT IN THE USE
OF RESOURCES AND IN
THE MANAGEMENT OF
ENVIRONMENTAL IMPACTS.

**NATURAL
CAPITAL**

UNIFIED ENVIRONMENTAL AGENDA

Apiai - Brasil

PROPER USE OF
NATURAL RESOURCES

The proper use of natural resources and the preservation of the environment are the basis for the environmental management model at InterCement, following the guidelines of the Camargo Corrêa Group and aligning their actions to the concept of sustainable development. The company also undersigns various commitments, both in Brazil and abroad, with representatives of the sector, aimed at further improving environmental management.

In order to increase and disseminate this policy to all operations, a single agenda for the subject was created in 2013 and widely circulated in all countries. The integration of environmental key performance indicators (KPIs) was consolidated in 2013 in all units of InterCement and set the basis for consistent environmental management programs. The importance given to this issue is also expressed in the fact that sustainability goals are related to the variable remuneration of managers.

ADVANCES IN

COPROCESSING

InterCement has consistently expanded coprocessing technologies, with the thermal destruction of waste in its cement kilns.

These initiatives allow for proper disposal of waste, in addition to saving fossil fuels and raw materials, which account for 30% of the company's operating costs.

In 2013, 587,000 metric tons of waste were coprocessed, which is equal to the volume of 30 thousand trucks. With this, the company did not consume 235,000 metric tons of fossil fuels, thus reaching a 12% level of thermal substitution, in addition to saving 130 metric tons of mineral waste.

About 75% of the units that produce clinker have coprocessing activities integrated into their process. During the year, four units hit the mark of over 20% average substitution of fuel for residues. The Candiota plant (state of Rio Grande do Sul) reported

an average of 36%, operating with a level above 40% during some periods. Portugal recorded a historic coprocessing rate in all the plants in the country, around 16.5%.

In 2013, InterCement obtained the first license granted in South Africa to coprocessing used tires in cement production.

In 2014, in addition to tires and industrial waste, the focus will be on urban waste corprocessing. Because of the constant investment in innovation and excellence, the goal is to reach 60% thermal substitution by 2023 - with more than half of it coming from waste.

SOLUTION FOR SLUDGE

Portugal currently faces significant challenges and pressures to achieve goals and targets for waste management, as defined by European policies. One of these involves the purifying sludge, which is currently destined for agriculture (90%) and landfills, but poses risks to the environment and public health. Analyses of various treatment alternatives have suggested that solar drying (treatment) and coprocessing are competitive solutions.

InterCement has conducted tests with dried industrial-grade purifying sludge (with a 30% lower humidity) in order to validate the amount of this waste it is able to coprocess in its cement plants. After the maximum amounts were defined, the study

provides, for the next phase, the assessment of the origins of sludge for which it will be feasible to invest in drying.

The company is able to coprocess about 90 metric tons of dry purifying sludge, which will solve the environmental problem in regions where solar drying is feasible. The project started in 2012, and its first phase of assessment of the coprocessing solution and industrial testing will be completed by the end of the first quarter of 2014.



EMISSIONS MANAGEMENT

The cement industry is responsible for a significant portion of emissions of greenhouse gases, especially CO₂ (carbon dioxide) emissions. Because of its effect on global warming, carbon management is strategic in the company, which has undersigned nine commitments relating to this issue.

The integration of environmental KPIs has supported the agenda for carbon management and consolidated indicators of pollutant emission with a vision specific to each plant and country, which has allowed InterCement to establish the bases and goals for its environmental performance to be met by 2023.

InterCement currently has one of the lowest CO₂ emissions per ton of cement in the world. In Brazil, it also self-sufficient in electricity from hydropower, which directly impacts on reducing costs and CO₂ emissions

BLUE ATTITUDE FOR WATER

The Blue Attitude, a program for the rational use of water created to assess the risks of water shortage, covered all the cement operations and created plans for critical situations. For 2014, Blue Attitude should proceed with the methodology for assessing the risk of shortages in concrete operations.

The guidelines of the water-saving and intelligent use of water initiative are integrated into the Cement Sustainability Initiative (CSI), a group in which InterCement has had a leading role for many years, as one of its founders through Cimpor.



CLIMATE AGENDA

InterCement undersigns the Camargo Corrêa Group's Climate Agenda, approved in 2009, and characterized by a set of nine commitments that determine the adoption of carbon as a variable for the strategic planning and management decisions of each company in the Group. The main priorities are:

COMMITMENTS	ACTIONS
Include solutions that minimize GHG emissions and identify business opportunities in strategic planning, business decisions and investments.	Regulatory risks in the various countries where it operates, as well as indirect risks related to climate change, are monitored in order to control overall exposure to these factors and provide appropriate support to the decision-making process. The company has emission reduction projects, including projects capable of generating carbon credits certificates, and develops much of its R&D programs with a focus on reducing emissions.
Conduct periodic inventories of emissions, disclosing the results, and establish reduction targets.	CO ₂ emissions have been calculated and monitored since 1990 through several key indicators and according to the model of the GHG Protocol. Also, are they audited and certified since 2005 via an independent third party.
Continuously strive to reduce specific emissions (per unit of product) associated with the processes, products and services, through the rationalization of resources and the use of organic inputs (e.g., energy and raw materials).	The policy of reducing emissions per metric ton of product (clinker and cement) is developed according to a set of strategies and goals for the short, medium, and long terms. Key initiatives include the reduction of clinker; increasing the percentage of energy from alternative fuels and fuels with lower CO2 emission factors; greater energy efficiency of the clinker and cement production process; among others. Currently, InterCement features one of the smallest carbon footprints in the industry, worldwide.

COMMITMENTS	ACTIONS
Invest in initiatives to reuse and store carbon.	Since 2009, with the support of R&D projects, technologies of carbon capture and sequestration/reuse, namely, oxy-combustion and CO ₂ fixation in algae, have been applied.
Invest in reforestation activities and use of sustainable forest management substrate, supporting actions to reduce deforestation and degradation and valuing the standing forest.	Develop sustainable forest management projects to plant biomass for use as an alternative fuel, while creating positive social impact on communities.
Participate in joint initiatives with civil society, research centers and public and private sectors, aimed at sustainable innovation in order to overcome the challenges of mitigating and adapting to climate change.	R&D projects with universities and research centers, in particular with regard to climate change, such as studies on the production of belite clinker and geopolymers, investigating the nanoengineering of hydrated calcium, low carbon clinker, recycling of construction and demolition waste, and carbon capture and sequestration, among others.

COMMITMENTS	ACTIONS
Sensitize the workforce to adopt conscientious consumption attitudes, empowering them to identify business opportunities by managing the risks associated with climate change.	InterCement monitors its carbon footprint to determine the level of exposure, sets goals and evaluates opportunities to reduce its footprint through specific projects.
Acting along the value chain, including the carbon variable as a competitive advantage when purchasing inputs and selling products and services, thus influencing customers and suppliers.	Use of alternative fuels and raw materials with lower emission factors, and electricity from renewable sources, as well as promoting new types of cement with a reduced carbon footprint.
Contribute to the design of regulatory frameworks and standards on a national, regional, local and sectoral level in the countries where it operates.	InterCement contributes to the development process of policies and guides for a low carbon economy, participating in various global forums.

ALTERNATIVE FOR SLURRY

Cement kiln are a viable alternative for slurry

Leachates (slurry) generated in landfills are being evaluated by InterCement in Portugal as material for coprocessing in cement kilns. The initiative combines important advantages for all parties: reducing the cost of treating these materials, which have high a risk of contamination for water bodies and soil, efficiency gains for the cement industry, with lower consumption of natural resources and cost reduction.

The process was initiated at the Alhambra plant in September, 2013, and totaled 3000 tons of waste disposed in the kilns. The process provided direct savings of 10 euros per metric ton of water eliminated, which represents a reduction of 0.1 US\$ per metric ton of clinker; and indirect savings of 3% in the consumption of ammonia, reducing US\$ 0.05 per metric ton of clinker.

The method still requires authorization for the operation depends, according to all the environmental and safety requirements in place for the use of leachate water. The slurry is stored in tanks, respecting the same conditions necessary to burn alternative fuels.

The company is studying the expansion of the initiative to other countries, including Brazil, where there is an increasing need for alternative solutions to treat this kind of residue.

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