



# CIMPOR

## Back to growth

November, 2010



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## 1. CIMPOR overview

2. Strategic priorities

3. Debt Refinancing

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– a major international cement player

- **Strong emerging market portfolio**

  - 72 % EBITDA from developing countries

  - Group presence in 12 countries with 35.5 M tons cement production capacity<sup>1</sup>

  - Over 27 million cement tons sold in 2009

  - Focused on Cement

- **Top of the industry profit margins**

  - 29% EBITDA margin in 2009

  - € 2bn Turnover in 2009

  - € 0.6bn EBITDA in 2009

- **Solid credit profile**

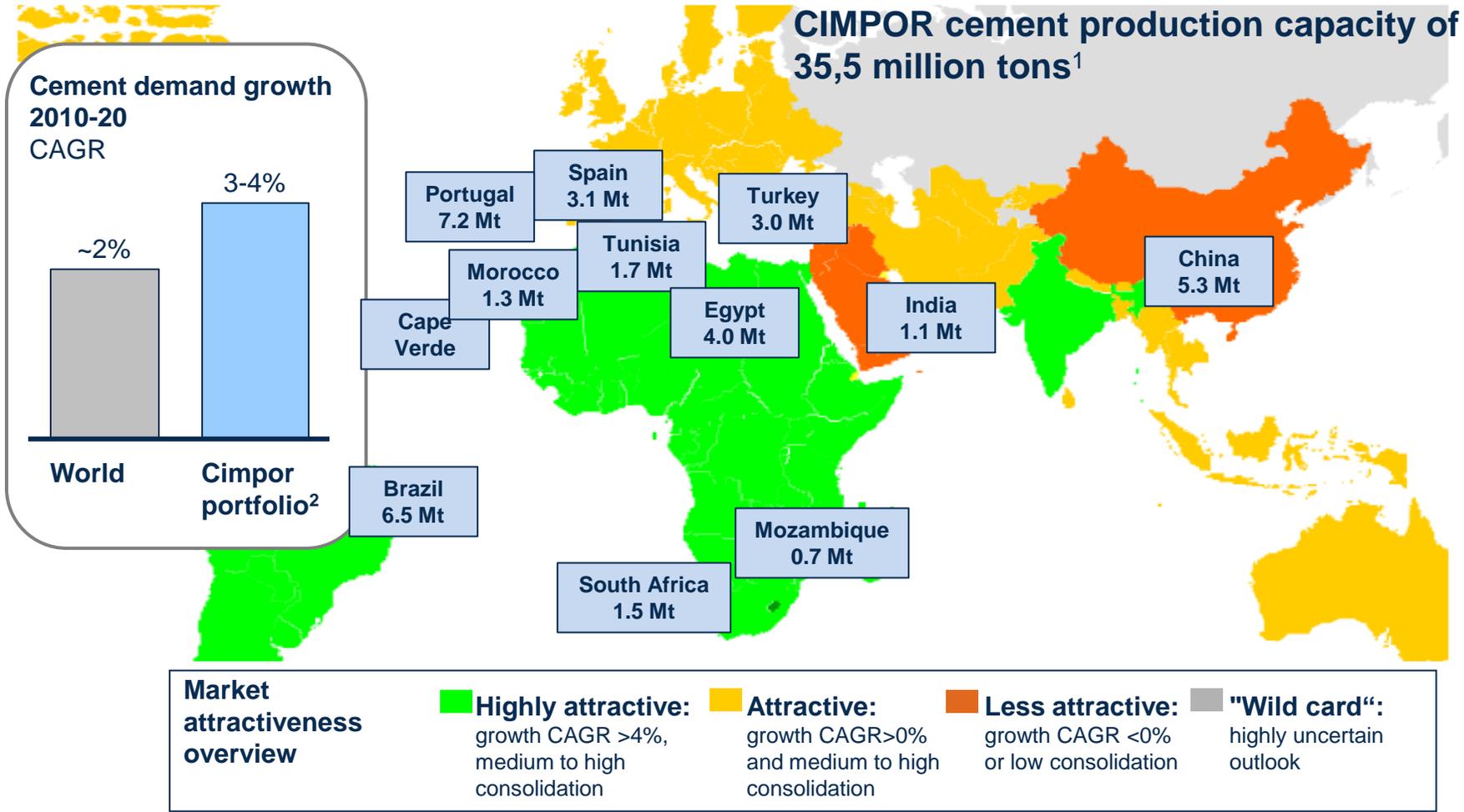
  - BBB - S&P rating

  - Strong credit metrics: 2.66 Net Debt/EBITDA; 34% Net Debt/EV

1) With Own Clinker

# Strong Emerging Market Portfolio

Presence in top 3 growth regions: Africa, South America & India



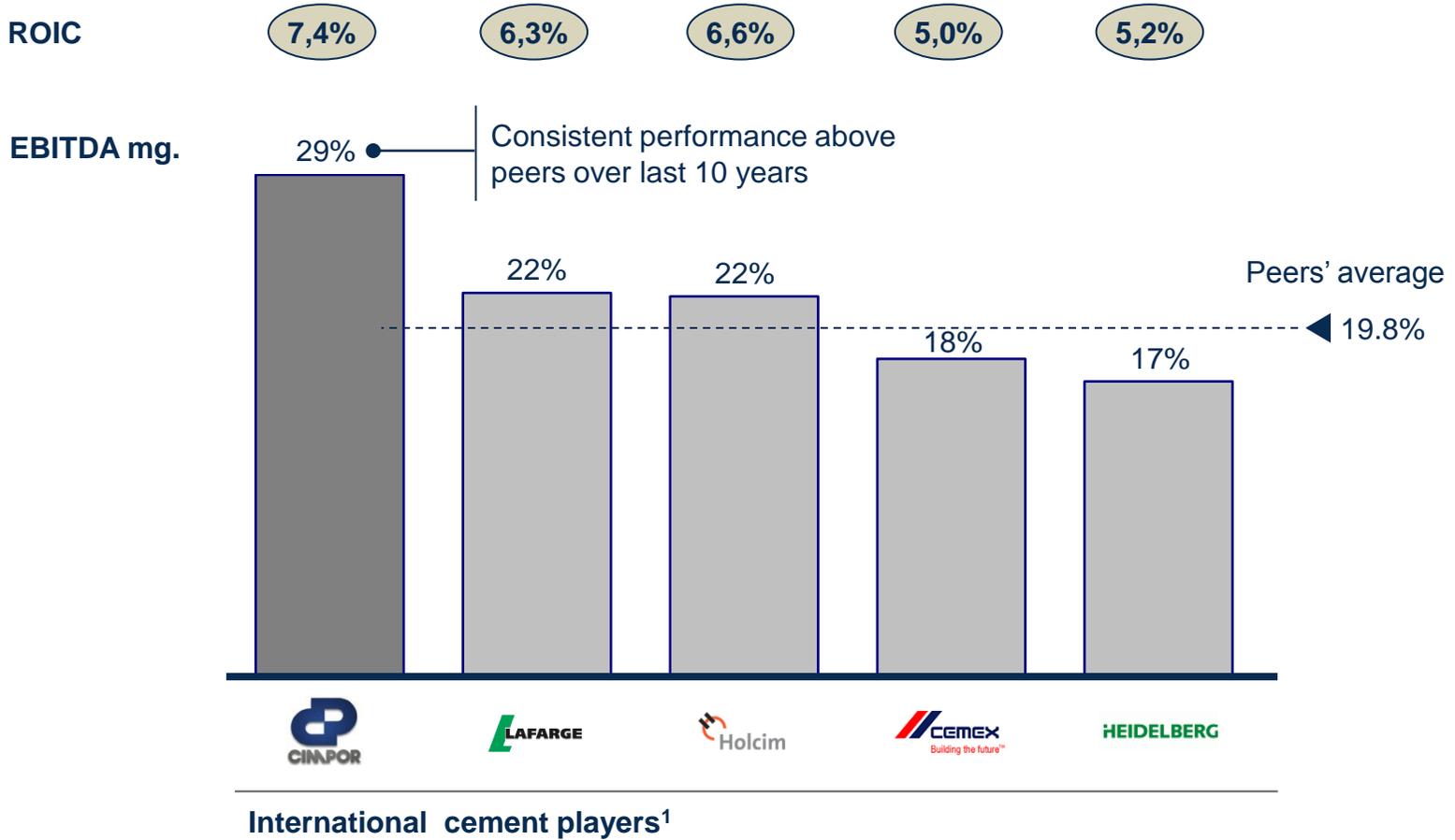
<sup>1</sup> With own clinker

<sup>2</sup> Weighted by cement sales (Mtons) in 2010

SOURCE: ICR; CemBureau; Global Insight

# Top of the industry EBITDA margin and profitability

2009



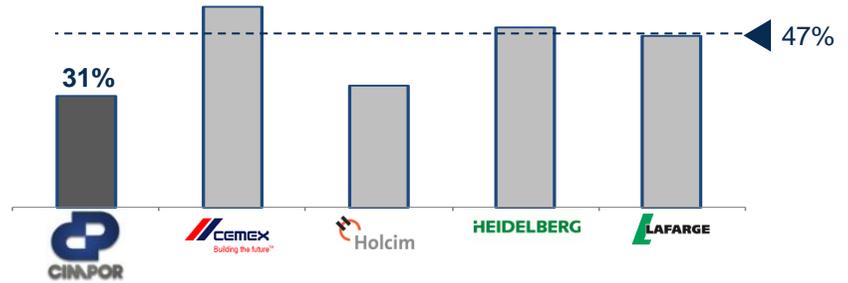
<sup>1</sup> Players with a installed capacity >30 M tons and presence in >3 continents

SOURCE: Annual reports; Analyst reports

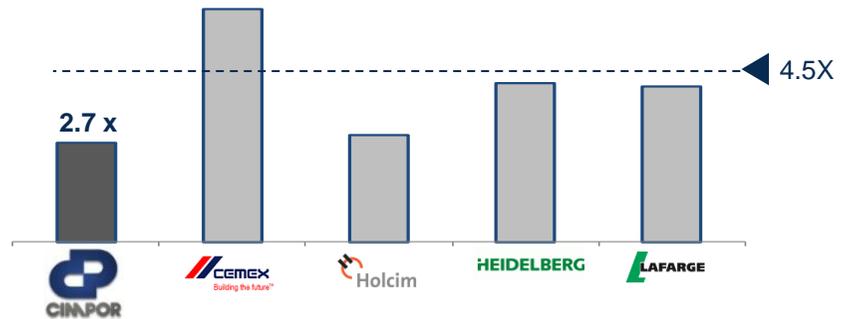
# Solid Credit Profile

Peers Avg. excluding CIMPOR

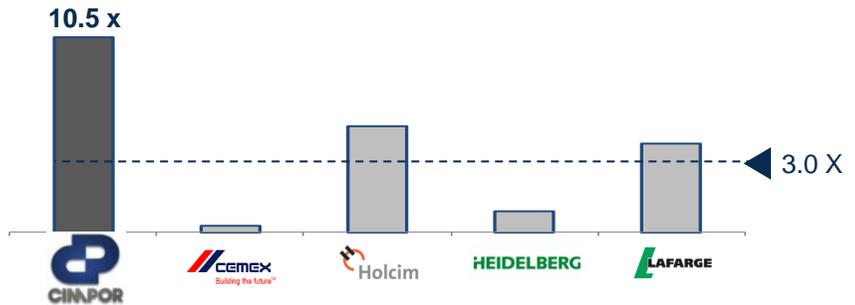
Net Debt / EV<sup>1</sup>



Net Debt / EBITDA<sup>1</sup>

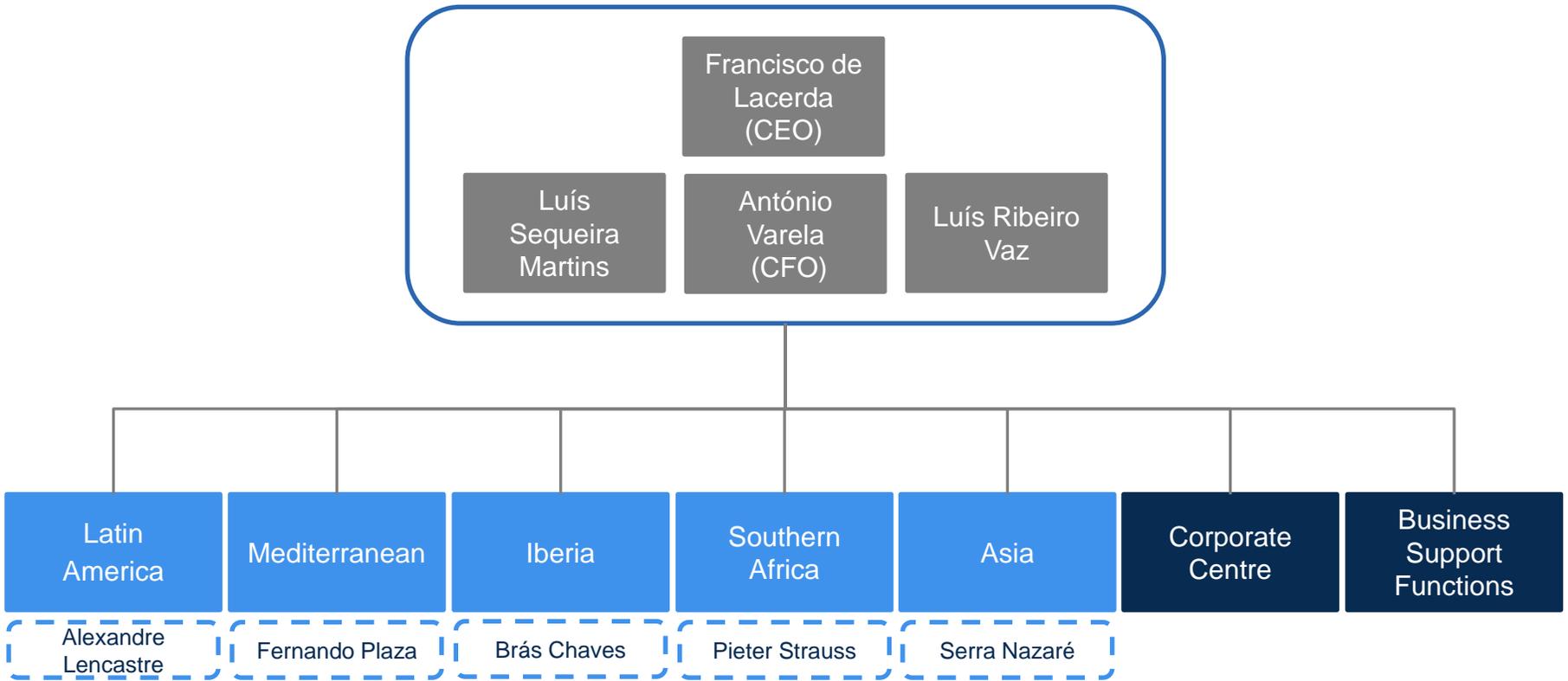


EBITDA / Net Financial Expenses<sup>1</sup>



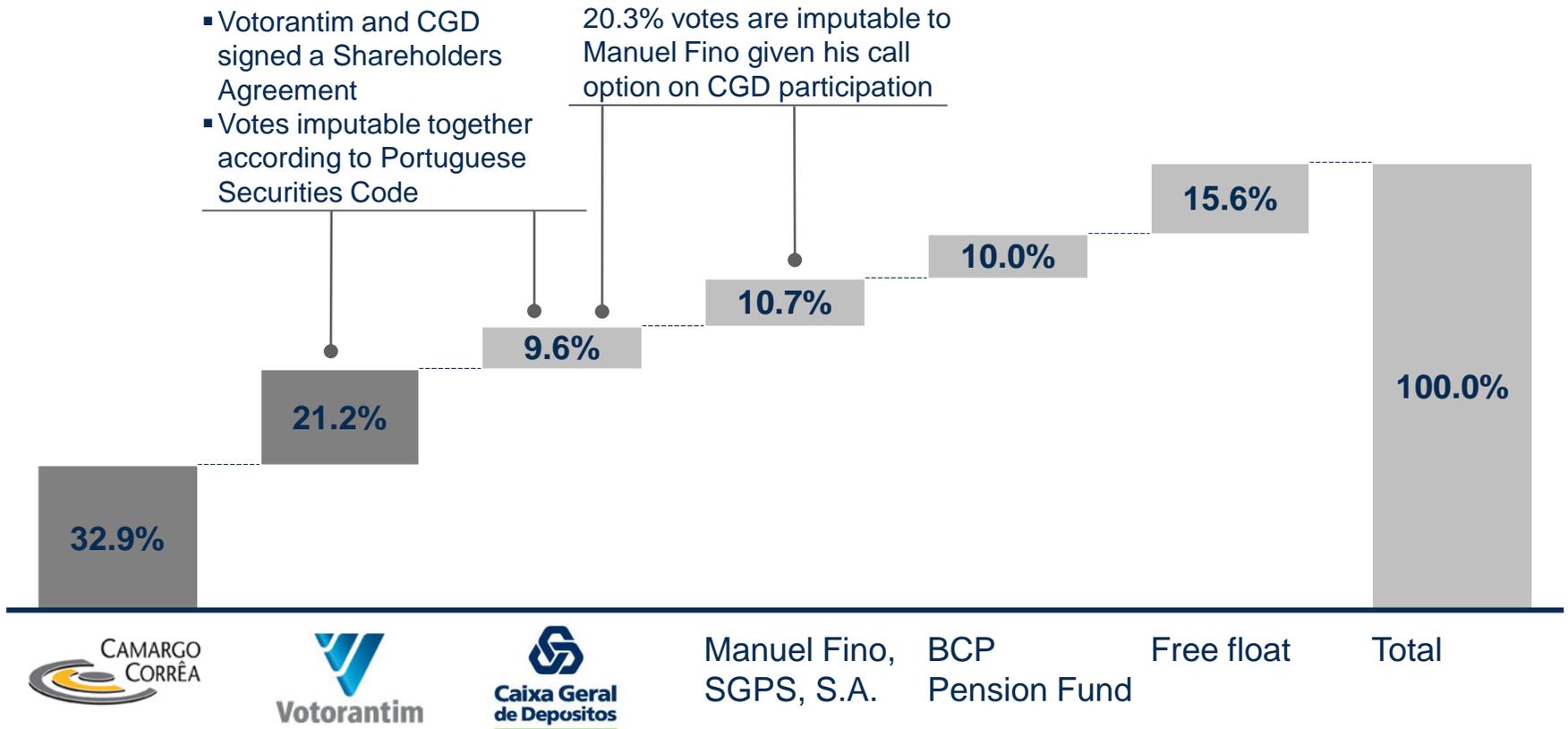
1) LTM 4Qavg. ending September 2010  
Source: Bloomberg for CIMPOR

# Executive Management Team



# A diverse shareholder structure supporting a conservative growth strategy

November 2010



- CIMPOR complies with Corporate Governance best practices
- The Board of Directors comprises Shareholders' representatives and independent members
- The Executive Committee is fully composed by independent professional Directors
- CIMPOR signed an APRO with CADE (Brazilian Competition Authority) in which:
  1. Brazilian Shareholders do not interfere in operations management in Brazil
  2. CIMPOR undertook reporting and competitive obligations towards CADE

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# CIMPOR's aspiration for 2010-2015



One of the best **international cement players...**

...focusing on **profitable growth in emerging markets...**

...while achieving **top operating performance**

- I. Capture the best **growth opportunities** in cement
  - Focus on current growth geographies (South America, Africa, and India/Asia)
  - Consider complementary markets
- II. Improve **efficiency and performance**
  - Company-wide cost/performance program
  - Spain, Turkey and China improvement
- III. Strengthen **organization and capabilities**
  - Core functions and processes
  - Leadership renewal
- IV. Maintain a **solid financial position**
  - Strong commitment to keep **Investment Grade** rating
  - Adequate leverage ratios

# I. Capture the best growth opportunities

South America	Africa	India / Asia	Other Geographies
<ul style="list-style-type: none"> <li>▪ Grow presence</li> </ul> <hr style="border-top: 1px dashed #ccc;"/> <ul style="list-style-type: none"> <li>▪ Leverage on current position - expand capacity in Brazil to keep market share</li> <li>▪ Pursue high return opportunities outside Brazil</li> </ul>	<ul style="list-style-type: none"> <li>▪ Leverage CIMPOR experience</li> <li>▪ Strengthen presence in the region</li> <li>▪ Add capacity in central Mozambique</li> <li>▪ Defend market share in Egypt, Morocco and Tunisia with organic growth</li> <li>▪ Explore trading opportunities in coastal markets</li> </ul>	<ul style="list-style-type: none"> <li>▪ Capture growth potential</li> </ul> <hr style="border-top: 1px dashed #ccc;"/> <ul style="list-style-type: none"> <li>▪ Focus on India regional markets</li> <li>▪ Become a relevant market player</li> </ul>	<ul style="list-style-type: none"> <li>▪ Open for opportunistic transactions under interesting terms on assets that fit the portfolio</li> </ul>

## Investment Criteria

- Attractive market competitiveness
- Majority positions, accepting minority positions with clear pass to management control
- Valuation vs. recent transactions and multiples
- Availability of appropriate financing

## II. Improve efficiency and performance

### Turnaround Strategy

#### China



- Integrate management of multiple sites
- Increase operating efficiency
- Commercial focus upgrading distribution and pricing capacities.

#### Turkey



- Increase operating efficiency
- Optimize regional footprint
- Actively explore pricing maximization

#### Spain



- Integrate Portugal and Spain operations
- Fine-tune operations
- Turnaround RMC operations

### 3 Year Cost Reduction Programme

#### Work fronts:

- Procurement
- Logistics
- SG&A
- Lean Operations



#### Approach:

- All levers across different geographies
- Centrally driven, bottom up planned and locally implemented
- Dedicated teams

#### Objective:

- Efficiency and Performance Targets
- **>60 M€ cost reduction (over 2009)**

## II. Sustainable development is key to CIMPOR businesses

### Objectives

### Main initiatives

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Ensure **environment protection** and **CO<sub>2</sub> emissions** management

- R&D targeting CO<sub>2</sub> emissions reduction.
- Relevant investment on sustainability – ~45 M€ in 2009
  - operational revamping;
  - energy efficiency boost.

Promote **social responsibility** and support **surrounding communities**

- Support non-profit organizations (e.g.: “Connosco”– Portugal).
- Micro-credit initiatives (e.g.: South Africa)
- Support relevant heritage rehabilitation (e.g.: Portugal, Brazil).

Ensure **high standards of Health and Safety**

- Standard training and targets centrally defined and monitored
- OH&S frequent training at country level.
- Internal communication plan:
  - promote best practices;
  - continuously promote internal benchmark.

## III. Strengthen organization capabilities...

### ... to support corporate strategy

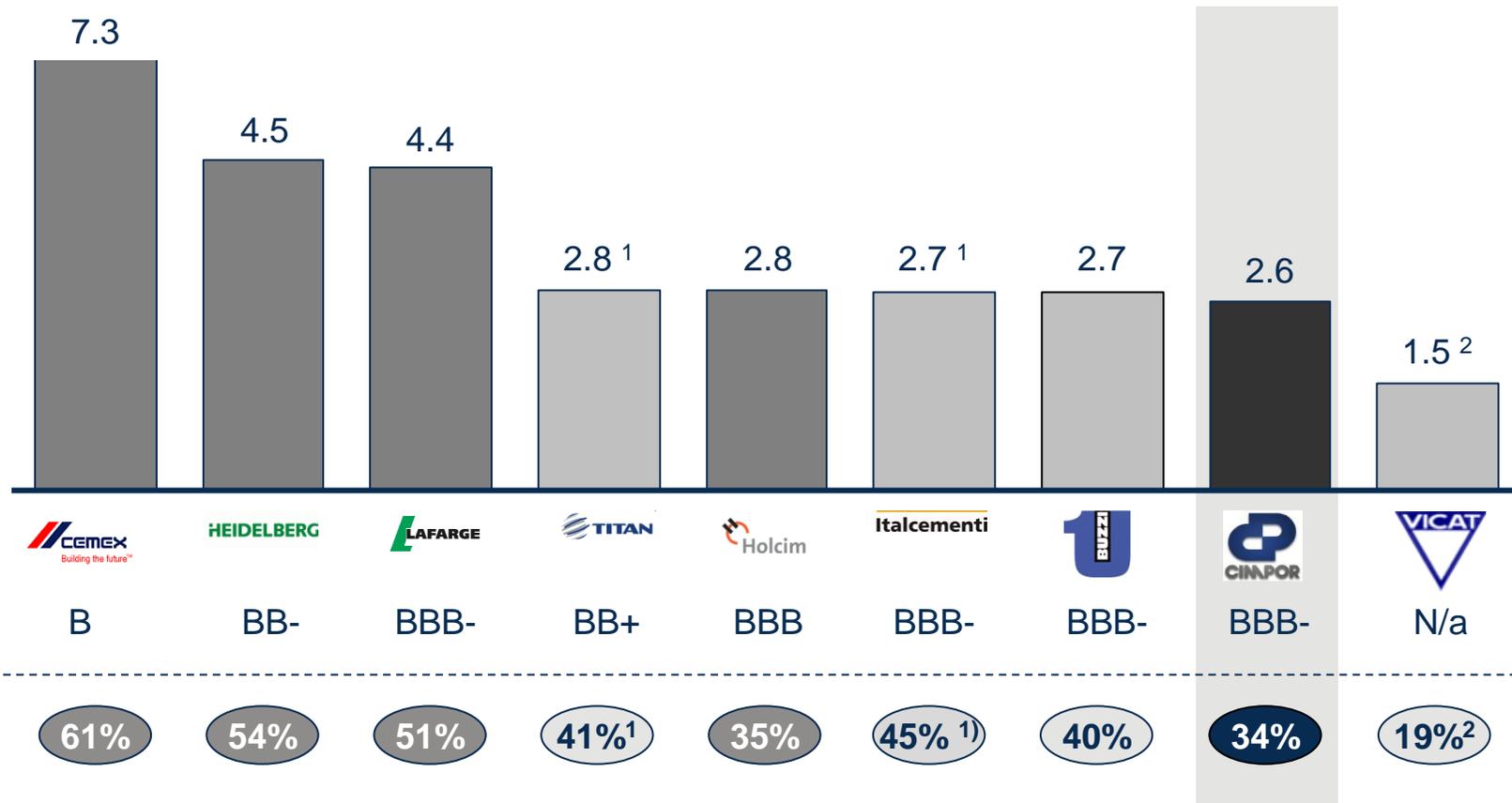
- **Centralize and strengthen key corporate functions:**
  - human resources development, business development, planning and control, logistics, purchasing and engineering
- **Increase robustness and standardization of processes** at country level
- **Renew company leadership** and bring in **new talent**

## IV. Maintain a solid financial position

Strong commitment to **keep Investment Grade** rating

Conservative financial policies

Net debt/EBITDA  
LTM by September 2010



1) LTM by June 2010;

2) LTM by December 2009;

SOURCE: Bloomberg, Company Reports

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# CIMPOR increases liquidity by € ONE BILLION<sup>1</sup>... ...and liabilities' Maturity by 1.9 years

## Autumn 2010 CIMPOR Refinancing

Transactions closed since September, 30 2020

	Δ Liquidity (€ Million)	Δ Average Maturity of CIMPOR Liabilities
US Private Placement 10Y and 12Y	147	+ 0.8 years
Syndicate Alternative to Eurobond Loan	320	Up to 0.4 Years
Term Loans	290	0.5 Years
Revolving Credit Facility	150	Up to 0.2 Years
<b>Sub Total</b>	<b>907</b> of which 290 were already drawn	<b>1.9 Years of which 0.6 optional</b>
Cash repatriations	94	
<b>TOTAL LIQUIDITY INCREASE</b>	<b>1,001</b>	

- CIMPOR was able to increase group's liquidity by more than € 1 Billion in a delicate financial environment.

1) As of September 30, 2010

# Debt Refinancing

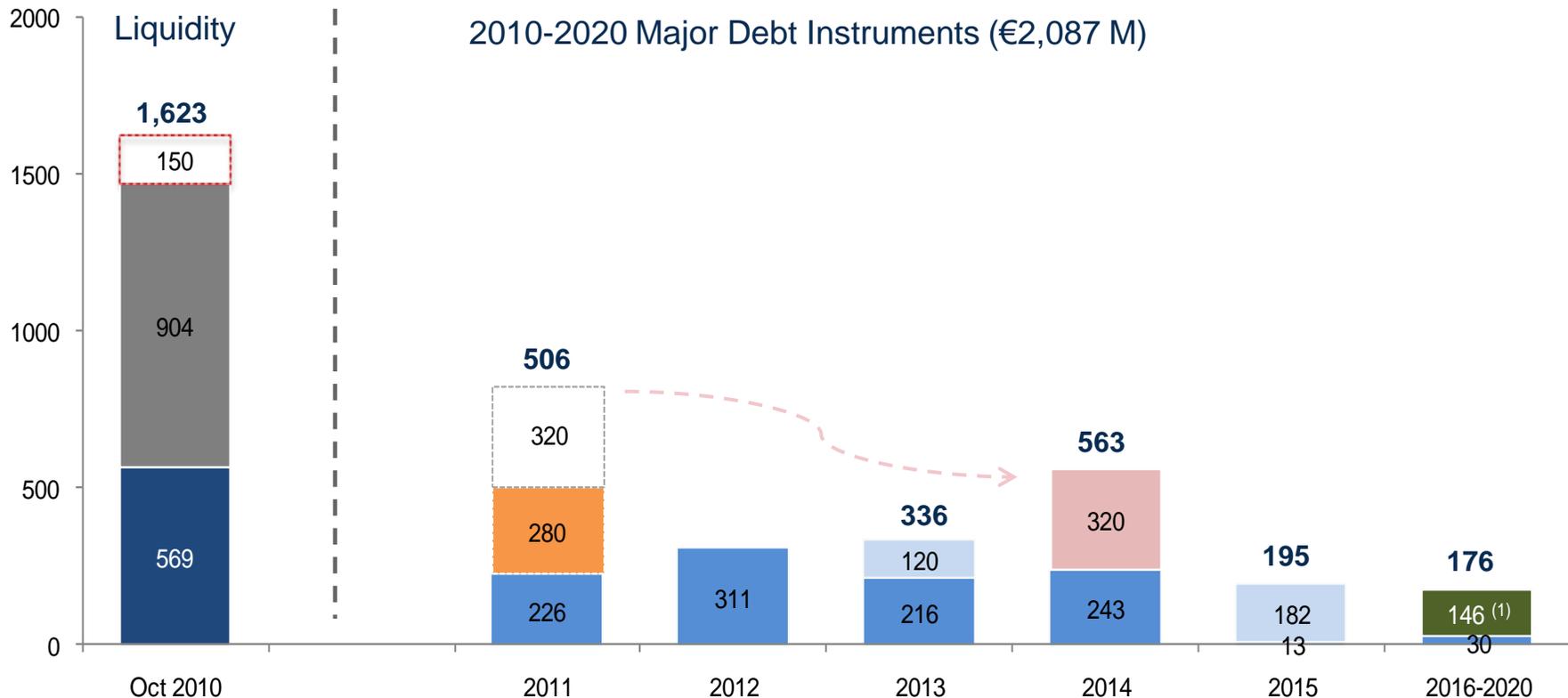
## Committed to Investment Grade

BBB- from S&P

€ Million

### Debt Maturity Profile

2010-2020 Major Debt Instruments (€2,087 M)



New Revolving Facility



Committed Unused Bank Facilities



Cash



Syndicate Alternative to Eurobond Loan



Eurobond



Bank Club Deals, Bilateral and EIB



USPP



New USPP

<sup>(1)</sup> € / US\$ 1.36

# Autumn 2010 CIMPOR refinancing

## Post-refinancing position

**Net Debt<sup>(1)</sup>: € 1.543 Million.**

**Total Debt<sup>(1)</sup>: € 2.236 Million.**

- 40% @ fixed interest rate

### **International Funding**

- No drawn funding from Portuguese Banks

**Average maturity: 3.4 years**

**No refinancing needs for the next 2 years**

**Undrawn credit lines: 1.349**

<sup>(1)</sup> As at November 2010

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# Wrap-up

## CIMPOR

**Strong emerging market portfolio**

**Improve efficiency and performance to sustain attractiveness**

**Solid credit profile**

## Strategy

**Capture best growth opportunities**

**Improve efficiency and performance**

**Strengthen organization and capabilities**

**Maintain a solid financial position**



One of the best **international cement players...**

...focusing on **profitable growth in emerging markets...**

...while achieving **top operating performance**



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# Appendix I:

## New capacity increase € 240<sup>1</sup> M investments in Brazil....

... to reach 8.8M tons of cement production capacity by 2013



### New Unit in Caxitu (Paraíba, Northeast) to complement João Pessoa Plant (just 15 km North)

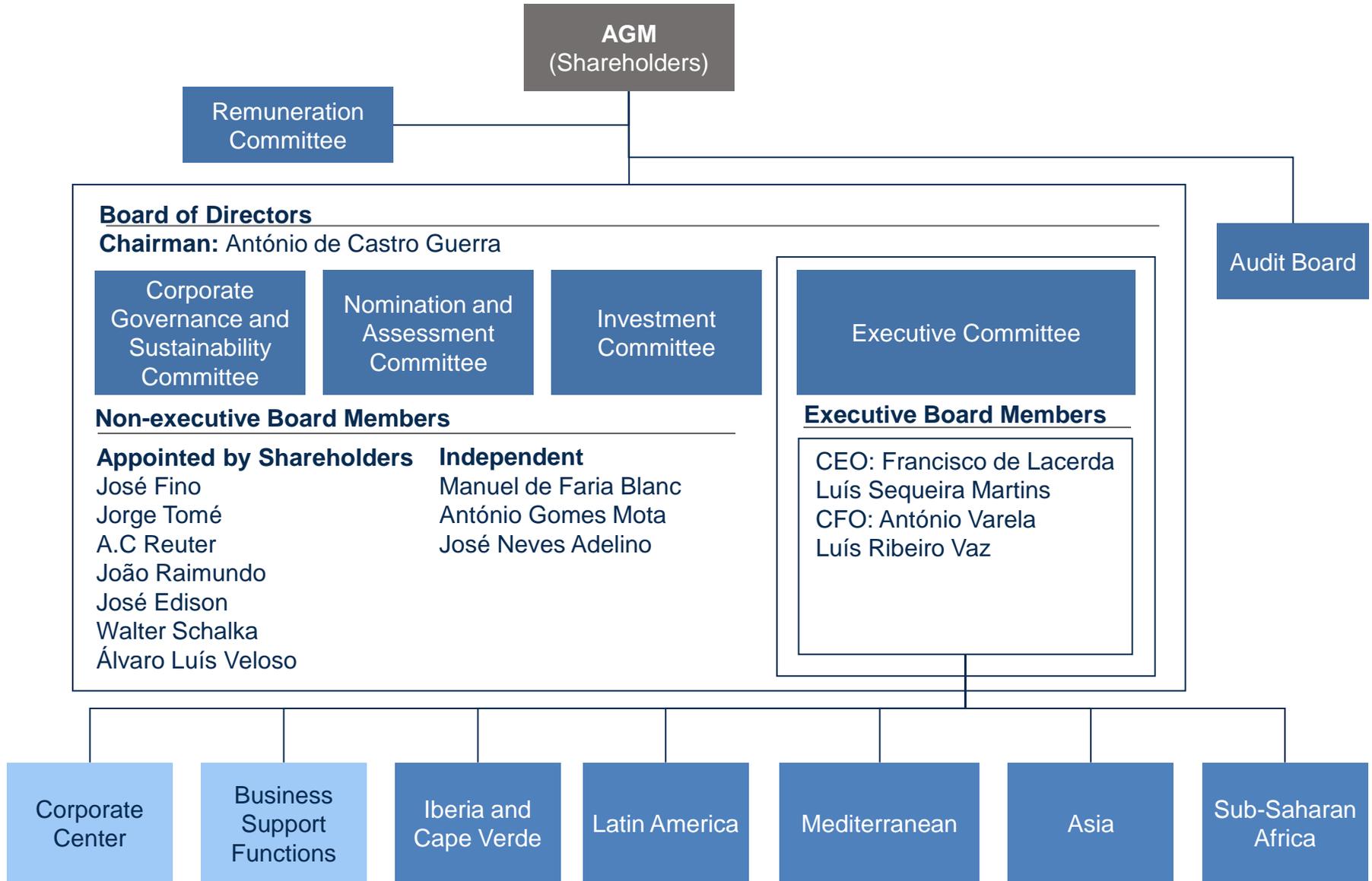
- **New unit :**
  - Capacity – 1.45 M tons p.a.
  - Total investment – €160 Million
  - Construction schedule: from 2011 to 2013

### Cezarina Plant (Goiás, Central-West)

- **“Line 1” ongoing revamping**
- **New “Line 3”:**
  - Line capacity – 0.65 M tons p.a.
  - Total investment – €80 Million  
(Capacity duplication possible for €40 Million)
  - Construction schedule: from 2011 to 2013.
- **Total capacity after investments: 2.1 M tons p.a.**

1) Not including €10 Million of already ongoing investment in Cezarina’s “Line One”.

# Appendix II: CIMPOR Governance model



## Appendix III: Brazilian competition authorities – note on impact of current shareholder structure

- Contrary to US or EU practises, in Brazil, authorizations or remedies from the competition authority (CADE) regarding M&A activities are given *a posteriori*.
- So that CADE does not have to rush decisions (probably against buyers' interests), the entities involved are required do sign agreements known as APRO's to keep the reversibility of the material impacts of these deals pending the final decisions.
- Following the acquisition of Votorantim Cimentos and Camargo Corrêa participations in CIMPOR, these two Brazilian shareholders, and local cement players, signed such agreements.
- Upon CADE's request CIMPOR also signed an APRO, undertaking reporting and competitive obligations towards this authority.