

Annual
Report

2017



**CEMENTOS
MOLINS**





Annual Report
Cementos Molins Group



Annual Report
Cementos Molins Group

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Letter from the Chairman

Dear Shareholders,

The year 2017 will be marked on our calendars by the death of Casimiro Molins Ribot, Chairman of the Board of Administration, on 25 June 2017.

Upon finishing his studies to become a Lawyer, Casimiro joined Cementos Molins. In 1945 he was appointed Managing Director alongside his brother Juan. On 1 October 1953 he appeared in the Company's Employee Ledger as Manager and, in March 1972, both were appointed Managing Directors.

His entrepreneurial spirit led him to attend IESE in 1960 to do his PADE studies, in the second promotion of this very prestigious qualification.

In 1976, he was appointed Vice-Chairman of the Board of Administration, and later, following the death of his brother Juan on 4 July 1986, he was appointed Chairman of the Board of Administration on 19 September of that same year.

A total of 71 years dedicated continuously and constantly to the Board of Administration. In short, his whole life dedicated to the company founded by his grandfather in 1928 and continued by his father Joaquin Molins Figueras and his brother Juan Molins Ribot. Without a doubt, the extensive period during which Casimiro was linked to the Company has been when the firm has grown the most and become more international. His contribution, together with that of his ancestors, has been so essential that their surname has received full recognition as a reference in the cement business world.

However, his professionalism, effort and dedication to benefit the company are eclipsed by his own personality as a friend to everyone, treating everyone he dealt with in a friendly, pleasant manner. We all remember his particular involvement in all the personal acts with Group managers and employees.

Also, in the past year, we are sorry to remember the passing away of board member, Joaquim Molins Amat, on 13 July 2017. He was named a member of the Cementos Molins board in 1974 and held the position from 1974 to 1986, and from 2001 until he died.

Joaquim Molins Amat was an Industrial Engineer and had a Master in Economics and Business Management from IESE. In 1979 he was elected as a Member of Parliament where he remained until 1986. From 1986 to 1988 he was the Minister for Commerce and Tourism and from 1988 to 1993, the Minister for Territorial Politics and Public Works. He was once again elected a Member of Parliament and was appointed as the parliamentary spokesman for the *Convergència i Unió* party in 1995, which post he held until 1999. He was Chairman of the *Fundación del Gran Teatro del Liceo* between 2013 and 2016. He has recently awarded the *Gran Cruz de la Orden Civil de Alfonso X el Sabio* (Great Cross of the Civil Order of Alfonso X the Wise) and the *La Creu de Sant Jordi* (Saint George's Cross) of the *Generalitat of Catalonia*.

Everyone who knew him and had dealings with him agrees that he was very friendly during his political career, energetically defending his positions, and also very straightforward, clear and sincere at all times.

In sending you our Group's Annual Report, allow me to highlight that 2017 has been a very good year for Cementos Molins.

The Group's profits totalled 89 million Euros, 40% more than in 2016, with the income figure increasing 13%, to 779 million Euros. The EBITDA increased 15% with respect to the previous year.

During the financial year 2017, Cementos Molins has made investments focused mainly in Argentina, Colombia and Bangladesh.

It is worth highlighting that the Company has continued to develop and drive a Corporate Governance system and a Crime Prevention Model that reinforces the obligation and commitment to act ethically and responsibly within Grupo Cementos Molins.

Finally, I would like to express my appreciation for the effort and dedication of everyone working with the Group, and also for everyone who has made it possible to develop our activities, with particular gratitude to our clients and suppliers.

I would also like to thank the shareholders who, year after year, renew their trust in us and deserve our warmest gratitude.



Juan Molins Amat
Chairman

Cementos Molins Group



Cementos Molins, S.A. was founded on 9th of February 1928 and their objective was to start the manufacture of calcium aluminate cements and to give continuity to the quarry exploitations and the manufacture of limestone and natural cement in Pallejà, Vallirana and Sant Vicenç dels Horts. From the early 40s up to 1974 production capacity increased significantly with the building of the kilns for aluminous and Portland cements, which meant an important qualitative leap for the future of the company.

Towards the end of the 70s and derived from the crisis of the spanish market Cementos Molins clearly became an export company through Hispacement.

In the 80s Cementos Molins initiated the strategy of geographical expansion and diversification of its products, making it the mother Company of a wide group of both national and international companies.

Since 1980 Cementos Molins have been present in Argentina, through Cementos Avellaneda, S.A. in Uruguay since 1991, through Cementos

Our history makes Cementos Molins a clearly recognizable group in the values of integrity, nonconformity, efficiency, passion and respect.

Artigas, S.A. and in Mexico since 1988, through Corporación Moctezuma, S.A. As from 2004 they have been present in Bangladesh



and India through Lafarge Surma Cement, now LafargeHolcim Bangladesh. Since 2009 Cementos Molins have also been in Tunis with Sotacib Feriana, manufacturer of white cement and Sotacib Kairouan, of grey cement. In 2014 Cementos Molins enters Bolivia through the company Itacamba Cemento, inaugurated a factory at the end 2016, and finally, since 2015, Cementos Molins is also present in Colombia, through the companies Empresa Colombiana de Cementos and Empresa Insumos y Agregados de Colombia, where it has started the construction project of a cement factory, whose completion is scheduled for the third quarter of 2019.

As far as the diversification of the products is concerned, since 1987, we also participate in the concrete, aggregates, pre-cast concrete, special mortars and adhesive cement businesses in Spain. These lines of business are carried out by Cementos Molins Industrial, S.A, Promotora Mediterránea-2, S.A., Prefabricaciones y Contratas, S.A. and Propamsa, S.A.

In summary, our activity at present is centred around the manufacture and commercialization of Portland, grey, white and aluminous cements, concrete, mortars, aggregates and pre-cast concrete in nine different countries.

The Group makes a major effort to develop a business model based on sustainability, which creates value and which meets the expectations of stakeholders.

Our mission is to be a respected and attractive family business in the global cement sector, creating value for all our “stakeholders” and seeking above all the satisfaction of our clients.

Technological knowledge, the obsession with costs, the quality of our products, culture of work and effort, the growth of our Group, as well as respect for the environment, the integration of sustainability in all the processes and appropriate care for people are the central concepts on which our business is built.



Annual Report
Cementos Molins Group

Board of Directors

Chairman

Juan Molins Amat

First Deputy Chairman

Cartera de Inversiones C.M.S.A., represented by Joaquín M^a Molins Gil (RC)

Second Deputy Chairman

Otinix S.L., represented by Ana M^a Molins López-Rodó (AC)

Chief Executive Officer

Julio Rodríguez Izquierdo

Directors

Miguel del Campo Rodríguez (RC)

Eusebio Díaz-Morera Puig-Sureda (AC)

Juan Molins Monteys

Joaquín M^a Molins López-Rodó (RC)

Noumea S.A., represented by Pablo Molins Amat (AC)

Foro Familiar Molins S.L., represented by Roser Ràfols Vives (RC)

Francisco Javier Fernández Bescós

Andrea Kathrin Christenson (AC, RC)

Socorro Fernández Larrea (AC, RC)

Secretary non Director

Jordi Molins Amat (AC, RC)

Deputy Secretary non Director

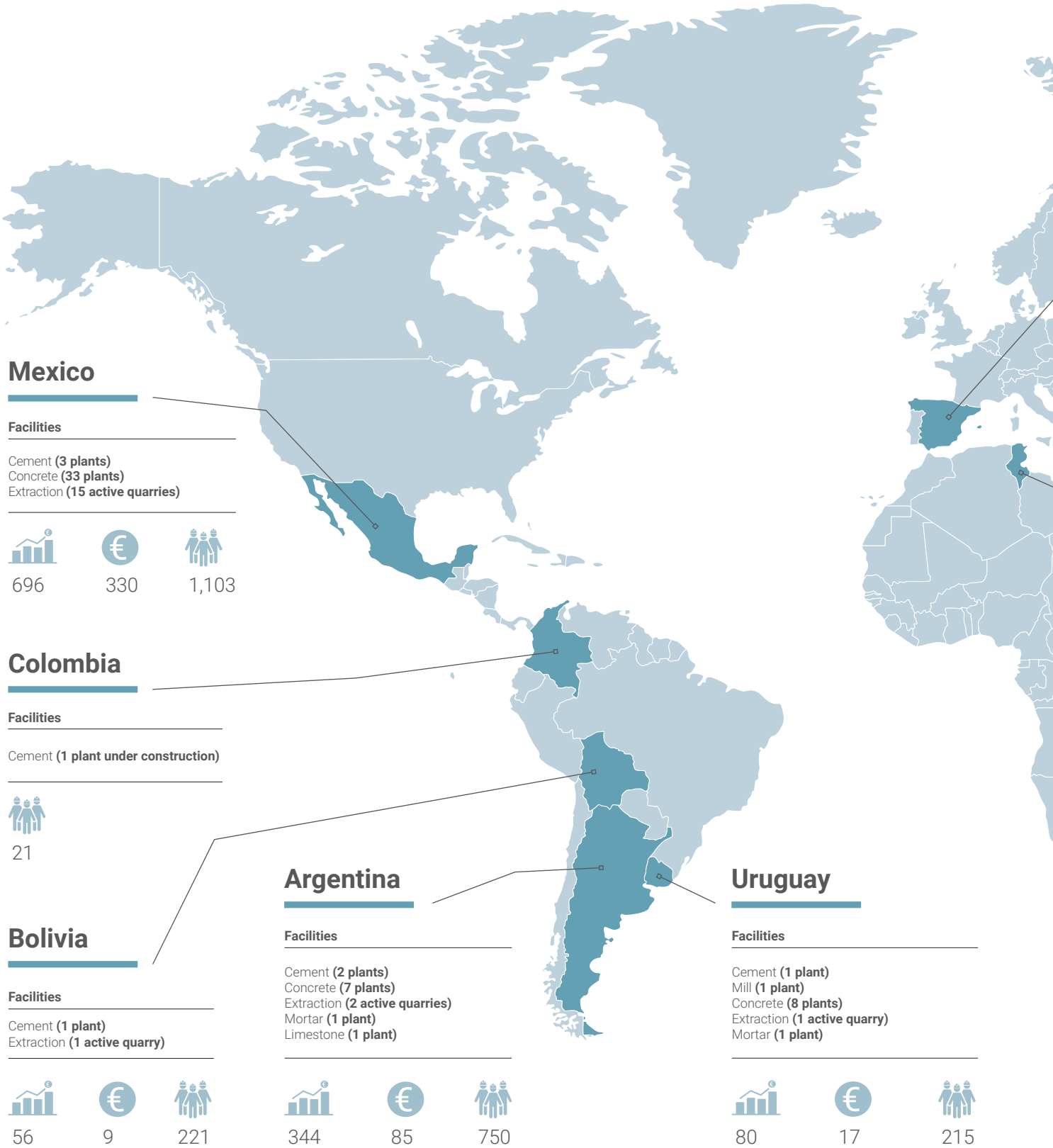
Ana M^a Molins López-Rodó

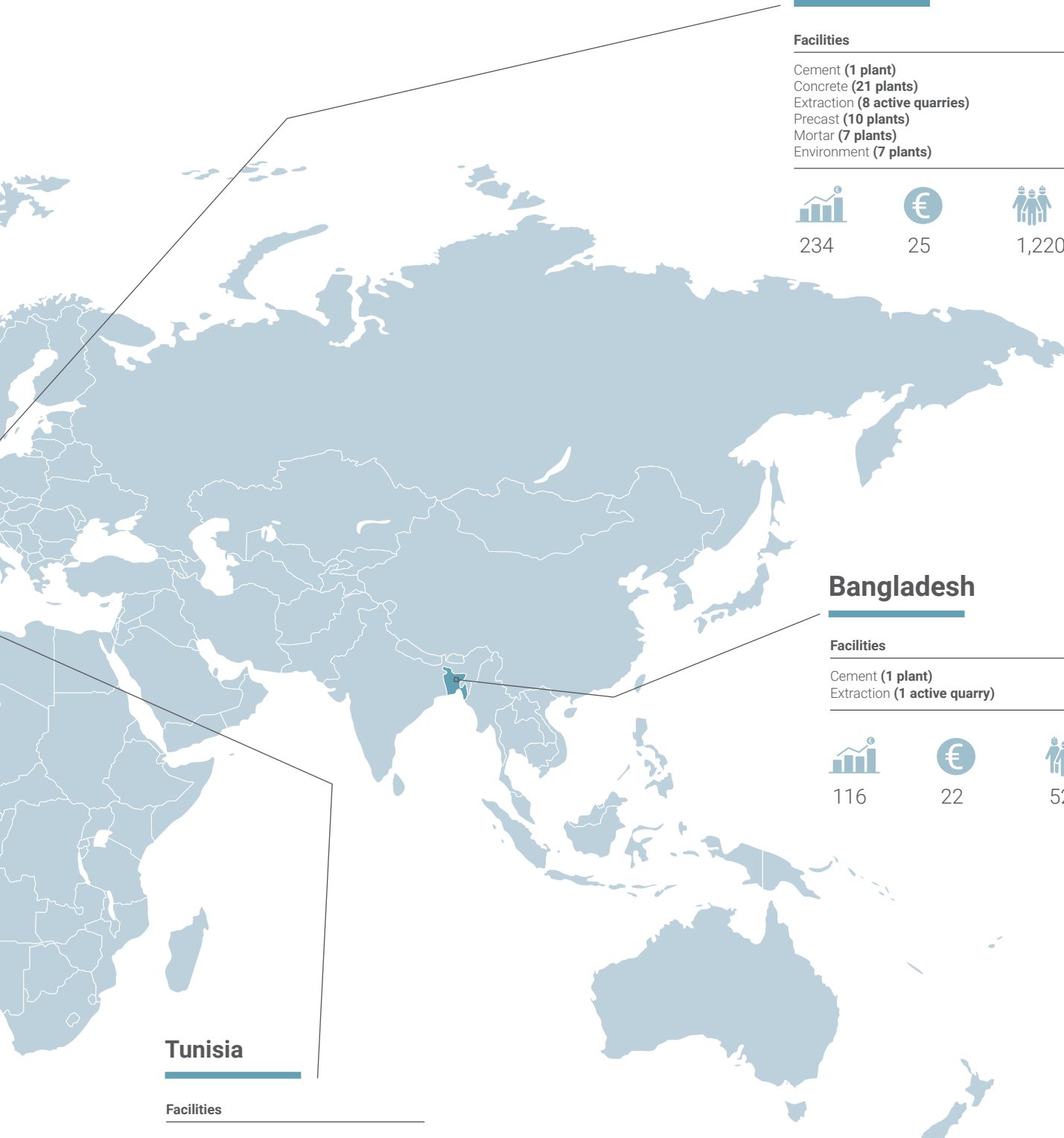
Are members of:

AC: Audit and Compliance Committee (Chairman: Eusebio Díaz-Morera Puig-Sureda)

RC: Remunerations and Nominations Committee (Chairman: Andrea Kathrin Christenson)

Geographical presence and main magnitudes





Spain

Facilities

Cement (1 plant)
 Concrete (21 plants)
 Extraction (8 active quarries)
 Precast (10 plants)
 Mortar (7 plants)
 Environment (7 plants)



234



25



1,220

Bangladesh

Facilities

Cement (1 plant)
 Extraction (1 active quarry)



116



22



522

Tunisia

Facilities

Cement (2 plants)
 Extraction (5 active quarries)



78



12



532



Sales (M.€)



EBITDA (M.€)



Employees

Data corresponding to 100% of the investee companies

Consolidated Financial Statements according to IFRS-EU

CONSOLIDATED BALANCE SHEET as of 31 December 2017

Thousands of euros

ASSETS	31/12/2016	31/12/2017
Intangible assets	29,522	27,957
Property, plant and equipment	501,526	439,817
Investment property	3,539	3,491
Non-current financial assets	1,548	5,254
Companies accounted for using the equity method	362,024	351,650
Goodwill on consolidation	23,144	22,826
Deferred tax assets	30,000	24,642
NON-CURRENT ASSETS	951,303	875,637
Inventories	84,907	78,866
Trade debtors and other receivables	113,991	144,957
Current financial assets	82,543	800
Cash and cash equivalents	78,455	170,790
CURRENT ASSETS	359,896	395,413
TOTAL ASSETS	1.311,199	1.271,050
NET EQUITY AND LIABILITIES	31/12/2016	31/12/2017
Capital	19,835	19,835
Reserves of the Parent Company	163,213	166,843
Consolidated reserves	578,576	623,060
Net result attributed to the Parent Company	63,869	89,078
Interim dividend	(14,545)	(15,868)
SHAREHOLDER'S EQUITY	810,948	882,948
Adjustments due to value changes	(181,517)	(247,247)
Net Equity Attributed To The Parent Company	629,431	635,701
Net Equity From Minority Shareholders	95,819	90,467
TOTAL NET EQUITY	725,250	726,168
Income to distribute amongst several financial years	13,050	9,805
Non-current financial debt	339,912	278,273
Deferred tax liabilities	18,317	13,005
Provisions	16,321	16,479
Other non-current liabilities	380	343
NON-CURRENT LIABILITIES	387,980	317,905
Current financial debt	58,379	73,860
Commercial creditors	91,718	94,383
Tax receivables and payables	18,583	38,486
Other current liabilities	29,289	20,248
CURRENT LIABILITIES	197,969	226,977
TOTAL NET EQUITY AND LIABILITIES	1,311,199	1,271,050

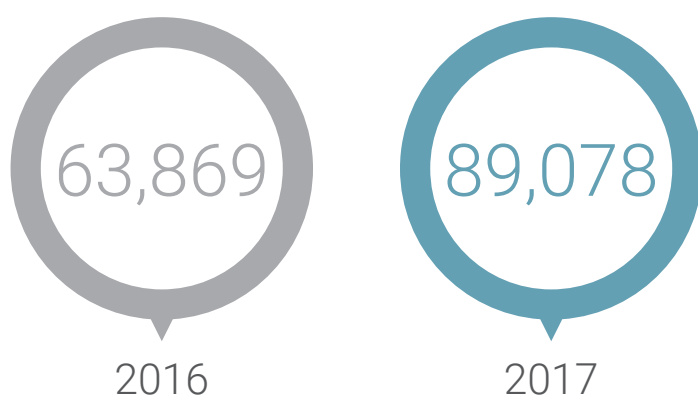
CONSOLIDATED PROFIT AND LOSS ACCOUNT

for financial year ended on 31 December 2017

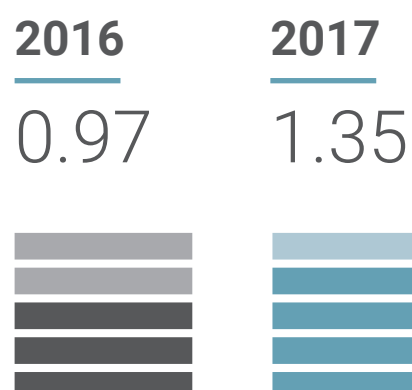
Thousands of euros

	31/12/2016	31/12/2017
Net turnover	561,204	645,620
Other income	9,962	12,344
	571,166	657,964
Procurements	(186,817)	(216,080)
Staffing costs	(111,400)	(119,963)
Variations in operating provisions	(2,852)	(1,561)
Other operating expenses	(184,087)	(209,687)
Work on the company's fixed assets	256	125
	(484,900)	(547,166)
Amortisations	(40,116)	(34,323)
Impairment and gains or losses on disposals of assets	(2,414)	(2,742)
Other results	(547)	(426)
Operating result	43,189	73,307
Financial loss	(5,979)	(5,778)
Profit sharing in consolidated companies via equity method	77,633	78,649
Results before tax	114,843	146,178
Income tax	(34,182)	(32,747)
Net consolidated result	80,661	113,431
Net result for minority shareholders	16,792	24,353
Net result for the period attributed to the Parent Company	63,869	89,078

NET RESULT FOR THE PERIOD ATTRIBUTED TO THE PARENT COMPANY



PROFIT PER SHARE IN EUROS



Consolidated management report 2017

With 90 years experience in the cement industry field, Cementos Molins Group develops its activities in Spain, Argentina, Uruguay, Mexico, Bolivia, Colombia, Tunisia, Bangladesh and India. In addition to cement, it also takes part in the business of concrete, aggregates, concrete prefabs, special mortars and adhesive cements, as well as environmental activities.

The results for the Cementos Molins Group in the year 2017 consolidate a growth trend that started four years ago. On the one hand, this growth is the result of the performance of the business abroad, especially the results obtained in Mexico and Argentina; and on the other hand, in the improvement of the operating results in Spain, which benefit from the increase in volume and efficiency of the plants, in a market that is slowly recovering.

The Consolidated Turnover increases by 15% with respect to that of 2016, reaching 645.6 million euros. The Turnover of the international companies has increased by 16%, and mainly from the Argentine subsidiary Cementos Avellaneda whose sales have increased by 23% when compared with the year 2016. The companies based in Spain have increased their turnover by 13.5%, especially in the concrete and aggregates sector.

The Operating Result has reached 73 million euros, 30 million euros higher than that of 2016. The companies located in Spain have improved their operating results by 51%. The international business of the Group brings 77 million euros. Currency depreciation, especially the Argentine peso, has had a negative effect in the result in 13 million euros.

The Equity Method Companies have registered a result of 79 million euros, 1.3% higher than that of the previous year. The improvement in the results regarding the year 2016, thanks to our subsidiary in Mexico, are compensated in part due to lower results in Bangladesh and Bolivia, and also due to the negative effect of the depreciation of the Mexican peso. Without this exchange rate effect, the result of the companies consolidated by the equity method would have grown by 5%. Based on this consolidation method, the Group has incorporated the results of its businesses in Mexico (Corporación Moctezuma), Uruguay (Cementos Artigas), Bangladesh (LafargeHolcim Bangladesh), Bolivia (Itacamba Cementos) and Colombia (Ecocementos).

A Consolidated Net Result of 89 million euros has been registered for 2017, 39.5% higher than that obtained the previous year. The Group's international companies bring a net benefit of 100 million euros, with a 8.6% improvement compared to the year 2016, while the companies located in Spain improve in 17 million euros compared to the year 2016, which included a negative impact arising from the application of Royal Decree 3/2016 of 2 December, which limited the recovery of the negative tax bases from previous years and which had a negative impact on the income statement of the year 2016 of 12.5 million euros.

With regards to Investments, the growth projects that are underway in Colombia, Argentina and Bangladesh are particularly noteworthy:

Net Result and Dividends

Thousands of euros

	2013	2014	2015	2016	2017
Consolidated Net Result	10,109	30,811	50,833	63,869	89,078
Spanish companies	-46,629	-27,675	-13,122	-28,379	-11,139
Foreign companies	56,738	58,486	63,955	92,248	100,217
Dividends for the financial year	9,256	10,579	12,562	15,206	16,529

Itacamba Cementos
factory (Bolivia).

In December 2016, the works for the construction of a new cement production plant in the municipality of Sonsón, Antioquia (Colombia) began, in partnership with the Colombian group Corona. Its start-up is expected for the first quarter of 2019. The planned investment is approximately 370 million USD.

The consolidated net profit grows 40%, reaching 89 million.

Project to increase the capacity of the plant the Group has in San Luís, Argentina, in 700 thousand annual tones of cement in order to reach one million tones from the second quarter of 2019. A 200-million-dollar investment has been planned.

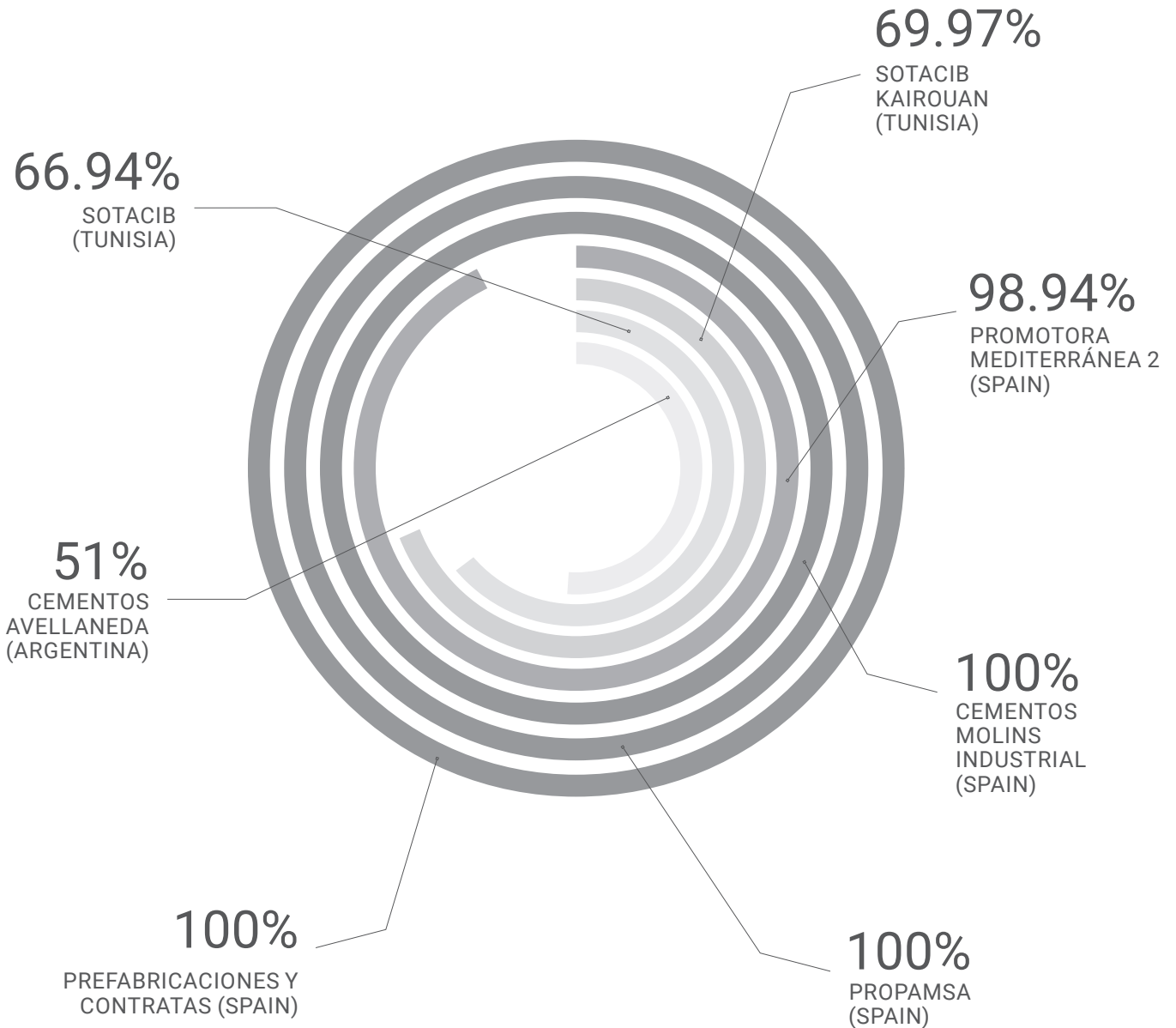
In December 2016, LafargeHolcim Bangladesh (Bangladeshi investee company of Cementos Molins Group and LafargeHolcim Group) reached an agreement with LafargeHolcim Group for the purchase of 100% of the shares in Holcim Cement (Bangladesh), whose main assets are three cement milling plants located in Bangladesh with a production capacity of 2.2 million tonnes of cement per year. After receiving the authorisation of the Bank of Bangladesh, on 7 January 2018 we have proceeded to close the transaction. The final purchase price was 60 million USD.

A total consolidated net equity of 726 million euros has been registered which is almost identical to that of 2016. The negative equity impact of the conversion differences arising from the devaluation of the currencies in the countries where the group operates is 91 million euros, mainly due to the devaluation of the Argentine peso, the Tunisian dinar and the Mexican peso.

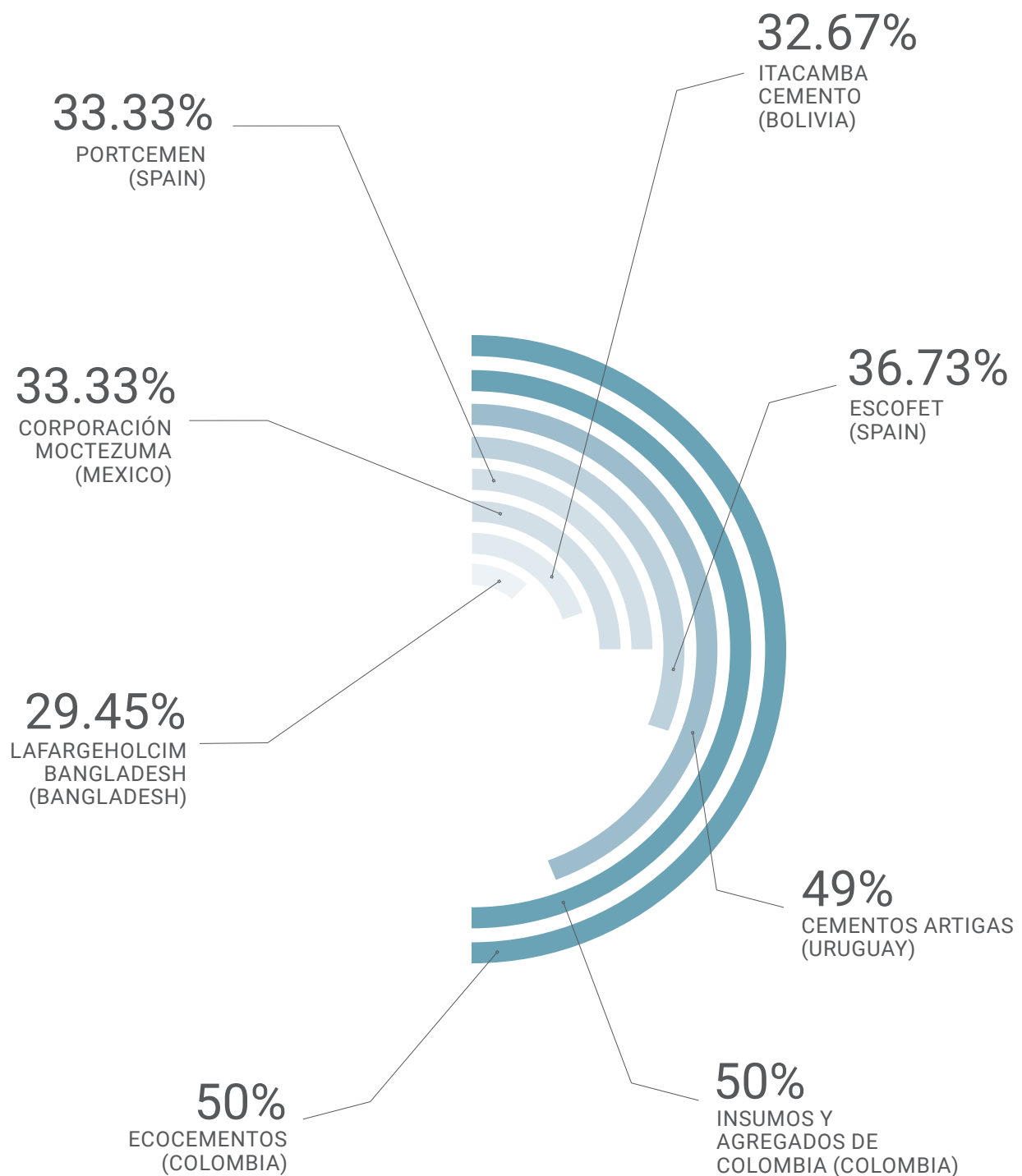
Management information 2017

Cementos Molins Group (hereinafter “the Group” or “Cementos Molins”) is actively involved in the management of the companies that it accounts for through the equity method, whether in conjunction with another shareholder or by means of a relevant participation in their decision-making bodies. The current corporate structure is basically as follows:

Main operating companies integrated by the global method



Companies that are integrated into the Consolidated Accounts through the equity method



Following the guidelines and recommendations of the European Securities and Markets Authority (ESMA), whose objective is to promote the usefulness and transparency of the Alternative Performance Measures that are included in the regulated information or in any other information submitted by the listed companies, the information that is included in the following sections is based on the application of the proportionality criterion in the consolidation method of its investees, applying the final shareholding percentage in each one of them. This way, the Group deems that the management of the businesses and the way their results are assessed for the decision-making process are reflected in a suitable way.

Therefore, the following parameters are defined in the following sections of the report as:

“Income”: Turnover reported in the individual and consolidated financial statements of the different companies accounted for in the consolidation perimeter, multiplied by the shareholding percentage in each one of them.

“EBITDA”: Operating result before amortizations, and results for the impairment and sale of assets of the different companies accounted for

in the consolidation perimeter, multiplied by the shareholding percentage in each one of them.

“Net financial debt”: Financial debt after subtracting the treasury, temporary financial investments and long-term deposits of the different companies accounted for in the consolidation perimeter, multiplied by the shareholding percentage in each one of them. When there are cash surpluses, it is indicated with a negative sign.

“Volumes”: Physical units sold from the different companies included in the consolidation perimeter (without withdrawing internal sales), multiplied by the shareholding percentage in each one of them.

“Balance sheet” and “Income Statement”: Balance Sheet and results summarized by the integration of the companies included in the consolidation perimeter, multiplied by the percentage of participation held in each of them.

In this way, with a proportionality criterion, the Group has registered an **Income** of 779 million euros, 12.8% higher than in 2016. This increase has taken place in Argentina, Spain, Mexico and Bolivia, the latter because it is the first full

INCOME AND EBITDA:

Thousands of euros

	2013	2014	2015	2016	2017
INCOME	613,988	635,310	746,581	690,823	779,154
Spanish companies	170,065	192,959	205,425	207,249	233,817
Foreign companies	443,923	442,351	541,156	483,574	545,337
EBITDA	107,014	127,434	164,853	168,371	192,948
Spanish companies	-12,469	6,076	12,467	10,881	14,524
Foreign companies	119,483	121,358	152,386	157,490	178,424

Consolidation of companies based on their final shareholding percentage.

operational year of the new plant. On the other hand, there has been a decrease in Uruguay, Bangladesh and Tunisia. At a stable exchange rate, the income of the Group would have increased by 19% compared to the year 2016.

The companies of the Group sold, during 2017, a volume of 5.6 million tonnes, between cement, a 6.5% higher than that of the previous year with a positive contribution of all the countries to the exception of Bangladesh.

As for concrete, 1.6 million cubic meters have been commercialised, 6% more than the amount registered the previous year; with growth in all the countries, to the exception of Uruguay and Mexico.

Regarding the aggregate business, a 42.6% increase in the sales volume was registered in Spain. On the other hand, the sales in our prefabs field reached 68 million euros, a 11% increase if compared to 2016, mainly for the increase in public works activity.

The **EBITDA** has reached 193 million euros and it represents an improvement of 14.6% in regards to the year 2016. By countries, it is worth mentioning the greater positive contributions to

the results of Mexico, Argentina, Spain, Uruguay and Bolivia. On the other hand, Tunisia and Bangladesh experience decreases compared to the previous year. At a stable exchange rate, the EBITDA of the Group would have increased by 22% compared to the year 2016.

The Group's **net debt stood** at 146 million euros as of 31 December 2016, declining by 42 million euros with respect to December 2016.

Concrete mixer truck in the facilities of Sant Vicenç del Horts (Barcelona).



Contributions of the INCOME and the EBITDA by countries:¹

Thousands of euros

	I N C O M E				E B I T D A			
	2016	2017	Change %	Change % constant FX	2016	2017	Change %	Change % constant FX
Spain	207,541	233,817	12.7%	-	19,653	25,345	29.0%	-
Argentina	142,388	175,604	23.3%	42.5%	30,340	43,394	43.0%	65.0%
Uruguay	35,586	34,845	(2.1%)	(3.7%)	7,046	8,549	21.3%	19.5%
Mexico	203,893	232,273	13.9%	18.2%	97,460	109,831	12.7%	17.0%
Bolivia	10,469	19,254	83.9%	90.8%	322	3,031	841.3%	878.9%
Bangladesh	36,501	34,264	(6.1%)	(0.2%)	11,912	6,580	(44.8%)	(41.8%)
Tunisia	54,442	49,097	(9.8%)	2.9%	11,061	8,288	(25.1%)	(14.1%)
Others	3	-	-	-	(9,424)	(12,070)	(28.0%)	(28.3%)
Total	690,823	779,154	12.8%	19.3%	168,371	192,948	14.6%	21.9%

¹ Spain incorporates operating companies in the country, while the "Others" section incorporates the holding companies and businesses that have not yet entered into operation, such as the new factory in Colombia.

SUMMARY BALANCE SHEET (EQUITY METHOD*)

Thousands of euros

	31/12/2016	31/12/2017
ASSETS		
Intangible Assets	49,327	46,047
Fixed assets	686,983	606,742
Financial Fixed Assets	2,302	10,200
Consolidation Goodwill	27,425	51,003
Other non-current assets	38,092	34,192
NON-CURRENT ASSETS	804,129	748,184
Stocks	95,967	86,044
Trade debtors and others	145,881	192,284
Temporary financial investments	84,273	1,171
Cash and equivalents	127,051	210,877
Other current assets	-	69
CURRENT ASSETS	453,172	490,445
TOTAL ASSETS	1,257,301	1,238,629

	31/12/2016	31/12/2017
NET EQUITY AND LIABILITIES		
Net equity attributed to the Parent Company	629,431	635,701
TOTAL NET EQUITY	629,431	635,701
Non-current financial debt	341,863	284,899
Other non-current liabilities	66,553	56,653
NON-CURRENT LIABILITIES	408,416	341,552
Current financial debt	57,547	73,242
Other current liabilities	161,907	188,134
CURRENT LIABILITIES	219,454	261,376
TOTAL NET EQUITY AND LIABILITIES	1,257,301	1,238,629

SUMMARY STATEMENT OF PROFIT OR LOSS (EQUITY METHOD*)

Thousands of euros

	31/12/2016	31/12/2017
Income	690,823	779,154
EBITDA	168,370	192,948
Amortizations	(45,039)	(43,955)
Results for impairment/sale of assets	(4,680)	(2,913)
EBIT	118,651	146,080
Financial results	(3,145)	(8,233)
Results before tax	115,506	137,847
Taxes	(51,637)	(48,769)
NET INCOME	63,869	89,078

(*) Figures corresponding to the integration of balance sheets and profit and loss accounts of the different companies included in the scope of consolidation, by their participation percentage of ownership.



Management report by geographical segment

Spain

1 cement plant
21 concrete plants
8 quarries/aggregate plants
7 environment plants
7 mortar plants
10 precast plants



234

sales (M.€)

25

EBITDA (M.€)

1,220

Number of Employees

The growth of the Spanish economy remains high, favoured by a global economy in acceleration. Based on the latest forecasts, the Gross Domestic Profit (GDP) grew by 3.1% in 2017. By doing so, Spain would register its third consecutive year of activity growth, and in 2017 it would recover the GDP prior to the crisis.

The growth rate remained in relatively high registers thanks to the positive evolution of the global economy and, in particular, the strength of the recovery of the Eurozone, which has boosted the Spanish foreign trade. The good performance of the foreign trade sector is one of the reasons of the recovery, although the good results in consumption have also helped, while the investment retakes momentum and little by little the activity in the construction sector is awakening.

EBITDA in Spain improves 29%, despite the increase in energy cost.

We close a year that has been very positive year for the labour market. In the annual average, the number of employed persons increased in 483 thousand, the number of unemployed persons was reduced in over half a million and the unemployment rate was reduced in 2.4 points.

The inflation stood at 1.1%, decreasing in regards to that registered in the year 2016 which closed at 1.6%

Sant Vicenç dels Horts factory.



Cementos Molins Industrial, S.A.U.

Cementos Molins Industrial bases its activity on the production and marketing of cement, both portland and calcium aluminate, through their plant located in Sant Vicenç dels Horts.

In 2017 the cement market in Spain has returned to the positive trends that started in 2014 and stopped in 2016. In this financial and market context, our sales, in volume, have increased by 14.3%.

The improvement of the domestic market of portland cement has allowed us to increase significantly the cement volume without ceasing to take part in foreign markets where we have

supplied all the surplus not absorbed by the domestic market. However, during the year we have also suffered the negative effects of the volatility of the exchange rates that configure our access prices to international markets, penalising our margins and reducing the profitability and competitiveness of the business.

Clinker exports have worsened by 1.6% compared to 2016, but with a fall on the sale prices of the international market. The great surplus of the main plants in Turkey has caused a fall on the sale prices of all the producers of the Mediterranean area. However, we expect a general improvement of the sale prices for 2018.

The global market for calcium aluminate cement (CAC) is growing moderately in relation to

previous years. The two big sectors that deal with this cement, which are the refractory and the chemistry in construction, are behaving in very different ways. While the chemistry in construction is growing both in mature markets as well as in new markets, the refractory sector is in recession.

Our CAC sales have increased by 2%. In 2016 we saturated the production capacity of the plant and in 2017 we had a similar behaviour.

In 2017, the sales of Cementos Molins Industrial amounted to 79.7 million euros, which represents an increase of 6.6% compared to the previous year. The turnover of the national market, 45.3 million euros, has been higher than that of the export, 34.4 million euros, a reality we had not experienced since 2013.

The variable margins of the portland products sold in the national market has been reduced slightly compared to the previous year. The penalisation of the margin comes from the volatility in the energy costs markets (electricity and fuels) which this year has had a significant impact on our variable costs; on the other hand, we have experienced a positive effect from the increase in the sales prices (for the first time in two years), although this improvement has not compensated the impacts on the costs previously mentioned.

The variable margins of the sales of exported clinker have suffered a drastic reduction (-41.4%

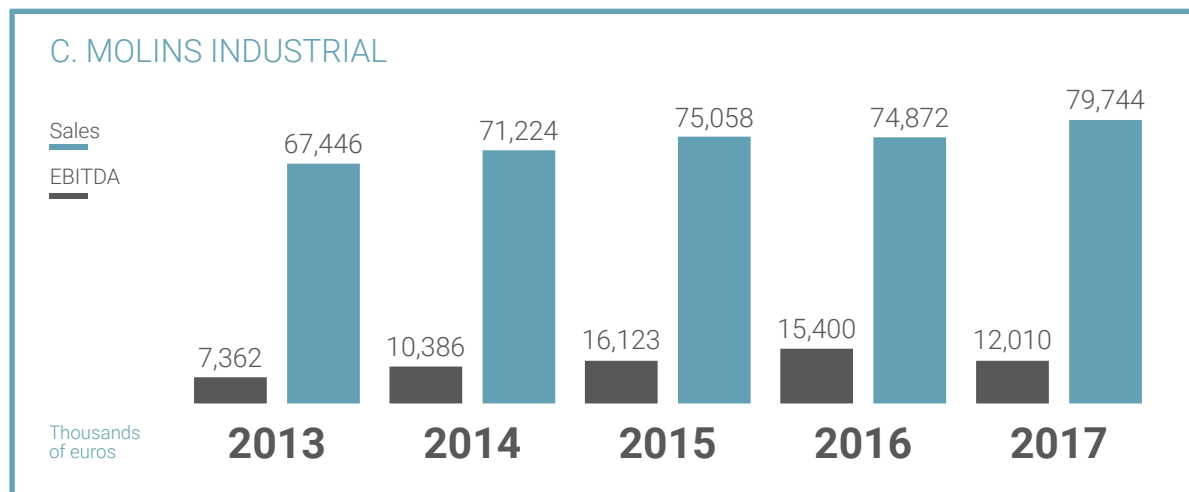
compared to the previous year) because of the increase in costs mentioned, to which one must add a downwards price due to the strong competition of the markets we operate in, together with an exchange rate USD/€ unfavourable to our interests.

The decrease in variable margins shows in the profit and loss account and has disguised the best technical data of the kiln from the moment it started running in 2010; at total production level and at production performance level (5.9% and 3.6% in relation to the previous year respectively) as well as usage and availability ratios never reached before, thus causing a production of portland cement 13.8% higher than the previous year.

We continue favouring the consumption of alternative fuels, reaching this year an average replacement percentage over 34%.

In view of the above, we see in our results a reduction of the EBITDA by 22% compared to the previous year, thus reaching 12 million euros.

The investments in 2017 have amounted to 2.1 million euros, emphasising the Storage and dosage facilities of NFU's (Disused Tyres) as fuel in the pre-calcination tower, the new decalcification system for the internal circuit of cooling water, the replacement of start-up medium voltage cabins of the cement mills and the improvement of the filtration system of the in-cooked silo.



Promotora Mediterránea-2, S.A. (PROMSA)

PROMSA's activity focuses on the production and marketing of concretes, aggregates, mortars and construction services, in this last line of services it incorporates a pavements division and other concrete structures. It also has an environmental business area, specialised in recycling, waste recovery and the production of alternative fuels.

The company mainly operates in the Catalan market, in which it has 35 active production facilities.

The market in 2017 has experienced a strong push due to the generalised recovery of the economy. It is worth mentioning the growth of residential building that, in 2017, has behaved very well. The industrial logistics and agri-food sector has increased the demand, which has also represented a growth in the non-residential edification, although lower than the residential one. The negative note comes from civil engineering, which in Catalonia remains at minimum levels without great signs of recovery.

In this scenario of recovery, prices and margins have improved.

PROMSA's turnover has reached 65 million euros during 2017, a 26% increase when compared to the previous year. In general, this increase

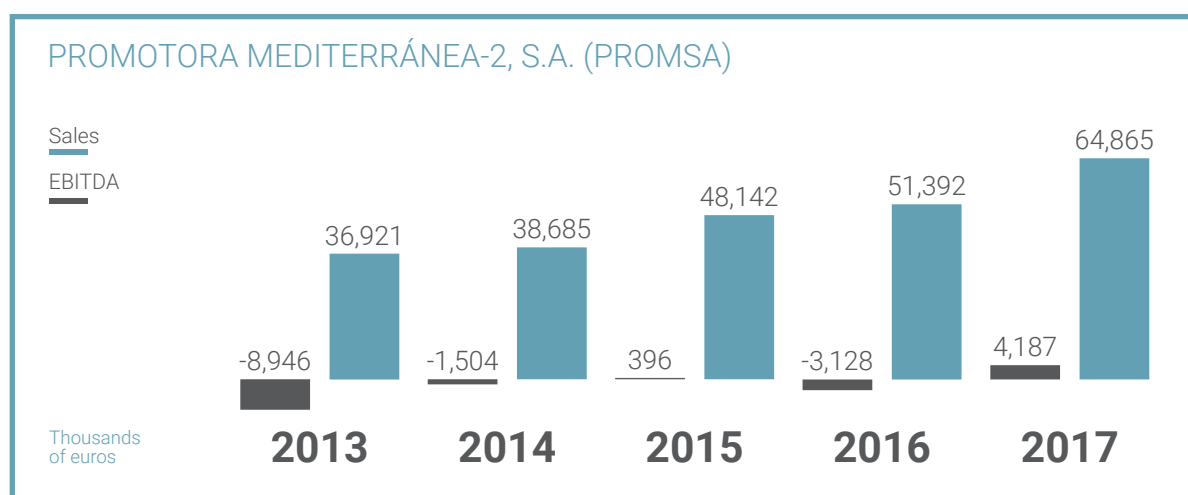
has affected all the business lines, which also contributes to the increase of the perimeter for all the new investments carried out at the end of 2016 in the environmental division.

Once again, PROMSA has been present in all the relevant main works of the market, emphasising the completion of Amazon logistics centre in Prat del Llobregat, the railway works to connect Barcelona with the airport (Shuttle) which will continue in 2018, and the second expansion stage of the Moll Adosat in the Port of Barcelona.

The sharp growth of the turnover, together with the contention of operative and structural works, has had a positive impact on the improvement of the results of the company. The EBITDA has reached 4.2 million euros, improving by 7.3 million euros when compared with the previous year.

The investments carried out during this year have been mainly allocated to maintain and improve the environmental and security conditions of the production facilities, as well as the renewals of the transport fleet.

In regards to the geolocalisation and quality assurance of its products, PROMSA has started working to installing sensors in the transport units to optimise its logistic resources and ensure the traceability of the production process of the concrete until it is unloaded on the site.



Prefabricaciones y Contratas, S.A.U. (PRECON)

PRECON's activity focuses on projecting, producing and marketing in a customised way a wide range of concrete prefabs for the construction of buildings in general, public works and railway lines. The company produces in ten plants located around the Spanish territory.

The Company's turnover for the year 2017 has increased by 11% in comparison to the previous year, reaching 68 million euros, although with uneven behaviour among the business lines.

The Edification activity in PRECON increased by 1%. Since it is linked to the private sector, the company has been able to consolidate its sales by continuing with its policy to reinforce and/or include important unique clients. It is worth mentioning

the construction of a new service building in the central headquarters of Inditex in Arteixo (La Coruña), Amazon's logistics centre in Prat de Llobregat (Barcelona), the expansion of the plant of Ibertissue in Buñuel (Navarra), the aluminium containers plant for Ball Beverage Packaging in Cabanillas del Campo (Guadalajara), the logistics Warehouse - Prologic Park in San Fernando de Henares (Madrid), the logistics warehouse for DHL Express in San Fernando de Henares (Madrid), the building for offices and warehouse of Michelin in Vitoria (Álava), the multi-floor building for the shopping centre Terrassa Plaça in Terrassa (Barcelona) and the Shopping Centre for Leroy Merlin, in Lliça d'Amunt (Barcelona).

The sales in Civil Works have increased by 146% in regards to the previous year, due to an increase in the volume of execution of public works during this year, after the halt and delay of actions due to the lack of government in 2016, in a general

Paper factory SOFIDEL in Buñuel (Navarra). Pillars, beams and large format enclosing panels.



context of control over public deficit. As singular works it is worth mentioning the viaducts for the A-21 motorway Section Jaca - Santa Cilia in Huesca, the bridges for the N-332 road to Sueca (section II road to Cullera and Favara) in Valencia, the viaducts for the L.A.V. Madrid-Extremadura Section Arroyo de la Charca - Grimaldo in Cáceres, the bridges for the motorway SE-40 sub-section Dos Hermanas - Alcalá de Guadaíra in Seville, the viaducts for the A-23 motorway Sector Calderenas -. The Warehouse in Huesca and the viaducts for the Motorway Conversion works of the CG Corredor del Morrazo CG-4.1 in Pontevedra.

PRECON's activity in railway products has decreased by 35% compared to the previous year, due to the decline in the volume of tenders and awards of ADIF projects, which started in 2015 and continued in 2016, for the supply of sleepers to the AVE Network, Mediterranean Corridor and other railway lines.

The year 2017 has been marked by a slight recovery of the sale prices in a scenario of low level prices. This situation, along with a greater productive activity volume and the contribution of the continuous improvement measures for the processes and supply to plants and projects, have created an improvement in the operating margins of the company compared to the previous year.

In 2017, a 5.4 million euros EBITDA has been reached, which represents an increase of 29% compared to 2016.

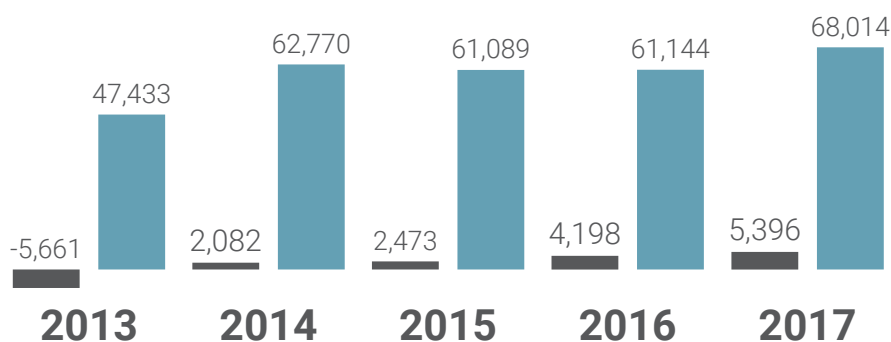
During the year 2017, 1.3 million euros worth of investments were carried out. They have been mainly allocated to the improvement of the productivity of the plants, capacity increases, the improvements in the occupational risk prevention, product quality and to the maintenance of the facilities.

Prefabricaciones y Contratas, S.A.U. (PRECON)

Sales

EBITDA

Thousands of euros



Viaduct of the Morrazo highway (Galicia).

Propamsa, S.A.U.

PROPAMSA is a company of Cementos Molins Group engaged in chemical specialties for construction. With vast experience in the chemistry of the cement and its application. 2017 marked the 85th anniversary of the brand PAM. Our technicians have developed a range of products that allow us to offer new solutions that combine the chemistry of the cement with that of the polymers to provide new market solutions.

PROPAMSA's business focuses on the technical assessment and the sale of solutions and products for the construction, both for new structures and restorations. Our wide range of products includes the following applications: pavements, placement of ceramics, lime coatings, external heat and sound insulation, repair and reinforcement of concrete structures and waterproofing systems.

The location of our five plants in Barcelona, Guadalajara, Seville, Pontevedra and Valencia, and the two logistics centres in Palma de Mallorca and Vizcaya, allow us to provide an excellent distribution service to our client in the domestic market.

In 2017, the Spanish market has continued to grow. We estimate we will finish around 43

thousand homes in the new-build market and in the restoration market there has been an improvement thanks to the growth in household consumption.

PROPAMSA focuses on pursuing value and the improvement of margins, while keeping its differentiation and quality standards, by providing technical support to its distributors and new products.

It is worth noting that this year there has been significant growth in the sales of BETEC special mortars, due to important restoration works on buildings and renovations in public works.

The sales volume outside Spain increased by 10% and in 2017 it has represented 6% of the total sales.

In France and Portugal it has continued with the development of the Commercial Plan, reinforcing the workforce in own sales with commercial agreements in other areas of these countries. Regarding exports outside the EU, it has entered into new contracts and agreements with agents, which allows for the results to grow without great investments.

In 2017, PROPAMSA has taken part in the Construmat and Cevisama (International Fair for Ceramic Tiles in Valencia) fairs and in the



Thermal insulation
on the outside.
Propam Aistern.

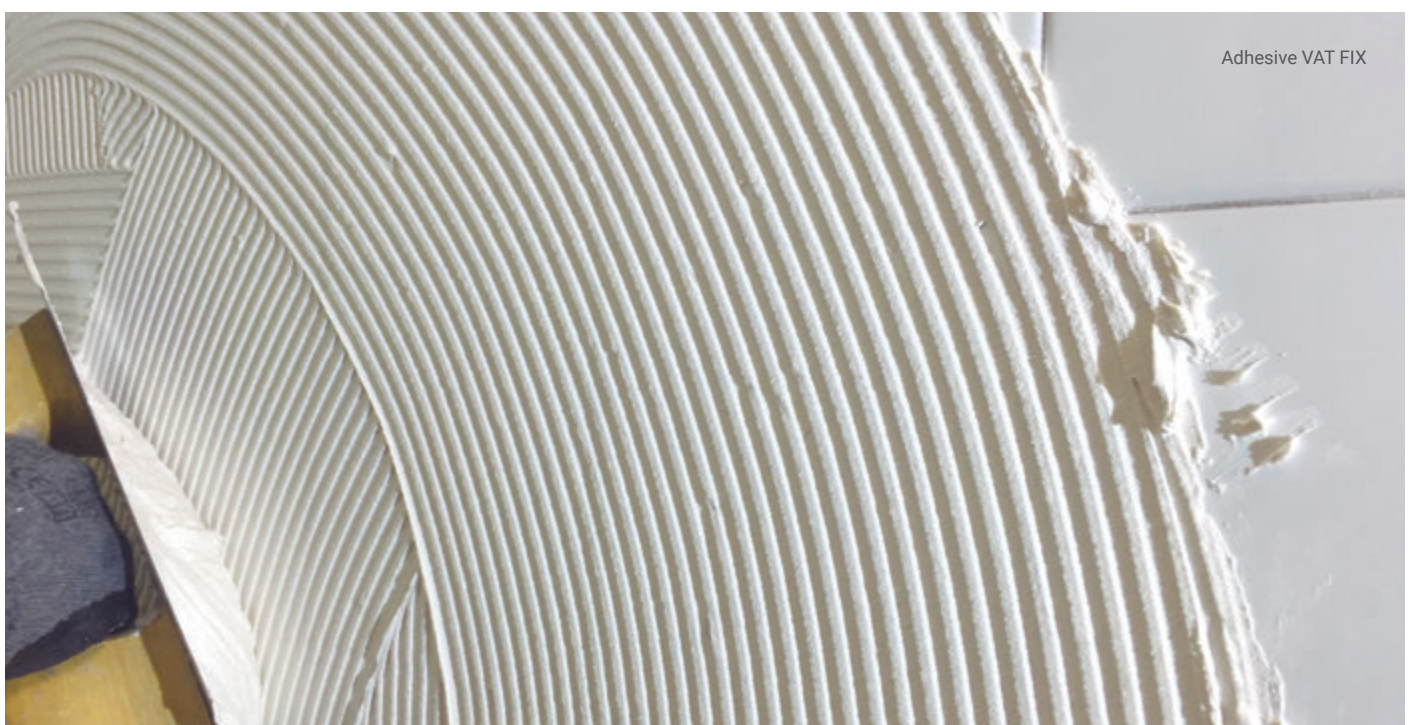
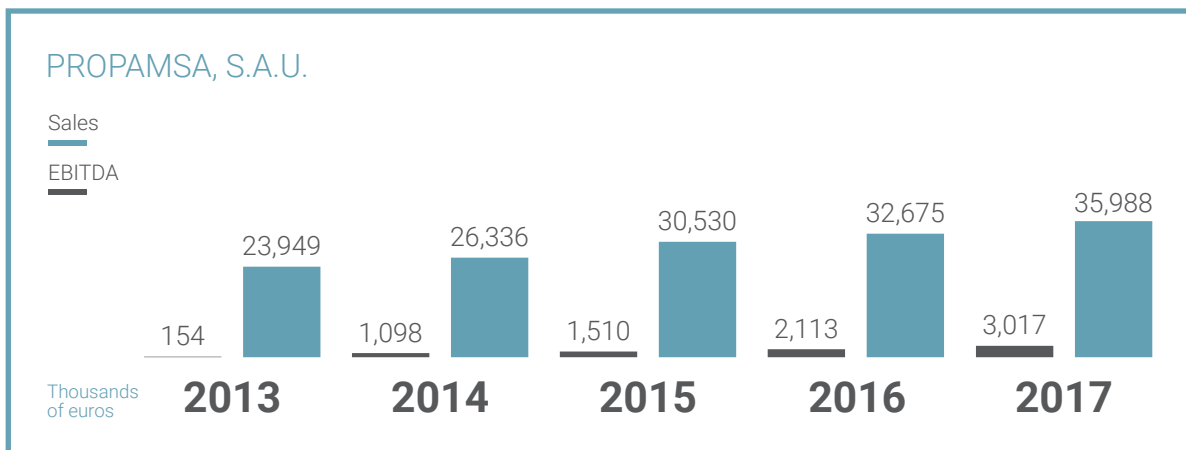
Andimac Congress. Moreover, it has been present in the 3rd edition of the Open House Madrid and has taken part in the annual conferences organised by the different purchase groups. It has continued to offer training sessions and practical demonstrations in their facilities and it has cooperated in training sessions with Professional Colleges.

It has fully renewed its website, by integrating it with the corporate branding of Cementos Molins Group, thus making it easier to locate products and solutions. Moreover, it has published several videos of the products in YouTube, to be shown as a demonstration on how to apply the products, and

it is actively present in social networks, showcasing the products and their applications.

The main investment in 2017 has been the replacement of the mixer and the dosage system of the group two of the plant in Sant Vicenç dels Horts. This update has implied a planned three-month standstill of the facility.

The financial results show continuity in the sales growth line, which has represented, in 2017, a 10% increase up to 36 million euros. With these sales and the improvement of the sold products mix, the EBITDA has improved significantly and has reached 3 million euros.





Argentina

2 cement plants
7 concrete plants
2 quarries
1 limestone plant
1 mortar plant



344

sales (M.€)

85

EBITDA (M.€)

750

Number of Employees

The financial activity in Argentina kept a good trend during 2017. According to the information published by the National Institute of Statistics and Censuses (INDEC, in its Spanish acronym), the preliminary forecast of the Gross Domestic Profit (GDP) for the third quarter of 2017 obtained a positive variation of 4.2% compared to the same period of the previous year. According to private forecasts, 2017 could close with a positive GDP variation of 3%.

The Internal Wholesale Price Index (IPIM, in its Spanish acronym) experienced a 18.9% increase compared to the previous year and the Consumer Price Index (CPI) compiled by the INDEC increased by 24.7%.

Furthermore, according to the Construction Activity Indicator (ISAC, in its Spanish acronym), the construction sector has accumulated, as a whole, during the first eleven months of 2017 a 12.6% increase compared to the same period of the previous year.

In the international context, in 2017 the US dollar depreciated in relation to other currencies. In Argentina, given the macroeconomic circumstances of the country, the value of the American currency registered a 17.4% increase in the year, which also represents a depreciation of the dollar against the peso in realm terms taking into account the 24.7% inflation mentioned before. The value at closing, 31 December 2017, was 18.6 ARS/USD.

The result of the legislative elections of 2017 was highly favourable for the National Government, which strengthened its political capital. This has made it possible to start a cycle of structural reforms. In this context, the Congress of the Argentine Nation passed at the end of 2017 a reform of the pension system and a change package on taxes.

Based on the change in the inflation goals announced by the Government at the end of 2017, private analysts forecast that in 2018 the CPI will experience an increase of around 18%. Consumption will remain stable and the financial activity will grow at a rate similar to that of 2017.



Cementos Avellaneda, S.A.

Cementos Avellaneda S.A. is an Argentine company that produces and trades in portland cement, mortar, lime, adhesive cement and concrete. It has two cement plants and seven concrete plants.

The cement market in Argentina has an interannual growth of 12%, having reached 12.1 million tonnes. It is estimated that the consumption levels per capital was 275 kg.

The plant in Olavarría has had during 2017 an excellent performance in both kilns, having reached a clinker production of 1.9 million tonnes. Moreover, we maintain the challenge to improve the productivity of the lime kilns to meet the growing demand on this product.

The plant in San Luís has achieved in 2017 an excellent performance of its kiln, and has even reached and stabilised values of over 40% of thermal replacement for alternative fuels, even reaching a replacement of 60% in some months.

The concrete has been supplied to important works such as the airport in Ezeiza, the Paseo del Bajo, works in Riachuelo, the ringroad of Bahía Blanca and wind farms, among other. 2017 has been a good year, boosted by the significant volume of public works of the Government's Infrastructure Plan, both nationwide and in the province of Buenos Aires.

As for the commercial management, it has intensified its efforts to successfully serve its clients in a high demand market, importing

significant volumes from Uruguay, especially during the last months of the year.

In 2017 the company work toward the modernisation and suitability of the information systems such as the migration from the commercial system to SAP, the implementation in concrete of the management application Command Alkon, as well as a new website for clients and commercial

Better margins in a growing market.

inspectors. In the industrial area, a new strategy was designed to ensure the "non-stop" operation of the IT processes team.

The sales in 2017 reached 344 million euros and the EBITDA was 85 million euros, which represents a 43% increase compared to the level reached in 2016.

As for the investments, the firm intention to support the growth of the Argentine market by increase the production capacity of the plant in San Luis. Moreover, the clay additions project in the plant of Olavarría will allow the production of a new product in 2018, the Compound Portland Cement (CPC).

During 2017, the "Compliance Programme" (defence of competition and anti-corruption), the Corporate Governance policies and the new Ethics Code were developed, thus initiating the dissemination and training process on these issues.

Thousands of euros

CEMENTOS AVELLANEDA, S.A.	2013	2014	2015	2016	2017
Assets	163,738	184,414	187,256	205,899	221,471
Shareholder's equity	112,371	125,041	124,940	135,947	142,307
Sales	284,620	251,132	344,501	279,575	344,457
EBITDA	51,284	41,215	65,288	59,491	85,085
Net profit	30,690	26,466	46,347	40,929	56,486

Data corresponding to 100% of the Investee company

Uruguay

1 cement plant
1 mill
8 concrete plants
1 quarry/aggregate plant
1 mortar plant



80

sales (M.€)

17

EBITDA (M.€)

215

Number of Employees

The Uruguayan economy experienced in 2017 a slight growth after two years of stagnation.

Accordingly, pursuant to the information published by the Banco Central of Uruguay, in the third quarter of 2017 the GDP, accrued yearly, grew by 2.2% compared to the same period of the previous year, due to the positive development of transport, storing and communications, followed by the commercial and services sector.

On the other hand, the aggregated value of the construction presented a 4.1% fall in interannual terms, due to the decrease in the construction

of buildings and in infrastructure works, linked to the generation of electric power.

The Price Consumption Index (PCI) registered a 6.6% interannual increase, while the domestic product producer price index (IPPN, in its Spanish acronym), increased by 5.4% during the same period. According to private sources, it has been forecast that in 2018 inflation will reach an annual rate of 6.5%.

In an international context where the US Dollar has depreciated, the exchange rate of the currency as of 31 December was 28.8 UYP/USD, with a 1.8% decrease compared to the previous year.

Cementos Artigas, S.A.

Cementos Artigas S.A. is a company located in Uruguay. It currently owns a clinker manufacturing plant in the town of Minas, a mill and a mortar manufacturing plant in Sayago, eight concrete manufacturing plants and one of granite aggregates production, focusing its activity in the production and marketing of portland cement, mortar, concrete and aggregates.

The plant in Minas has produced 428 thousand tones of clinker, having worked intensely in improving costs and productivity, with tangible results in the year.

The Sayago plant will put on the market Compound Portland Cement (CPC), being the first ones in the country to formulate low carbon footprint cement and to develop more and more sustainable product, with the added bonus of a significant reduction in production costs.

Likewise, a growth in the sales the locally produced "Perfect" glue was registered. In an environment of recession, it was possible to increase the sales and the profitability of this line of business.

The cement export to Argentina also increased to support the supply in view of the high demand in this market.

Hormigones Artigas, on the other hand, has supplied product for the construction of the most important work of Maldonado, Trump Tower, and it has supplied concrete to be used in roads for routes being built in Uruguay (Routes 2 and 12).

Regarding business management, the position of the brand has improved thanks to an innovative communication and marketing campaign for the Adhesives line. In addition to that, a new loyalty plan was successfully launched aimed at sellers in points of sale.

The sales in 2017 reached 80 million euros and the EBITDA was 17 million euros, which represents a 21% increase compared to the level reached in 2016.

EBITDA growth,
increase income and
improve costs.

As for the investments, 2017 has marked a milestone for the company since it was able to put into operation ahead of schedule the facilities for the use of disused tyres (NFU) to replace fossil fuels, with the subsequent benefits not only for the company but also for society since it represents a suitable disposal of waste. Another important investment this year has been the construction of parking facilities for trucks in the Sayago plant.

During 2017, the "Compliance Programme" (defence of competition and anti-corruption), the Corporate Governance policies and the new Ethics Code were developed, thus initiating the dissemination and training process on these issues.

Thousands of euros

CEMENTOS ARTIGAS, S.A.	2013	2014	2015	2016	2017
Assets	80,964	77,658	70,052	85,591	79,054
Shareholder's equity	62,534	58,573	52,692	69,959	64,410
Sales	104,299	88,230	94,518	74,822	79,801
EBITDA	31,595	23,881	23,473	14,379	17,446
Net profit	26,999	20,134	18,501	11,908	12,912

Data corresponding to 100% of the Investee company

Mexico

3 cement plants
33 concrete plants
15 quarries/aggregate plants



696
sales (M.€)

330
EBITDA (M.€)

1,103
Number of Employees

Mexico started 2017 intensely with the entry into force on 1 January of the 20% rise in the price of gasoline and diesel, which cause dissatisfaction at national level. Due to the “gasolinazo”, the costs of basic services and food increased in the country, thus affecting the economy of the Mexican people.

The economy of the country suffered two great shocks from the outside: 1) the restricted monetary policy of the United States and 2) the change of government in this country, which showed in a greater devaluation of the Mexican peso and higher interest rates, as well as a progressive reduction in the internal demand, greater inflation rate and lower growth of the GDP.

The long rainy and hurricane season put a great halt on the economy during June, July and August, due to the big floods caused by hurricanes Irma and Franklin in the states of Quintana Roo, Veracruz, Campeche and Tabasco.

Also, 2 earthquakes of significant intensity were registered on the 7th and 19th of September that hit with force densely populated areas causing severe damages in the states of Chiapas, Oaxaca, Mexico City, Morelos and Puebla, which forced the government and the citizens of the affected states to bear unexpected expenses. With the earthquake of 19 September, the authorities put on halt the construction works of the metropolitan area for a few days until the emergency works had concluded.

In this scenario, the estimated growth of the annual GDP is set at 2.2% which, if right, would represent a similar growth to that of the previous year; the GDP of the construction sector presented an estimated downturn of -1.2% compared to 2016. Inflation reached 6.8% and the estimated unemployment rate reached 3.5%.

Corporación Moctezuma S.A.B. de C.V.

Located in Mexico, its activity comprises the production and marketing of cement, concrete and mortar. It has three cement plants in Tepetzingo, Cerritos and Apazapan, with two production lines in each of them. It is present in the concrete business with 33 plants, distributed throughout the Mexican territory. The Company is listed on the Mexican stock market.

In financial terms, 2017 was better for the Company than the previous year. Income increased by 14% reaching 696 million euros, mostly originated from the increase in the prices of cement and concrete. The EBITDA reached 330 million euros, 13% higher than the result registered in 2016.

In 2017, the cement obtain a revenue figure 20% higher than the one registered the previous year, mainly due to the increase in its sale price and, to a lesser extent, to a slight increase in sales volume of both cement and mortar, along with greater sales in clinker which also helped towards a better occupation of the installed capacity.

The result obtained, in the context of a cement market in lethargy affected by a downturn of the investment, both public and private, comes from the continuity of the strategies that have been applied to develop smaller clients, to increase the coverage through physical sale points, to increase the effectiveness in the dissemination of the brand and a service approach (commercial and logistic). All this has translated in solid and sustainable clients and distributors.

Improvements in prices and, to a lesser extent, in volume, facilitate the increase of results.

The unit costs were negatively affected by the 5% increase, in local currency, of the freight fees, the 39% increase in electric power, the 20% increase in gasoline and diesel, a 46% increase in petcoke and the 9% increase in the bags, the latter two due to the depreciation of the Mexican peso against the dollar. The commercial activity previously developed was able to compensate for these cost increases.

Tepetzingo factory
(Mexico).





Regarding the investments in cement in 2017, the plant in Tepetzingo finished the clinker production increase and has started the modernisation of the distribution control, line 2 of calcination and services; the plant in Cerritos has acquired a diffractometer and has updated the control panel XYCOM and the communication systems of the packaging lines 1 and 2; the plant in Apazapan finished the relocation of the clay crusher and the repair of the Metso breaker revamping and started the construction of a railway warehouse in Guadalajara and the new IT building.

As for the concrete business, in 2017 the sales volume decreased in 9% compared to 2016, a situation that was attempted to compensate with marketing action to recover volume, greater efficiency and better sale prices.

Regarding sale prices, a 13% improvement was

achieved compared to the previous year. In the variable unit costs, the increase set, in local currency, at around 17.5%, noting the increase in the main raw materials, electric power and diesel. All of the above showed in the results, reducing the EBITDA of the business operations.

Among the main works supplied in 2017 are the México-Toluca train, the Observatorio station, the Xalapa beltway, the Veracruz breakwater, the IMSS hospital of Querétaro and the Manzanillo project.

Regarding the investment in concrete in 2017, it is worth noting the purchase of 20 truck mixers, 25 spinners and 2 front-loaders in Toluca and Irapuato, the construction of an aggregates plant in Tepetzingo, Xochimilco and the Wind Farm Cañada and the reconditioning against floods of the terrain of Irapuato.

CORPORACIÓN MOCTEZUMA S.A.B. DE C.V.

Thousands of euros

	2013	2014	2015	2016	2017
Assets	570,477	597,534	635,423	589,600	647,077
Shareholder's equity	455,706	473,847	507,257	464,907	440,608
Sales	468,727	529,029	634,614	611,741	696,484
EBITDA	153,834	188,001	257,682	292,411	329,779
Net profit	85,918	114,985	162,030	196,053	220,538

Data corresponding to 100% of the Investee company

Bangladesh

1 cement plant
1 Meghalaya (India) quarry



116

sales (M.€)

22

EBITDA (M.€)

522

Number of Employees

In 2017 the country has suffered one of the worst monsoons in its history which has complicated the progress of the country's economy during the first half of the year. The continuous reduction of remittances inflow by emigrants has contributed, in turn, to the lack of USD reserves by the government, which has partly helped to the moderate devaluation of the currency.

However, the cement sector has developed positively with a 9% growth compared to the previous year, in an environment of continuous competition due to the capacity excess caused by the start-up of new mills in the country's capital and main markets. This capacity excess has also contributed to put great pressure in the prices that have fallen for the second consecutive year despite the steady increase of the production costs, especially due to the rise in energy and fuel costs.



Chattak factory
(Bangladesh).

LafargeHolcim Bangladesh (LHB)

Located in Bangladesh, LHB focuses its activity in the production and marketing of cement. This plant is located in Bangladesh and the limestone quarry in India, connected by a conveyor belt. Cementos Molins and LafargeHolcim hold 60 percent of its capital, being remainder almost fully in the hand of local shareholders. The company is listed on the stock markets of Dhaka and Chittagong.

In our company we have focused most of our resources and efforts to work to prepare the integration of the company HBL (Holcim Bangladesh), while waiting for the permits from the regulatory authorities which finally arrived in September 2017 and which have allowed us to proceed with the acquisition of this company on 7 January 2018.

Among the main revision and preparation works it is worth mentioning the study on the entire logistic process, the revision of all the personnel structure and the positioning and communication of the two main brands for each of the business.

Regarding the financial results of the company, in 2017 we achieved a production record in our plant in Chatak, which reached a total of 1.4 million tonnes of clinker.

The sales volume, in tones, has increased by 3% compared to 2016, reaching a total of 2 million tonnes. However, the total cement sales have decreased, increasing the clinker sales.

Sales have amounted to 116 million euros, which is 6% lower than 2016, and the results have been

significantly reduced by a 7% fall in the prices, the 10% increase in production costs and the total expenditure of around 4 million euros put towards the integration process. Thus, the EBITDA has

Decreases in prices and increases in costs penalize the results.

reached a figure of 22 million euros, against the 40 million of the previous year.

The realisation of the acquisition of HBL (Holcim Bangladesh) mentioned, which has brought an additional production capacity of 2.2 million tonnes in 3 mills located in the capital and in the northeast area of the country and the ability to be present in the premium brands segment, should contribute to the improvement of the results expected for the next year.

As for investments, in 2017 the most note-worthy one would be the investment in a mobile crusher installed in the Indian quarry. This investment was initiated in 2016 and has been finally stabilised in 2017. The total investment has amounted to 4 million euros and the investment in the implementation of the SAP, for a total of 1 million euros, must contribute to the improvement of the efficiency in the financial information of the Company.

Thousands of euros

LAFARGEHOLCIM BANGLADESH (LHB)	2013	2014	2015	2016	2017
Assets	177,452	211,287	242,152	252,901	217,315
Shareholder's equity	99,690	136,311	163,886	181,027	150,205
Sales	109,136	112,962	127,354	123,943	116,346
EBITDA	44,144	42,695	40,694	40,447	22,342
Net profit	24,524	27,500	26,585	25,721	8,784

Data corresponding to 100% of the Investee company

Tunisia

1 white cement plant
1 grey cement plant
5 quarries



78

sales (M.€)

12

EBITDA (M.€)

532

Number of Employees

Growth rate of the Tunisian economy will be of around 2.3% in 2017 as a result of the recovery of several sectors of the economy, such as agriculture, phosphates and the manufacturing production, after a 1% growth in the last two years.

The economy was mainly boosted by the services sector, while the industrial production fell by 6.6% and the non-manufacturing industries by 1.9%, as well as the extraction industries, which experienced a growth under historical level due to social movements in mining areas.

Inflation reached 6.4% in 2017, after a 4.2% growth in 2016 and 4.9% in 2015. The impact of the depreciation of the Tunisian dinar (TND) against the euro was 21%.

It is worth mentioning that the draft of the economic budget adopted by the Cabinet on 12 October, provides a growth rate of 3% in 2018 compared to the 2.3% in 2017 and it would imply

Weakness in markets and cost increases penalize EBITDA.

a slight improvement in the external balance of the country, with an unemployment rate of 12%. The budget focuses on the inclusive growth which allows for an even distribution of wealth and the creation of new jobs.

Société Tuniso Andalouse de Ciment Blanc (SOTACIB)

Located in Tunisia, SOTACIB has a plant in the city of Feriana, near the border with Algeria, focused in the production and marketing of white cement. The company SOTACIB, at the end of 2017, had a workforce of 328 employees; it sells its products in the region (Tunisia, Algeria and Libya and it also exports to Europe and to the rest of Africa.

The sales figure of the company, in euros, is 8% lower in 2017 amounting to 32 million euros.

Sale prices in the domestic market were still monitored by the Commerce Ministry in 2017. A 5% increase in the price was granted in October 2017. Despite the non-official announcement that the subsidies on basic electricity and gas consumption would be gradually eliminated, this decision was never taken in 2017.

The total sales volume for cement and clinker increased by 2.5% compared to the previous year. Out of this total, domestic sales fell by 2.9%, under the impact of the loss in sales in the last week of December due to a strike, in addition to the slowdown in the construction in Tunisia, as a result of its economic and political situation. On the other hand, the export volume has increased by 5.8% compared to 2016, mainly in new markets, thus compensating the fall in historical markets of Algeria, where the import barriers established by the Algerian government, and Libya.

The total investment carried out by the company in 2017 amounted to 1.4 million euros mainly in repairs and maintenance.

The EBITDA grew up to 3 million euros due, mainly, to an increase in the variable cost by tone, caused by the impact of greater costs of petroleum coke and kaolin.

Thousands of euros

SOCIÉTÉ TUNISO ANDALOUSE DE CIMENT BLANC (SOTACIB)	2013	2014	2015	2016	2017
Assets	86,021	83,078	86,236	77,916	55,931
Shareholder's equity	23,826	34,280	36,720	31,793	20,777
Sales	39,001	35,958	36,237	35,278	32,425
EBITDA	3,252	2,159	258	4,766	2,954
Net profit	-5,942	-4,875	-7,242	-2,901	-4,619

Data corresponding to 100% of the Investee company



Kairouan factory
(Tunisia).

Sotacib Kairouan

SOTACIB Kairouan has a grey cement plant in the municipality of Jebel Rouissat (Kairouan, Tunisia) that started to operate at the beginning of 2012. The company had at the end of 2017 a total of 213 employees.

The sales volume of cement and clinker has increased in 2017 by 6.3% compared to that registered in 2016, thanks to a 39% growth in the local market, after taking an aggressive pricing strategy that has helped recover from a one-month shutdown of the company due to a non-legal strike in December. The average

annual price of cement in the domestic market grew by 2.8% compared to 2016. The export prices also grew by 13.5% compared to 2016. Subsequently, the total average price grew by 4.2% compared to the previous year.

Variable costs have grown due to the impact of the increase in fuel costs while fixed costs have remained stable.

The EBITDA, in local currency, increased slightly in 2017 compared to 2016, but when converted into euros it worsened down to 9 million euros due to an adverse effect of the exchange rate.

The total investment in 2017 amounted to 1.7 million euros, mainly in maintenance.

Thousands of euros

SOTACIB KAIROUAN	2013	2014	2015	2016	2017
Assets	208,557	198,234	203,807	178,615	137,043
Shareholder's equity	76,542	77,087	83,925	74,834	56,475
Sales	51,199	52,673	57,041	47,797	45,560
EBITDA	17,798	18,940	13,739	11,249	9,019
Net profit	481	776	-3,636	-4,435	-3,141

Data corresponding to 100% of the Investee company

Bolivia

1 cement plant
1 quarry



56

sales (M.€)

9

EBITDA (M.€)

221

Number of Employees

For the Bolivian economy, the global financial scenario of lower energy resources price since 2008, its main source of GDP, has had a relevant impact. However, 2017 has been a year of recovery for the price of petrol in the international market, since WTI crude oil increased by 12.5% and the average price of natural gas in the main global markets fell, due to greater production levels. The GDP grew, in the last 12 months, until September 2017, by 3.8%, which puts Bolivia above its main Latin American neighbours in growth level.

The drop in Bolivia's GDP over the past years has had significant impact on the country's fiscal deficit, which suffered the reduction in revenue from oil and oil products, along with a high and consistent public investment, causing a steep fall of the international reserves. Moreover, political instability has stained the current actions of the government, delaying and slowing down some public works. The estimated fiscal deficit for 2017

should be close to 8%, based on the forecast of the MEFP (Ministry of Economy and Public Finance of Bolivia).

First year of full operation of the factory.



Expedition facilities at the Itacamba Cemento factory (Bolivia).

Itacamba Cemento, S.A.

For Itacamba Cemento, 2017 was a year to consolidate as a company and of many conquests. The production of the new plant was stabilised and for the first time in the history of Bolivia, clinker and cement were exported to neighbouring countries. We have helped to develop even further locations near Yacuses, and valuable projects for the communities have been carried out. At internal level, great progress in the development of internal and organisational procedures have been achieved, being prepared to receive the ISO 9001 and the SOx certificates.

Even with the fall of the internal cement consumption and the strong reaction of the competition, it was possible to obtain great progress in the volumes sold and an important gain of market share, having become the second brand in sales volume in the Santa Cruz market. Itacamba was able to sell 418 thousand tonnes of cement in the local market and 158 thousand tonnes of clinker for export. Sales in the local market greatly exceeded those of the previous year, allowing Itacamba Cemento to achieve significant market penetration in Santa Cruz.

The plant of Yacuses, which became operational in October 2016, registered great progress in the productivity of the equipment in 2017. The production of 450 thousand tonnes of clinker represented a 62% of the nominal capacity in the first year of operation, and the 433 thousand tonnes of cement produce guarantee the product supply in the Bolivian market and allow for export, making it possible for Bolivia to stop being an importing country to exporting cement to its neighbours.

The EBITDA generated in the period improves up to 8.9 million euros, caused by the operation

of the new plant and the possibility to introduce in the market a greater sales volume with lower operational, freight and production costs.



Itacamba Cementos factory (Bolivia).

Thousands of euros

ITACAMBA CEMENTO, S.A.	2014	2015	2016	2017
Assets	57,524	120,511	218,928	181,821
Shareholder's equity	28,455	83,559	85,639	70,142
Sales	6,799	22,065	30,409	55,890
EBITDA	940	1,947	1,504	8,875
Net profit	667	1,616	1,718	-5,970

Data corresponding to 100% of the Investee company

Colombia

1 cement plant (under construction)



Thanks to its market size, 49.6 million inhabitants and to its rich natural resources, Colombia has experienced strong growth in the past years, strengthening its image as a promising emerging country.

Colombia has many natural resources such as carbon, petrol, natural gas, iron, nickel and gold ore. Because of the country's climate and topography, agriculture is very widespread and diversified. Industry, on the other hand, represents around 40% of its GDP; the main industries in Colombia are: textile, chemicals, metal, cement, cardboard containers, plastic resins and beverages. However, the main economic sector in Colombia is the service sector, which represents over half the GDP and employs around 60% of the country's labour force.

The Colombian economy grew by 1.8% in 2017. In this period, five of the nine branches in which the economy is classified in the Colombian statistical census (source: DANE) presented

positive growth, three of them above average (agricultural sector, financial and insurance sector and social services sector). Among the branches of the economy that presented negative growth were the construction sector with a 0.7%

The construction work of the factory and the sizing of the company are proceeding at a good pace.

decrease, the mining and quarry exploitation sector with a 3.7% decrease. Moreover, the manufacturing industry declined by 1%.

In 2017, the annual variation of the consumer price index was 4.1%, while in 2016 it was 5.8%. The reduction is due, mainly, to the favourable behaviour of the food group.

Empresa Colombiana de Cementos, S.A.S. / Insumos y Agregados de Colombia, S.A.S.

On September 30, 2015, Cementos Molins signed an agreement with the Colombian Group Corona for the construction of a new cement production plant in the municipality of Sonsón in Antioquia, Colombia. The plant, with a production capacity of 1,350,000 tons per year, is expected to start operating in the third quarter of 2019. The plant will be equipped with the latest technology, including vertical crude cement milling, vertical coal mill clinkering, vertical cement milling and the dispatch of both bulk and bagged cement.

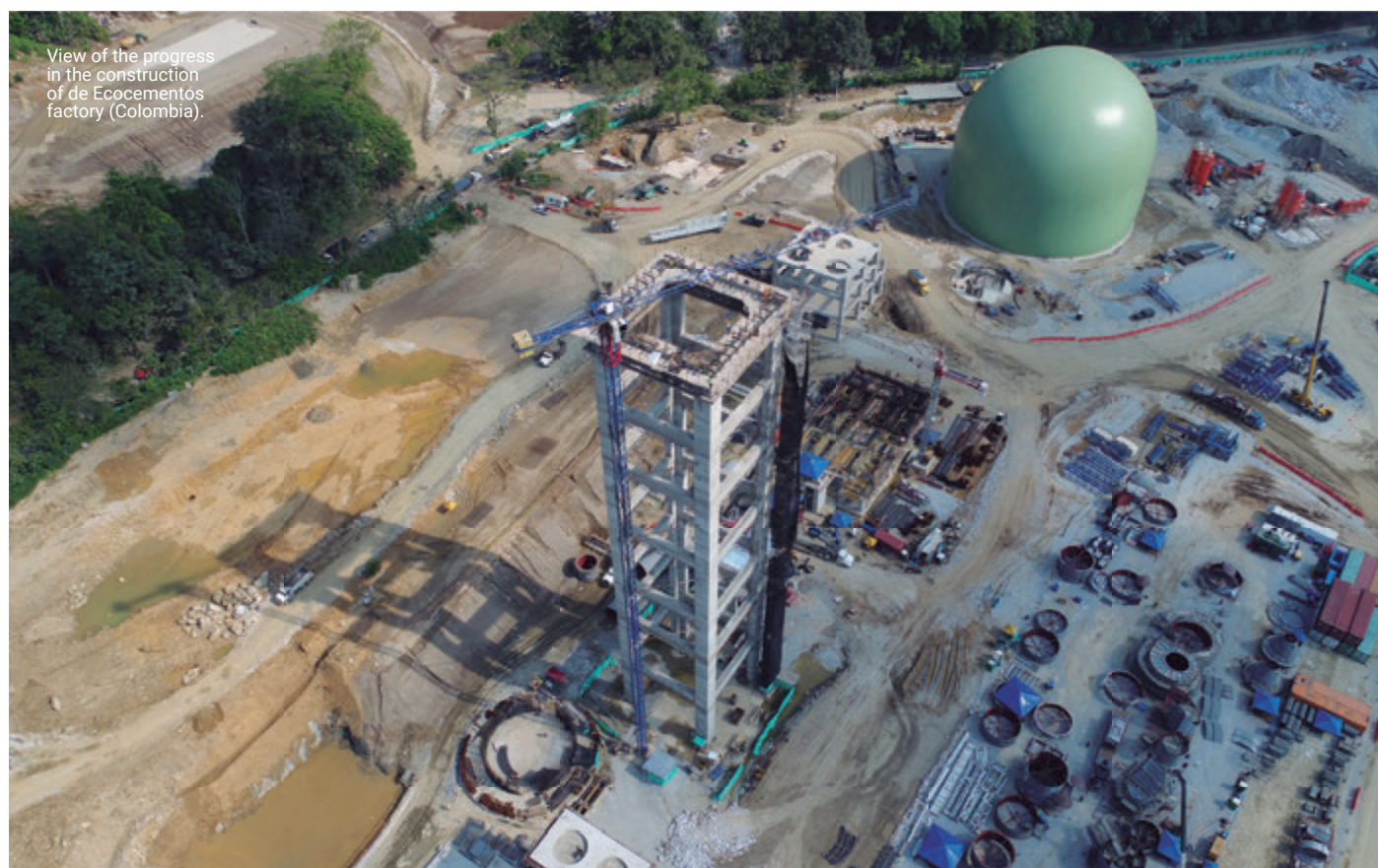
To this end, in October 2015 the following companies were incorporated: Empresa Colombiana de Cementos S.A.S. (Ecocementos S.A.S.) e Insumos y Agregados de Colombia S.A.S. (Iacol Agregados S.A.S). Cemolins Internacional, S.L.U. subscribed 50% of the shares of both companies upon incorporation and in the subsequent capital increase.

In 2016, the necessary permits were granted and the construction agreement for the plant with OHL for 239 million USD and the local financing to carry out the investment were closed, and the construction project was started December of the same year.

The estimated investment amounts to 370 million USD, out of which 285 million USD are for technical investment and the remainder for other expenses (land, financial expenses, etc.).

In 2017, the financing for the first tranche of the debt was obtained, as well as the free zone status for the main area of the process and other tax benefits associated there to (Plan Vallejo, etc.) which improve the initial business plan, being under negotiation with local banks the financing of the second tranche.

Ecocementos, in parallel to the construction of the new plant, is designing its operational, administrative and commercial structure and it has already included some of the key positions of the Company. Likewise, it has completed a market analysis and is developing a study on the position of the brand.



View of the progress in the construction of de Ecocementos factory (Colombia).

Human Resources

As of 31 December 2017, the number of employees of Cementos Molins Group was 4,588 which represents a 1.04% increase compared to the figure as of 31 December 2016. 89.5% of the staff is male and 10.5% female, having increase significantly the number of female employees (by 7%) compared to male (by 0.3%).

In Spain, the Group closed the year with 1,220 employees, which represents a 1% increase compared to 2016.

In 2017, a total of 26,833 hours of training were carried out, to a total of 1,264 employees. In general terms, it consisted in technical training in environment, occupational risk prevention and quality. Likewise, executives, senior managers and middle managers were trained in management skills. Training in the management systems of human resources and performance management was provided to all the employees that take part in the objectives-based assessment system. In addition, language proficiency training was provided, mainly in English and French.

In Spain, Grupo Molins has launched five important projects in the Human Resources area: the second employee satisfaction survey, with a 86% participation at Group level, and with a satisfaction index ten points higher than in 2016; the personnel strategic planning process; and the integrated Human Resources system, along with the performance, succession and compensation assessment modules. Likewise, the flexible remuneration system was introduced for all the employees and the Ethical Code of the Group was revised.

At international level, it is worth noting the growth projects carried out in 2017, projects that have led Cementos Molins Group to enjoy significant international presence and, subsequently, to an average increase in employees compared to 2016 of 1.05%, going from 3,333 employees to 3,368.

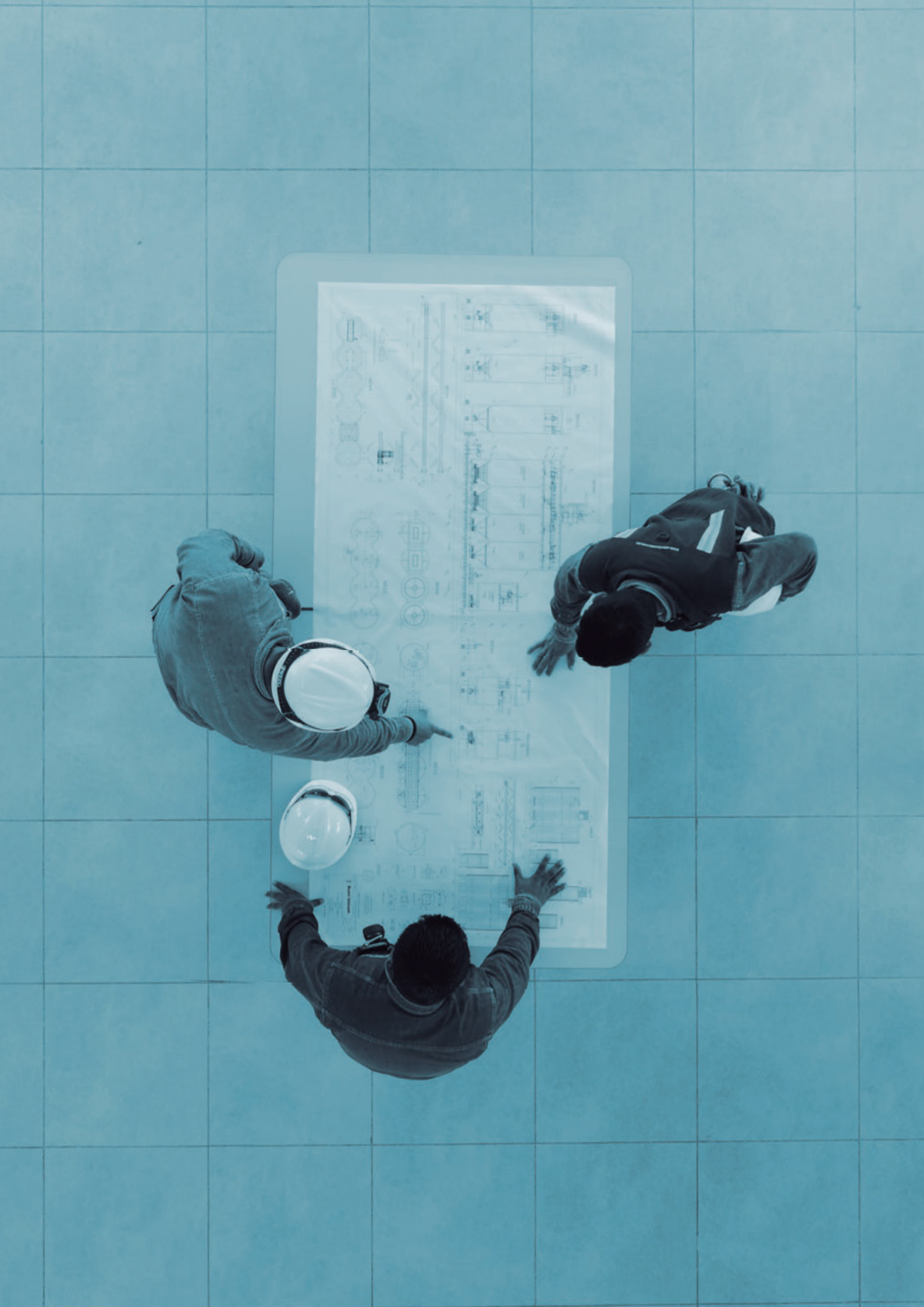
Corporación Moctezuma (Mexico), for the third consecutive year, has earned the certificate "Super Companies Expansion", as one of the best 20 companies working in Mexico. Likewise, to strengthen the application of the Code of Conduct, a new communication channel called "Alza la Voz" was implement, which guarantees the transparency in its management. Moreover, the Universidad Corporación Moctezuma kept the student flow. Currently, there are 15 partners registered in the master's programme and 2 to a Bachelor's degree level. In 2017, 30 partners carried out training courses: 10 at mater's level and 20 at bachelor's.

In 2017, Cementos Artigas (Uruguay) and Cementos Avellaneda (Argentina) continued with the standardisation and training of middle management positions as leaders in safety in order to decentralise its management. In the last quarter of the year, the programme "Committed to Safety" was launched. This programme, with the participation and commitment of all the

The group closed the year with 4.588 employees.

organisation, aims at reaching world-class levels in safety in all the plants and business units. During 2017, Cementos Artigas developed the programme "Compliance", the Corporative Governance policies and the new Ethics Code. Furthermore, it was agreed to include "safety" as a "value" and in this framework training, awareness activities and actions were developed to assert visible leadership in safety to senior and middle management.

In turn, Cementos Itacamba (Bolivia), through its Human Resources department, prepared and approved the Code of Conduct,



implemented the performance assessment system and potential assessment and developed the salary payment module in SAP. Also, for the first time the work environment was measured with GPTW and it took ninth place in companies of under 250 employees.

In 2017, LafargeHolcim Bangladesh has been working to prepare its integration with Holcim Bangladesh. De Financial Director and the Human Resources Director have joined the Managing Committee. The talent identification process and potential assessment have been carried out paying special attention to the commercial structure by developing a specific a programme to reinforce the expertise of the sales workforce.

Sotacib and Sotacib Kairouan (Tunisia) have launched the performance and potential assessment process and a second employee satisfaction survey has been carried out. The selection process has been reinforced with a significant increase in internal promotions. Likewise, a recognition and sponsor programme for sport activities of the employees has been implement. As for training, leadership courses have been implemented for all management positions: efficient meetings, leadership of the change, visible leadership, leadership by objectives. In the internal communication area, quarterly

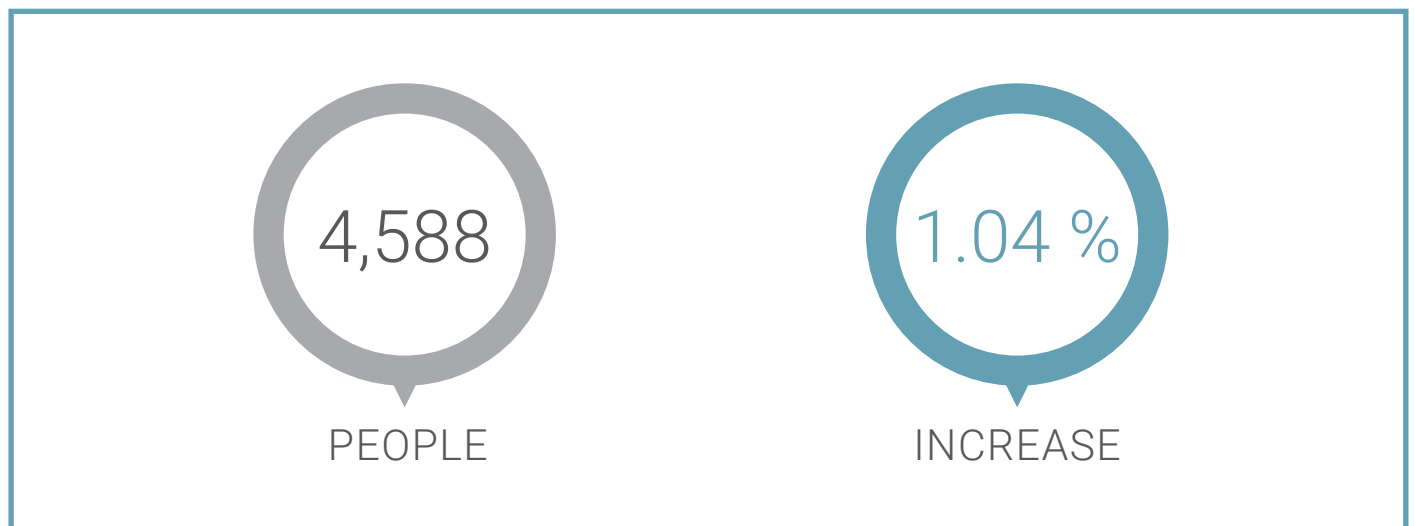
meetings have been implement both in the plants and in the headquarters to inform all the employees of the most relevant matters.

The construction of the new plant has required Ecocementos (Colombia) to hire 23 people, including the Tower Project Manager, the Manager of the IT project and the Managing Director. Around half of this new hires wish to stay in the company once the plant is operational. The new plant is located near one of its main competitors and it has many close communities, which requires proactive contact with these actors in order to keep good communication and

89% of the staff is male and 11% female.

address concerns as quickly as possible. Among the activities developed to this date, there is the construction of two football fields, the construction of 72 septic tanks for families with little means in the area and the construction of a training room for possible project contributors.

Total number of people by company as of December 31





Number of people. Aggregated value by company as of December 31

	2013	2014	2015	2016	2017
Cementos Molins S.A.	58	31	31	32	35
Cementos Molins Industrial	178	169	175	169	171
Grupo Promsa	236	220	237	229	237
Precon	567	469	553	605	594
Propamsa	113	114	123	126	133
Cemolins Servicios Compartidos	-	37	41	39	39
Cemolins Internacional	13	13	9	8	11
Spanish Companies	1,165	1,053	1,169	1,208	1,220
Cementos Avellaneda (Argentina)	702	720	730	728	750
Cementos Artigas (Uruguay)	249	239	231	223	215
Corporacion Moctezuma (Mexico)	1,148	1,105	1,121	1,119	1,103
LafargeHolcim Bangladesh (Bangladesh)	519	519	498	504	522
Grupo Sotacib (Tunisia)	538	581	588	575	532
Itacamba Cementos (Bolivia)	-	68	83	170	221
Ecocementos (Colombia)	-	-	-	10	21
Remainder	-	30	19	4	4
Foreign Companies	3,156	3,262	3,270	3,333	3,368
Total Group	4,321	4,315	4,439	4,541	4,588

The number of people corresponds to 100% of the staff in each of the Companies



Quality and product

The quality policy of the Companies in the Cementos Molins Group is aimed at satisfying above all the needs of our clients and they are very strict on the certifications showing the quality of our products and processes, and the permanent improvement of our products and services in our catalogue.

The quality of our products comes is guaranteed because they comply with the specifications stated in their definition, with the rules (voluntary ones) and/or regulations (mandatory ones). Consistency in the quality is guaranteed by the right to use quality markings, contemplated in several products and countries, whether mandatory or voluntary.

Based on the countries in which our companies are located, their products and services comply with the different voluntary guidelines

set forth by the different Standardisation Institutes. As for quality markings, the CE marking is mandatory for those products that have a European harmonised standard (EN). In some countries there are voluntary quality markings, such as the AENOR marking in Spain, the ONNCCE in Mexico and the INNORPI in Tunisia.

Many of the technicians in our companies work with the different Standardisation and Certification Institutes as experts in Standardisation and Certification Committees of different countries.

Most of our companies have issued a mission statement and its quality policy, with the corresponding manuals, and, therefore, they have been certified in accordance with ISO standard 9001 on quality management.



Research and development

The common denominator of the companies of Cementos Molins Group has been to focus the R+D+i policy towards providing them with the necessary tools to rise above and be competitive before the challenges laid by the different markets in the respective countries.

In this sense, companies of the Group have focused on improving and enhancing the production processes for the production of cement, increasing the performance of the concretes and innovating and extending the range of products in the area of adhesive cement and prefabs; as well as on providing assessment and assistance to the customer through specific projects and products prepared according to their needs.

Bearing this in mind, Cementos Molins Industrial has centered its efforts in the development of projects aimed at improving its operations and environmental impact. Some of this projects include the new test for a continuous sample collector of dioxin and furan emissions to improve the representativeness of the current sporadic samplings (partner: CSIC); the installation of new equipment in the waste laboratory (optic ICP) to analyse heavy metals to study the volatility of alternative fuels and their influence in the stack emissions; and an industrial

text of new milling additives to see its efficiency based on sustainability criteria (reduction of clinker dosage and power consumption).

PROMSA has centered its efforts in putting new products in the market, to in improving the performance of some of its products and in optimising the processes and sustainability of the operation. Among the different research activities, it is worth mentioning those related to the recovery of granulated rubber material by studying its possible applications. Likewise, several projects have been developed in cooperation with the Universidad Autònoma de Barcelona, aimed at improving and optimising the productive processes in the aggregate business.

PRECON takes part in different working groups such as the "GT1/6 Ultra-high performance concretes", devoted to develop part of the regulations on this product, and the "GT1/1 Alveolar Slabs", on the recommendations for the project and construction of forging using alveolar slabs, both within the ACHE (Technical-Scientific Concrete Association).

PROPAMSA has extended the solutions of the placement line with two highly flexible adhesives: VAT® SUPERFLEX and VAT® SUPERFLEX RAPID;



Differentiate and be competitive with more sustainable products, as a common denominator of the R+D policy.

as well as a substantial improvement in the performance of mortar for grouting, BORADA® PLUS. The waterproofing range has also grown with the addition of the product PROPAM® CREAM.

In Cementos Avellaneda (Argentina) several additional studies were carried out on compound portland cement, in which the effects of the fineness and amount of pozzolan and its durability. In parallel, test with concrete with a % of pozzolan added to a normal cement were carried out obtaining a very satisfactory behaviour and generating the possibility to create a pozzolan portland cement, demanded by the market.

Cementos Artigas (Uruguay) studied the development of the compound portland cement by making a limited use of granulated blast furnace slag and also carried out tests to manufacture portland cement of high initial resistance.

Cementos Moctezuma (Mexico) started up a concrete laboratory in the plant in Cerritos, to

continue with the assessment of the behaviour of the cement produced in the three plants of the company for concrete and detect areas for improvement.

Currently, our three cement plants in Mexico have "Calmetrix" calorimeters and diffractometers. Several studies have been carried out with calorimeters that have allowed us to establish a base to know within 24 hours if the cement will meet the resistances in 28 days, as well as improve the workability of our cements and detect changes. On the other hand, diffractometers help to provide a quicker analysis of the free lime in the clinker making it possible to carry out operative adjustments in the furnaces; this analysis also allows to identify the stages of the clinker, the different types of crystals found in our raw materials and in process materials.

In the semester of the year, the plant of Cerritos started to use fluorspar ad was able to consolidate its use in the 2 kilns and reduce between 2% and 3% the amount of clinker in cement, which wants to be applied to the other two plants in the first semester of 2018.

In Bangladesh, Lafarge Holcim Bangladesh, focused on the development of an innovative solution for the floor stabilisation segment. A cement adapted to the client was successfully launched, CEMIII/ type A (Holcim Grey), in December 2017. The main challenges of this research laid in the different types of floor in one point and the variation in the humidity of the floor at different depths.



Corporate governance

The general principles that make up the Corporate Governance System are set out in the Ethical Code and in the Mission, Vision and Values of the Cementos Molins Group. These principles are aligned with the obligations and duties of the Directors, included in the Capital Companies Act (LSC), and respond to the Good Corporate Governance and Corporate Social Responsibility practices of listed companies.

In order to comply with the Good Governance obligations contained in the Capital Companies Act (LSC) and the recommendations of the Unified Code of Good Governance, the Cementos Molins Group has structured the Corporate Governance System into the following 5 pillars:

Articles of Association: the Articles of Association of Cementos Molins, S.A.

The Group's Mission, Vision and Values: The Cementos Molins Group's Mission, Vision and Values describe the main principles necessary for the Group to operate smoothly. They differ from the Code of Ethics, which reflects the principles of expected behaviour of employees, in terms of the relevance of the Cementos Molins Group's mission, vision and values.

Corporate Policies: These Corporate Governance Policies have the purpose of establishing the guidelines of each of the areas that make the Corporate Governance System, as well as the action framework for the Group's employees, and is divided into the following sections: 1) Corporate Governance and Regulatory Compliance, 2) Risk Management and 3) Corporate Social Responsibility.

Internal regulations: Corresponds to the Group's operating rules. The General Shareholders' Meeting and Board of Directors Regulations are included. The latter includes the Auditing and Compliance Commission Regulations and the Remuneration and Appointments Commission Regulations.

Codes and procedures: The codes and procedures of the Cementos Molins Group are the Ethical Code, the Ethics and Compliance Committee Regulations, the Internal code of conduct in

securities markets, Internal Rules for the treatment of insider information, the Shareholders' electronic forum Regulation and the procedures related to the Internal Financial Information Control System (SCIIF). The Compliance Body must ensure compliance with the aforementioned codes and procedures.

On the basis of this structure, the Corporate Governance model of the Cementos Molins Group is defined according to certain principles that differentiate the functions of ordinary management and effective management from those of supervision and control. These principles are listed below:

The Cementos Molins, S.A. Board of Directors is responsible for approving the Cementos Molins Group's corporate policies and strategy.

The Auditing and Compliance Commission's function is to support the Board of Directors in the regular preparation of the economic and financial information, the Group's internal controls and the independence of the Company's External Auditor. In turn, it oversees the Ethics and Compliance function and the Internal Audit function, which ensure the proper functioning of Cementos Molins Group's IT, internal control and regulatory compliance systems.

The Remuneration and Appointments Commission must propose to the Board of Directors the remuneration policy for Directors and general managers or those who perform senior management functions under the direct authority of the Board of Directors, Executive Commissions or Chief Executive Officers. Likewise, it is the duty of the Remuneration and Appointments Commission to periodically review the remuneration policy established and to ensure that conflicts of interest do not prejudice the independence of external advice provided to the Commission.

The Board of Directors of Cementos Molins, S.A. has delegated all delegable functions to the CEO and Chief Executive Officer.

The Board of Directors of Cementos Molins, S.A. has delegated the supervisory and advisory tasks

of the Corporate Governance System to the Ethics and Compliance Committee, which in turn reports to the Auditing and Compliance Commission. Likewise, the Ethics and Compliance Committee must monitor the corporate policies developed, ensure that the information posted on the website

is correct, accurate and up to date at all times.

The General Management is responsible for implementing those measures which may be necessary for the proper functioning of the Group's Corporate Governance System.



Risk management

The Cementos Molins Group has designed a risk management and control system that enables appropriate risk management. The risk management and control system is applied in the following phases:

Preparation of the inventory of risks: the Internal Audit Department of the Cementos Molins Group, on the basis of the Group's knowledge, the monitoring activities performed and the business goals established by the Group, prepares an inventory of the risks that may occur in each company at both the corporate level and the operational level.

Identification: the General Management, the area managers and the Internal Audit Department identify, through the inventory of risks, the risks to which the companies of the Cementos Molins Group are exposed.

Assessment: after identifying the risks to which the Group's companies and Cementos Molins Group itself are exposed, they are assessed to recognise which are the most relevant. The risk assessment is determined on the basis of the likelihood of occurrence,

the impact and the number of businesses and/or areas in which the risk might arise.

Risk map: after selecting the most significant risks, the Group's risk maps, risk maps at corporate level and operational risk maps for each of the subsidiaries are prepared. These risk maps reflect the importance of each of the risks at the businesses.

Control: after the risk map is prepared and assessed, the Top management of each of the companies, the Internal Audit Department and the functional areas determine the necessary measures and define the controls needed to mitigate the risks identified. The internal control system that will be assessed by internal audit is defined in this stage.

Supervision: the Risk Maps and the control measures identified are the basis of the Annual Internal Audit Plan.

Once a year the scope of the risk management model is described through the Corporate Governance Annual Report, stating the risks materialised during the year and the status of the Risk Control and Management System.



Based on the above, the following risk categories assessed in the Risk Control and Management System of the Cementos Molins Group are defined:

Corporate Governance Risks: Corporate Governance risks are risks related to non-compliance with the internal rules established by the Group in relation to its compliance with the principles set forth by the Capital Companies Act (LSC) and the Recommendations of the Good Governance Code of Listed Companies.

Strategic Risks: Strategic risks are the risks that arise both from external factors and internal to the Group and that affect the long-term objectives. Generally speaking, strategic risk causes the Group's companies or the Group itself to lose value for unwanted activities that affect demand. Below are some examples of this type of risks:

- Brand and reputation risk.
- Risk of inability to adapt to changes.
- Competitive, country and market risk.
- Risk of customers needs.
- Risk in the communication strategy.

Financial or Reporting Risks: Financial or reporting risks are the risks that arise from the inability to finance the business obligations and from the possibility that

the information provided to third parties (Financial Statements) is not reliable and complete. Below are some examples of this type of risks:

- Budget Risks.
- Cash Flow Risk.
- Financial Statement Risk.

Operational Risks: The operational risks are the risks of the own activities carried out by the Cementos Molins Group. This typology includes risks of business management and risks of internal and external communication. Below are some examples of this type of risks:

- Risk in Cost Management.
- Business Continuity Plan Risk.
- Quality Risk.

Compliance Risks: Compliance risks are the risks of non-compliance with the internal and external regulations to which the member companies of the Cementos Molins Group are exposed. Below are some examples of this type of risks:

- Risks arising from the nature of listed company of Cementos Molins, S.A.
- Regulatory risks in social, economic and environmental matters.
- Tax Risks.
- Fraud risks.

Cement loading on railway facility at the factory in Bolivia.



Sustainability and environment

The Cementos Molins Group retains its firm commitment to sustainability and giving greater visibility to the actions and initiatives that the Parent performs in the corporate social responsibility area.

Sustainability is one of the cornerstones of the Group's corporate culture. The more sustainable the Group's operations are, the greater the possibility of growing, reducing costs, improving its social impact and mitigating risks.

The Cementos Molins Group feels jointly responsible for the development of the communities of which it forms part. Therefore, it participates in numerous social projects the main aim of which is to contribute to satisfying the needs of the communities surrounding its production facilities, to support communities' socio-economic development and to respond to its stakeholders' varying expectations.

The Group companies continued to foster dialogue with their stakeholders in order to ascertain their expectations and give impetus to cooperation

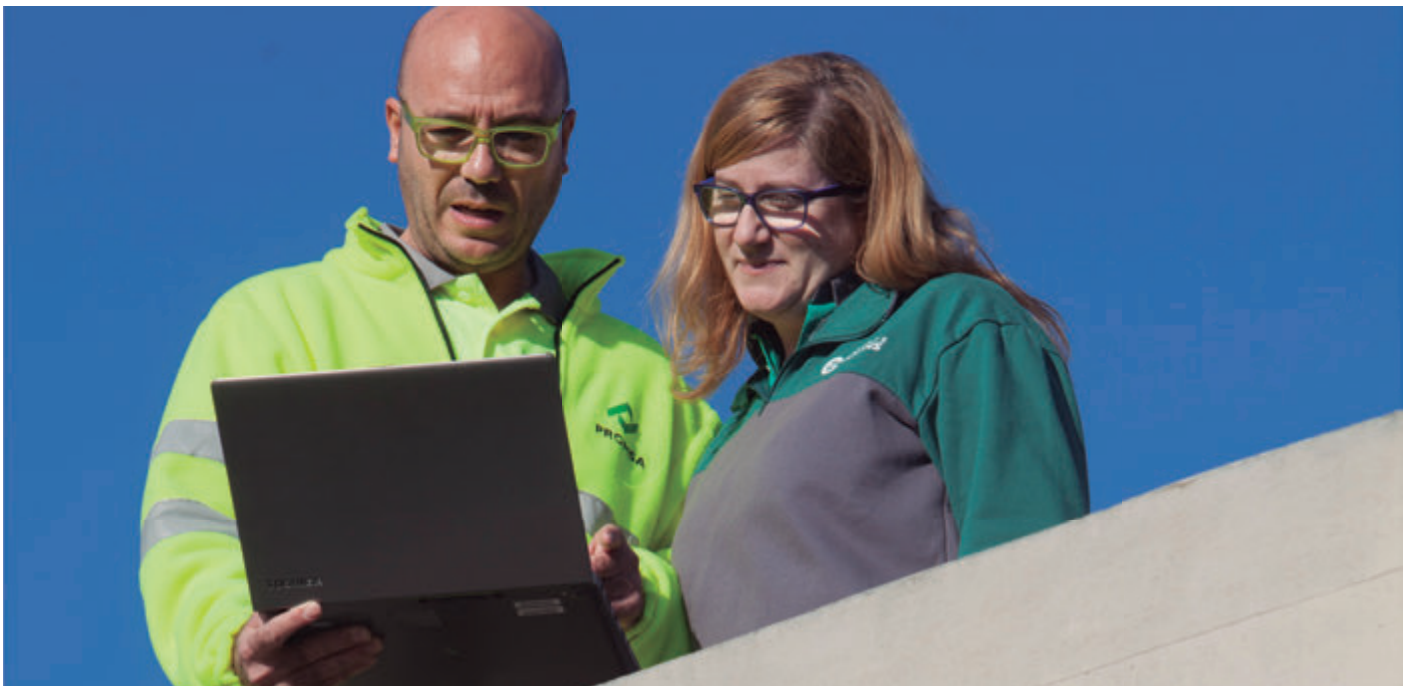
projects, which could facilitate the development of a strategy based on the generation of "shared value" with the surrounding area, i.e., that contributes to the sustainable development of the communities in which it operates.

The Cementos Molins Group works continuously to try to reduce the effects that its activities might have on society and the environment.

In 2017 the Group companies continued to implement policies which articulate the Group's commitment to environmental protection.

During the year the Group companies took steps to minimise the environmental impact of their activities, and the environmental quality audits and certifications were maintained at most of their facilities.

In accordance with this commitment, the Corporate Responsibility Report of the Cementos Molins Group for the year 2017 has been prepared, which accompanies, in a separate volume, this Economic Report of Management for the year 2017.





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25 kg

CIMENTS

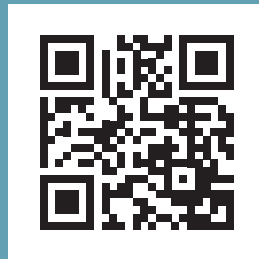
CIMENTS

CIMENTS
INDUSTRIAL





**CEMENTOS
MOLINS**



Complete financial information
at the following web address:
www.cemolins.es