



**CORPORACIÓN EMPRESARIAL DE
MATERIALES DE CONSTRUCCIÓN S.A. AND
SUBSIDIARY COMPANIES**

INTERIM RESULTS

Full Year 2016

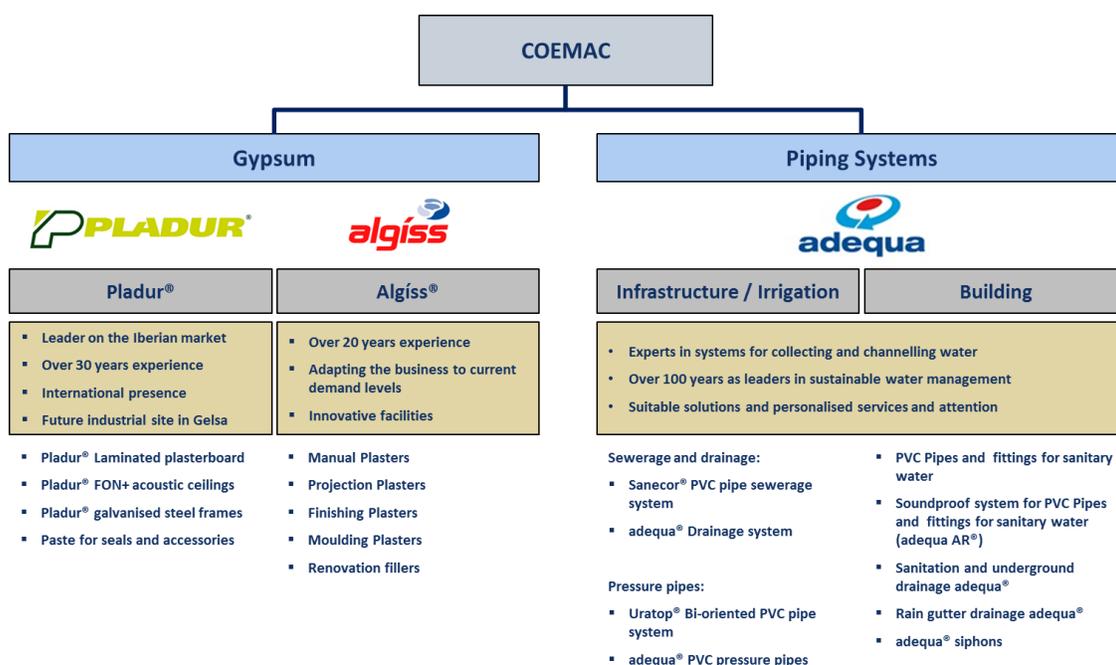
1. Introduction to COEMAC

Corporación Empresarial de Materiales de Construcción, S.A. (hereinafter “COEMAC”), is a corporate group operating in over 20 countries, whose main activity is manufacturing and selling construction materials for use in the building industry and civil engineering.

COEMAC's strategy revolves around three major main principles: (i) having a portfolio of unique products and services, offering a high added value for each participant of their service life, (ii) international business diversification and (iii) efficiency in management operations and procedures.

COEMAC consists of two business divisions¹, **Gypsum** and **Piping Systems**, of which it holds all or a majority part of the share capital and where each company handles its products through trade names. To be specific:

- **Gypsum:** which uses the trade names of **Pladur®** (construction systems based on laminated plasterboard) and **Algíss®** (Dry plaster powder and gypsum)
- **Piping Systems:** who trades under the name of **Adequa®** (Plastic Pipes and fittings for collecting and distributing water)



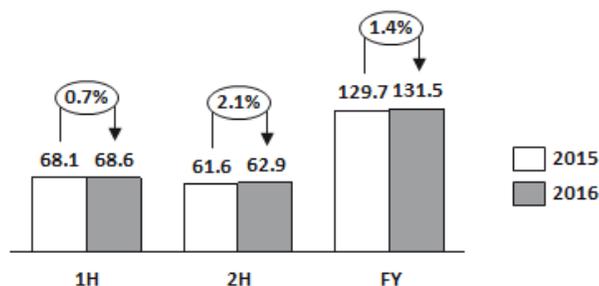
¹ For more information on the businesses of Gypsum and Piping Systems, please visit www.pladur.com, www.algiss.com, www.adequa.es

2. Consolidated Financial Statements

COEMAC improves its results in a context of a slowdown in the domestic market

Total figures for COEMAC (in millions euros)	FY 2016	FY 2015	Variation 2016/2015
Sales	131.5	129.7	1.4%
Adjusted EBITDA	10.2	8.4	20.9%
EBITDA margin on sales	7.7%	6.5%	+1,3 p.p.
EBITDA	6.0	-9.5	163.0%
Operating profit	-2.7	-24.9	89.1%
Results from continuing operations	-10.3	-68.9	85.0%
Results from discontinued operations	0.0	-4.5	100.0%
Minority results	2.3	2.6	-14.0%
Results attributable to parent company	-12.6	-76.0	83.4%
Net financial debt	7.6	1.5	413.7%

The consolidated Group obtained sales of EUR 131.5 million on 2016, which represented a growth of 1.4% compared to the same period of the previous year. This increase in sales was observed in both semesters, despite the slowdown of the construction sector in Spain experienced in the first 9 months of the year. The improvement with respect to 2015 was particularly significant in the fourth quarter, with a growth of 7.2%

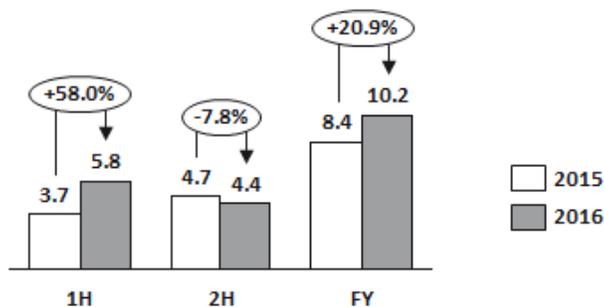


Graph 1 - Half-yearly evolution of COEMAC sales (data in millions of Euros)

By geographical areas, sales in **Spain** grew by 0.8% versus 2015, with different performance in each semester. The situation of political uncertainty generated after the elections of last December 2015 slowed some projects and awards of contracts for public works, which led to a decrease in sales by 2.1% in the first semester compared to the same period of the previous year. That situation remained unchanged until the last months of the year and it was not until the fourth quarter when the trend changed, with a notable growth of 11.4%, resulting in an increase of 3.8% on the last half of the year. On the other hand the **international markets** (which represented 25% of sales in 2015) continued with the positive evolution of previous years and grew by 3.2%, increasing the presence in the French market and making progress in exports to other countries.

The proportion of sales per business unit was the same to the one obtained on 2015, where **Gypsum** represented 59% of the total sales, while **Piping Systems** contributed with 41%.

As a whole, the **Adjusted EBITDA** obtained by COEMAC during 2016 was EUR 10.2 million, 20.9% more than the one obtained on 2015, due mainly to the improvement of industrial costs as a result of underway efficiency plans, the energy price drop and the reduction of support costs in corporative functions. However, profitability has behaved very positively reaching an improvement of 1.3 percentage points, closing the period at 7.7% EBITDA margin on sales.



Graph 2 - Half-yearly evolution of the EBITDA of COEMAC (data in millions of Euros)

The **EBITDA** obtained by COEMAC was EUR 6.0 million, improving by EUR 15.5 million the one of 2015 by both operating (Adjusted EBITDA) and non-operating results.

On the other hand, the **operating profit (EBIT)** was EUR -2.7 million. Without non-operating expenses of EUR -3,0 million, EBIT would have resulted positive.

Finally, the **net result** attributed to COEMAC in 2016 was EUR -12.6 million, including the atypical negative effect in tax expenses of EUR -4.6 million due to impairment of deferred tax as a result of the tax reform "Real Decreto-Ley 3/2016" announced at the end of 2016. Even with that impact,

the net result of 2016 is notably better than the one of EUR -76.0 million obtained in 2015 (EUR -68.9 million considering results from continuing operations).

3. Evolution of businesses in 2016

ECONOMIC ENVIRONMENT

The increase in GDP of last two years is being interpreted as the beginning of an expansive phase of the Spanish recovery. However, a slight slowdown has been observed in the last two quarters mainly due to the progressive exhaustion of some factors that temporarily have been boosting the economy, among which stand out the drop of the oil price and the expansive ECB monetary policy.

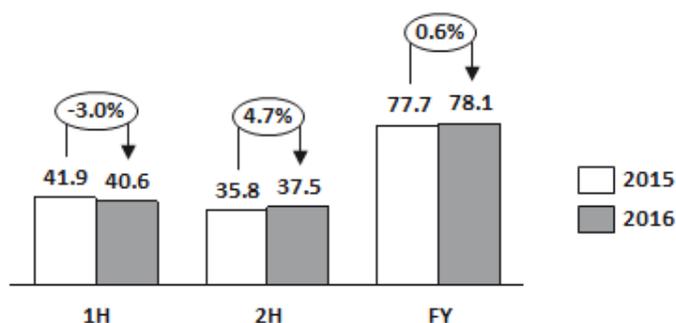
On the other hand, the construction sector in Spain has been quite affected by the political environment, with a caretaker government in office for almost two-thirds of 2016. This situation affected to all segments of the construction sector, particularly civil engineering where tenders for public works dropped by 16% until December, down to 23% if we refer to works for water infrastructure. On the contrary, new residential construction was the most active sub-segment. The building permits for new residential houses grew a 33% until November and forecasts point to a number of permits of around 65.000 at the end of 2016, although it has been observed a substantial dilation on the time required to obtain municipal licenses versus previous years, what in the end means a delay on the execution of building permits. Such delay, together with the own nature of our products, which are installed in the final stage of construction (Pladur®, plasterboard interior dry-wall systems), meant the postponement of part of the sales estimated for the year 2016. All in all, even though the recent evolution of building permits is still extremely low if compared to the pre-crisis levels, it suggests that both contractors and developers have positive expectations and foresee greater activity in the next months, so therefore we trust to capture this increasing dynamism on the new residential construction in the sales of the coming year. On the other end, new non-residential construction fell down a 6% until November versus the same period on 2015 and refurbishing works continued with the same performance as on 2015.

Spanish quarterly indicators	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
Quarterly GDP growth (% variation vs. previous year)	0.90%	1.00%	0.80%	0.80%	0.80%	0.80%	0.70%	0.70%
Building Permits for new residential construction (Ministry of Public works, Units)	10,681	12,991	12,505	13,518	16,822	16,454	14,561	n/d
Building Permits for water works (Seopan, thousand euros)	479,580	312,285	209,839	235,853	164,892	202,597	388,051	201,976

With regard to the performance of building construction in our main international markets, permits for new residential building slightly grew in France by 3%, while in Portugal the increase was of 37%.

GYP SUM (PLADUR® AND ALGISS®)

The Gypsum business completed year 2016 with sales of EUR 78.1 million, what represents a growth of 0.6% versus the previous year. All quarters recorded sales below 2015 of around 3%, with the exception of the last quarter, when sales significantly grew up to 13.9% versus Q4 2015.



Graph 3 - Half yearly evolution of sales of Gypsum (data in millions of Euros)

By geographical areas, the performance of sales in the domestic market was positive in both semesters, with an increase of 8.3% for the full year. On the contrary, export sales dropped by 17.1% versus 2015, year where important spot operations were carried out.

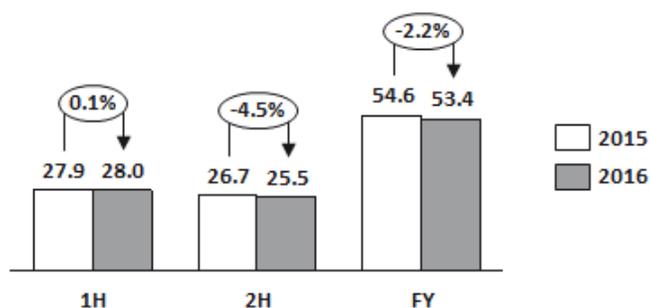
From the point of view of product lines, Pladur® slightly decreased sales because of the decline in international markets, while Algíss® completed a year of growth boosted by the progress of new housing market in Spain

Despite the slight growth in sales, Adjusted EBITDA obtained by the business on 2016 was EUR 11.5 million, increasing by +8.5% versus the same period of 2015. This was mainly due to the improvements made in costs as a result of the ongoing efficiency plans and the reduction of energy prices.

Consolidated figures of Gypsum (in millions of Euros)	FY2016	FY2015	Variation 2016/2015
Sales	78.1	77.7	+0.6%
EBITDA	11.5	10.6	+8.5%
EBITDA Margin on sales	14.8%	13.7%	+1.3 p.p.

PIPING SYSTEMS (ADEQUA®)

The business of Piping Systems, Adequa®, completed 2016 with sales of EUR 53.4 million, a slight reduction versus 2015. Performance by quarters was unequal, with a slight increase in sales on the first half and a small drop on the second half of the year, more affected by the decline of civil works for water infrastructure.



Graph 4 - Half-yearly evolution of the sales of Piping Systems (data in millions of Euros)

As we previously mentioned, the evolution of domestic sales was penalized by the political environment in Spain and its impact on awarding and execution of civil engineering and works for water infrastructure. This atypical situation was partially compensated by the extraordinary performance in the international markets.

Despite the similarity on sales, the Adjusted EBITDA of the business in 2016 was below the one obtained in 2015 mainly due to the mix of sales (largest portion of products with lower margin) and the price increase of PVC resin. The eventual reactivation of tenders for civil works on hydraulic infrastructure, where we operate with more added value products, might boost business profitability.

Consolidated figures of Piping Systems (in millions of Euros)	FY2016	FY2015	Variation 2016/2015
Sales	53.4	54.6	-2.2%
EBITDA	0.6	1.5	-62.2%
EBITDA Margin on sales	1.0%	2.7%	+1.3 p.p.

Quarterly summary of the main economic and financial figures

Quarterly figures of COEMAC (in million euros)	FY2016				
	1Q	2Q	3Q	4Q	FY 2016
Sales	33.8	34.7	31.3	31.7	131.5
% variation on previous year	3.0%	-1.4%	-2.6%	7.2%	1.4%
By region:					
Spain	24.0	25.3	24.2	24.9	98.4
% variation on previous year	-0.5%	-3.6%	-3.0%	11.4%	0.8%
International	9.9	9.5	7.1	6.7	33.2
% variation on previous year	12.3%	5.0%	-1.1%	-5.8%	3.2%
By business: ⁽¹⁾					
Gypsum	20.0	20.6	18.6	18.9	78.1
% variation on previous year	-2.3%	-3.6%	-3.2%	13.9%	0.6%
Piping Systems	13.8	14.1	12.7	12.8	53.4
% variation on previous year	6.7%	-5.7%	-7.7%	-1.1%	-2.2%
Adjusted EBITDA ⁽²⁾					
Adjusted EBITDA	2.6	3.2	2.1	2.2	10.2
% over sales	7.7%	9.2%	6.8%	7.1%	7.7%
By business:					
Gypsum	3.0	3.2	2.8	2.5	11.5
% over sales	14.9%	15.4%	15.2%	13.4%	14.8%
Piping Systems	0.3	0.3	-0.1	0.1	0.6
% over sales	2.3%	2.2%	-1.1%	0.6%	1.0%
EBITDA	2.3	2.8	-0.9	1.8	6.0
% over sales	6.8%	8.1%	-2.9%	0.0%	4.6%
Operating Profit (EBIT)	0.0	0.6	-3.1	0.0	-2.5
Results attributable to parent company	-1.7	-1.1	-3.0	-6.8	-12.6
Results from continuing operations	-1.1	-0.3	-3.2	-5.7	-10.3
Minority results	0.6	0.8	-0.2	1.1	2.3
Operating cash flow	3.2	0.4	5.9	-0.1	9.4
Net financial debt	1.0	6.5	5.9	7.6	7.6
Number of employees at end of period	581	578	567	554	554

(1) Figures on a like-for-like basis, not considering operations discontinued on 2015 (Insulation and Roof-Tiles), which are included under the heading of "Results from discontinued operations".

(2) Group adjustments are not included

(3) Adjusted EBITDA comparable to previous years, excluding non-operating results

4. Significant Events in 2016

Within the agreements approved in the last Shareholders' Annual General Meeting dated May 19th 2016, stood out the measures of corporate reorganization to restore the equity position after the losses registered in 2015.

Since then the company has completed all proposed measures, including COEMAC line of business spin-off in favor of its wholly-owned subsidiary Coemac Building Materials, S.L., the merger by absorption of Fibrocementos NT, S.A. and Coemac Iberia, S.L. by COEMAC, the partial division of Adequa Water Solutions, S.A. in favor of Adequa WS, S.L., and the non-monetary contribution to Coemac Building Materials, S.L. of COEMAC's ownership in Yesos Ibéricos, S.A., ATC 2015, S.A. and Adequa WS, S.L., as well as COEMAC's capital reduction to offset losses.

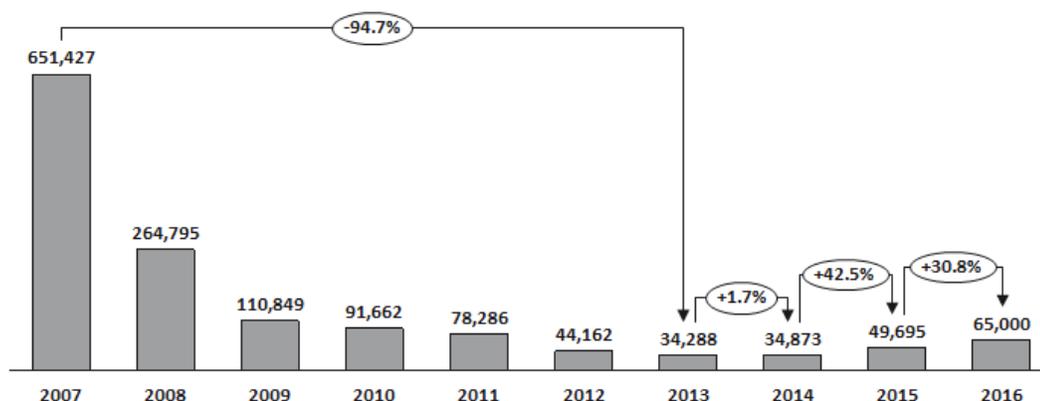
The execution of all these measures has rebalanced the net equity position pursuant to in-force legislation and allows the group to have a corporate structure more appropriate to the current operative needs of the business.

5. Outlook

MARKET ENVIRONMENT

The pace of progress experimented by the economy throughout the year will allow Spain to continue leading the GDP growth in the European Union. Both the recent evolution of the Spanish economy and the foundations that are supporting the economic recovery suggests that the GDP growth will stabilize in the next two years around 2.5%.

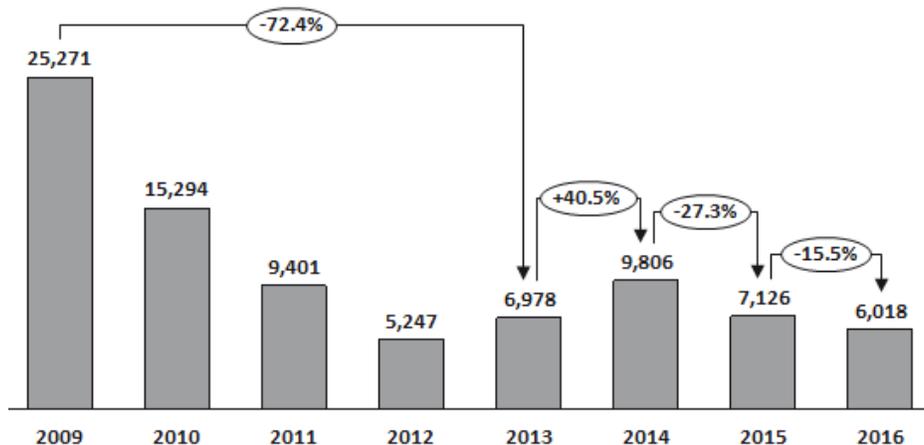
In such framework and considering Euroconstruct's future estimations, new residential construction has a significant potential for growth with an increase of 10%, whilst refurbishing and renovations will show a soft slowdown, with a minor increase of 3%.



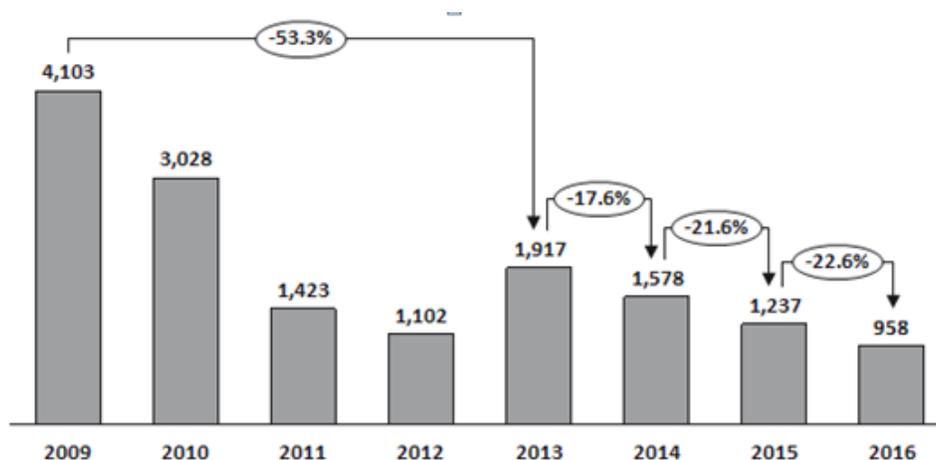
Graph 5 – 2007-2015 evolution of building permits for new residential construction in Spain (source: Ministry of Public Works)

On the other hand, non-residential construction started to show signs of recovery later, and it is expected that on 2017 the increase will be more significant, around 5%.

With regards to civil engineering, the outlook is still negative, with declining forecasts for the coming year. However, forecasts in terms of works for water infrastructure are not that negative because a significant portion of investments are being made by water companies, less dependent on the central budget for public investments. Additionally, EU is applying pressure for Spain to comply with the European Directive on waste water. Having this in consideration, we do expect positive progress already in 2017, with an increase of 2%



Graph 6 - 2007-2015 evolution of building permits for Spanish civil engineering Market
Source: Seopan, Data in thousands



Graph 7 - 2007-2015 evolution of building permits for Spanish water works subsector
Source: Seopan, Data in thousands

FORECAST OF RESULTS

The market context previously described together with our commercial plans, the ongoing internationalization efforts and the performance of sales observed in the beginning of 2017, confirming the good trend registered in the last quarter of 2016, leads us to predict a considerable growth in sales for the year 2017. This increase in sales together with the improvement plans for operational excellence of our businesses will allow us to continue improving our results in accordance with our strategic plan 2017-2019.

INVESTMENTS

Our business plan for the period 2017-19 sets down investments for a range of growth and improvement initiatives, being the most relevant the future opening of the industrial centre for manufacturing plasterboard (Pladur®) located in Gelsa (Zaragoza).

6. Risks and uncertainties

COEMAC is subject to different risks inherent to its business on the various markets in which it operates, which can possibly be mitigated but cannot be eliminated completely.

For management purposes, the company classifies those risks under three categories:

- a) **External risks:** risks deriving from the trend of the economy, technical advances and also those arising from political and/or legal aspects. This mainly results in cycles of building and tendering for civil engineering in our principal markets, and also in financial risks coming from variations in exchange rates or interest rates. With regard to exchange rates, the risk is very limited, as practically all of our operations today take place in euros.
- b) **Operating risks:** This group includes the risks arising from purchasing, selling markets, manufacturing, innovation, human resources and finance. Exposure to these risks mainly affects us due to the possibility of volatility in the price of raw materials (especially PVC resin) and energy.
- c) **General internal risks:** These refer to lawsuits and legal liability, strategic decisions, company image or fraud. The Group companies that could be affected by those aspects, together with their in-house and external legal advisors, will evaluate the nature, justification and risks arising from them, estimating their possible impact, and making provisions where considered necessary.

Risk management at COEMAC is a process encouraged by the Board of Directors and Senior Management, which aims to provide reasonable safety in the achievement of the targets established by the Group, providing an appropriate level of guarantees to shareholders, other stakeholders and the market in general.

7. Stock Market

In 2016 a total of 182,710,745 shares were negotiated on the stock markets (92.5% of the total shares admitted to trading), with a daily average of 710.937 securities and a stock market appreciation of 60.3% in the period.

As a significant event, on January 26th 2016, Banco de Caja España de Inversiones, Salamanca y Soria, S.A. informed to the CNMV the reduction of its stake in COEMAC down to 2.144%.

At December 31st 2016, COEMAC had 7,914,216 treasury shares, representing 4% of the share capital. Throughout 2016 the company transferred 2,200,000 treasury shares.



Evolution of the share price (Euros)					
Initial 12/31/2015	End 12/31/2016	Maximum	Minimum	Annual Change of COEMAC	Annual Change of IBEX-35
0.34	0.545	0.79	0.215	60.3 %	-2.0%
Volume traded					
Nº of traded securities		Average securities traded daily		Daily effective average	
182,710,745		710,937		338,656	
Market capitalization (thousands of euros)					
at 12/31/15		at 12/31/2016		Var. %	
67,150		107,637		60,3%	

8. Glossary

Below are defined the “Alternative performance measures” used in this document. These metrics, commonly used in the sector, are complementary indicators of the business performance.

Alternative performance measures	Definition
EBITDA	Operating Profit + Depreciation and amortization – Subsidies on plants and equipment
Adjusted EBITDA (*)	EBITDA – Severances (registered as personnel expenses) – Litigation expenses – Other non-operating expenses (registered as Other operating expenses)
Net financial debt	Bank borrowings, debt instruments and other marketable securities – Cash and cash equivalents
Operating cash flow	Adjusted EBITDA – Tax payments and changes in working capital
Market capitalization	Number of shares at closing period X Share price at closing period

(*) Adjusted EBITDA is the comparative measure with EBITDA reported in previous periods.

DISCLAIMER

The financial information contained in this document has been prepared under International Financial Reporting Standards (IFRS).

This document is of a purely informative nature and does not constitute an offer to sell, exchange or buy securities, nor does in under any circumstances, constitute the bases of any type of commitment.

This document may contain statements on intentions, expectations or future forecasts. Such forward-looking statements, by their nature, are not guarantees of future performance and involve risks and uncertainties, and other relevant that could cause actual developments or results to differ from those expressed in these statements on intentions, expectations or future forecasts. The Company assumes no obligation to publicly revise or update its forward-looking statements in the case of unexpected changes, events or circumstances that could affect them.

The Company provides information on these and other factors which could affect the forward-looking statements, the business and financial results of COEMAC in the documents that it presents to the Spanish National Stock Exchange Commission. Anyone interested may consult those documents.

This documents is a translation of the original version in Spanish language, in case of any discrepancies, the Spanish version will prevail.