

 **Santander**
Corporate & Investment Banking

24th LatAm Conference

January 14 – 17 th
Cancun Moon Palace | Cancun | Mexico



Atocongo Plant, Lima

Agenda

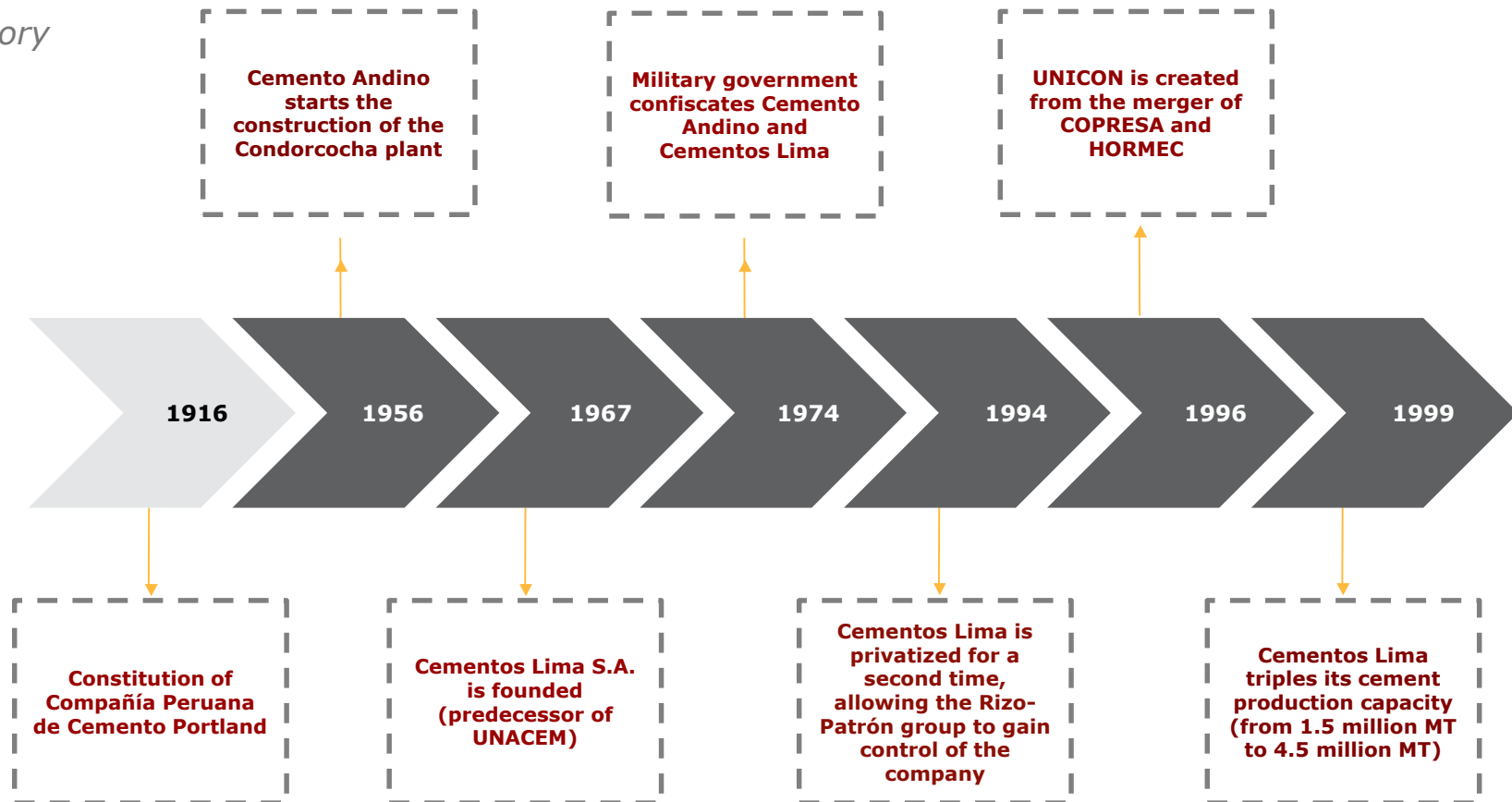
- 1. Overview***
 - 2. Recent Events***
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 - 4. Unicon and Concremax***
 - 5. Celepsa***
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 - 7. UNACEM Ecuador***
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1. Overview



1. Overview

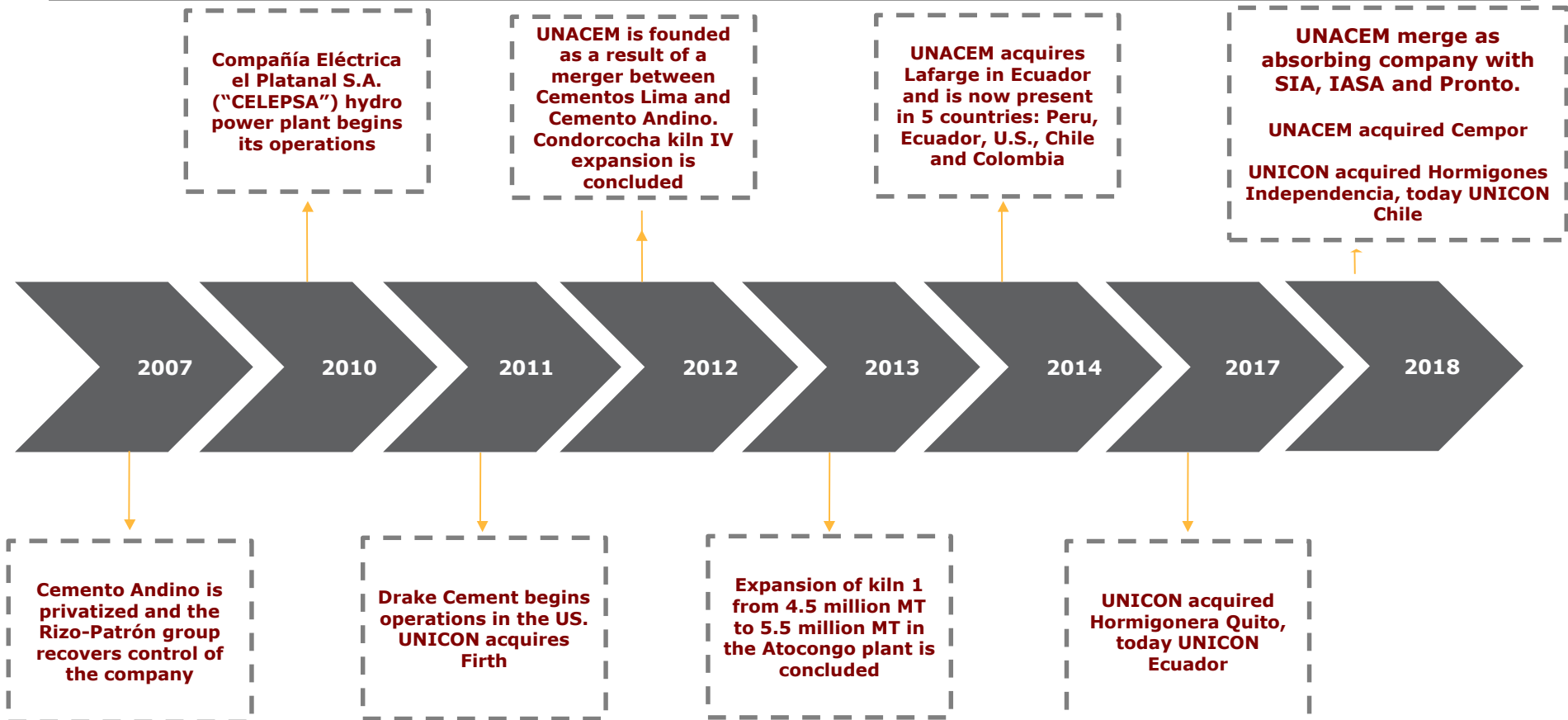
History



UNACEM has almost 100 years of successful operations in the Peruvian market...

1. Overview

History (cont.)



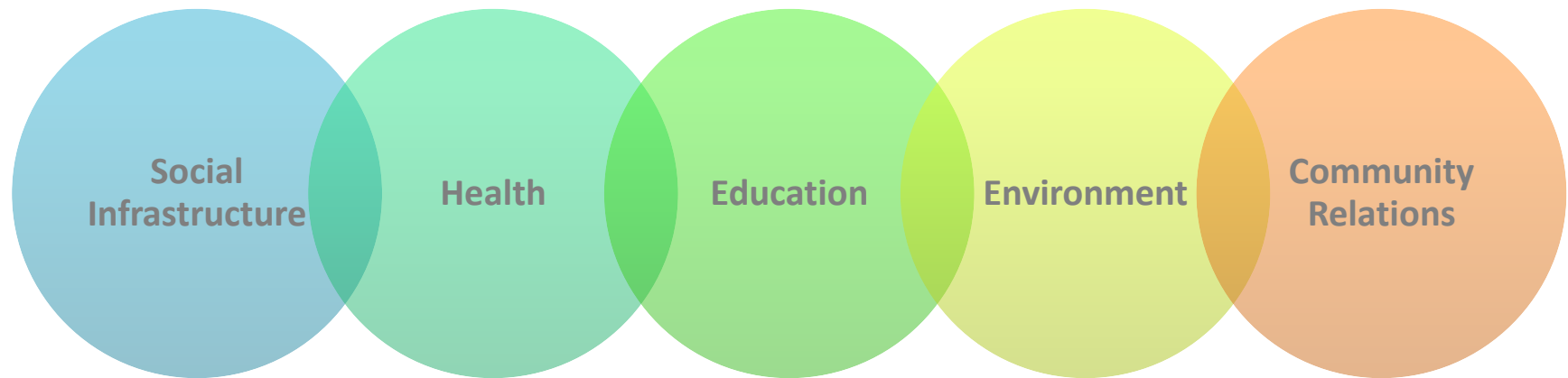
...developing new business segments and entering new markets in the region



Asociación UNACEM's mission is to align and execute UNACEM's strategy of Corporate Social Responsibility.

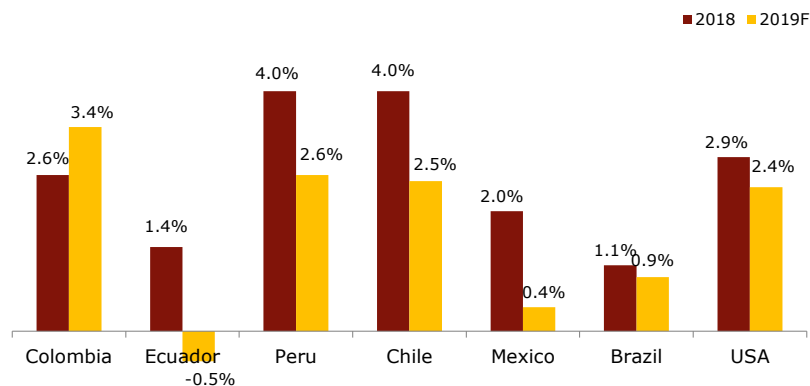
- We incorporate the value creation approach to our business strategy
 - We invest around USD 5 mm annually in this matter
 - Asociación UNACEM projects collect from international aid agencies around USD 5 for every USD 1 invested
- Asociación UNACEM applies UN Global Compact and the SDG recommendations in all its activities
- Furthermore, UNACEM has been recently selected as an index component of the MILA Dow Jones Sustainability Index, as a recognition of corporate sustainability leadership within our industry
- Since 2009, we have been selected as Socially Responsible Company (ESR) by CEMEFI and most recently also by Peru 2021



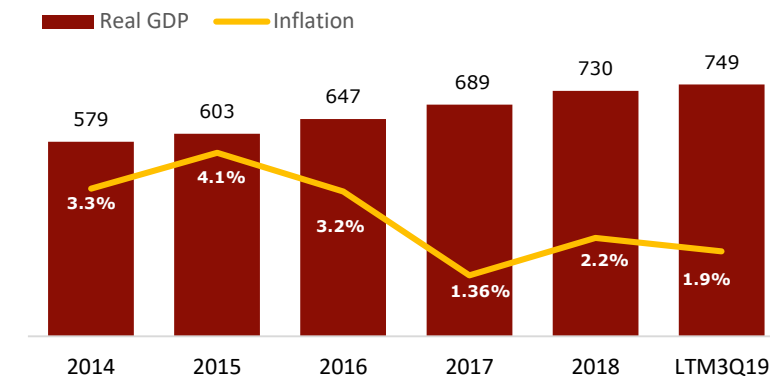


1. Solid macroeconomic fundamentals

Latam GDP Growth
(Annual variation %)

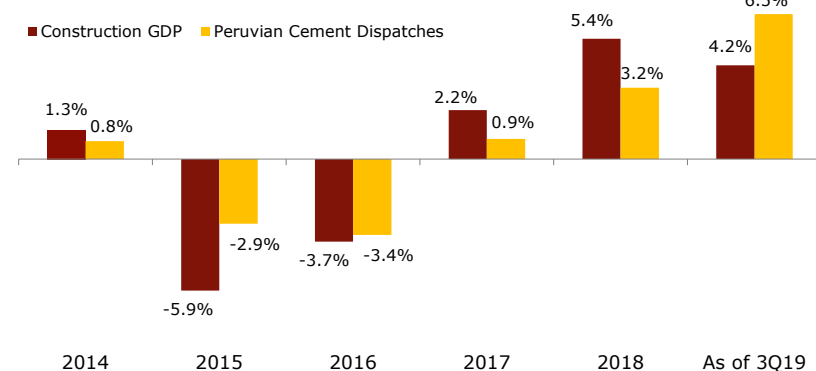


Peru Real GDP and Inflation
(PEN Bn and %)

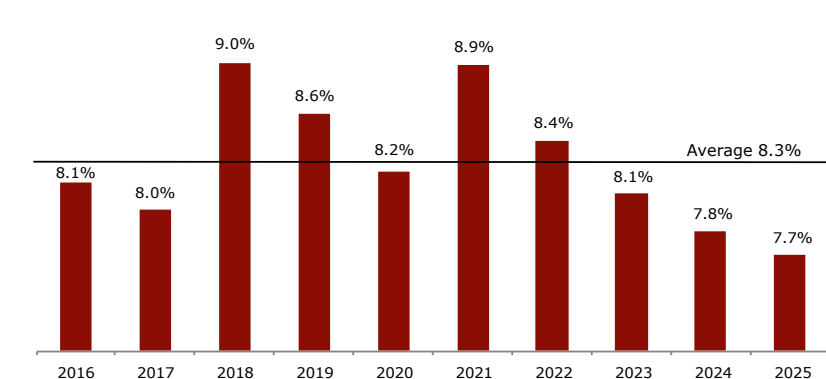


* Peru Real GDP and Inflation (YoY) - LTM as of September 2019

Peru Construction GDP vs. Cement Dispatches
(Growth %)



Peruvian Infrastructure Gap
(as % GDP)



1. Peruvian new government measures seek to reduce infrastructure gap and housing deficit in the following 5 years...

Infrastructure Gap

Current status:

- Total infrastructure gap is USD 159.6 billion
- 8.27% of GDP annual investment needed to close the gap in the following 10 years
- Water and sanitation gap is USD 12.5 billion
- Estimated benefits of closing the gap represent around 14.3% of GDP and will represent 14.25% of the labour force



Government goals:

- Infrastructure investment up to USD 79 billion
- 100% of water in urban areas by 2021
- Paving 100% of the National Road Network
- Reform of the public - private investment process
- Megaprojects are a top priority, 15 projects declared in *Emergency* in order to accelerate it's execution

Housing Deficit

Current status:

- Housing deficit in Peru: 72% of total families (Ficem 2013)
- Peru's unsatisfied housing demand: 700,000 houses
- Lima and Callao unsatisfied housing demand: 435,000 houses
- 53% of demand in Lima and Callao for housing between USD 30,000 and USD 80,000
- Law 30425: Pension fund affiliates may withdraw 25% of their funds to repay mortgage or for the down payment of a 1st property
- 112 legislative decrees to eliminate bureaucracy and unlock projects



Government goals:

- Mivivienda and Techo Propio programs will work as a unit, redirecting financing to houses under USD 40,000
- Promote access to formal credit to families
- High investment in social infrastructure will reduce its gap by 50% in the next 5 years

LINE 2 – METRO OF LIMA

Metro de Lima - Línea 2

USD 5,658 MM



TRANSPORTATION INFRASTRUCTURE

Jorge Chavez Airport Expansion

USD 1,500 MM

Muelle Norte - Etapas 1 y 2 - Callao Port

USD 370 MM

San Martín Port

USD 260 MM

Mineral Terminal - Callao Port

USD 150 MM

Pisco Airport Expansion

USD 107 MM

TOTAL

USD 2,387 MM



ROADS

Red Vial 4

USD 380 MM

Rutas Nuevas de Lima

USD 590 MM

Amp. Red Vial 5

USD 100 MM

Amp. Red Vial 6

USD 300 MM

Ambo- Oyon - I

USD 140 MM

TOTAL

USD 1,510 MM



WATER AND SANITATION

Water and Sanitation in Lima (Sedapal)

USD 166 MM

Improvement the facilities of the health services in Pichanaki Hospital, Junín

USD 79 MM

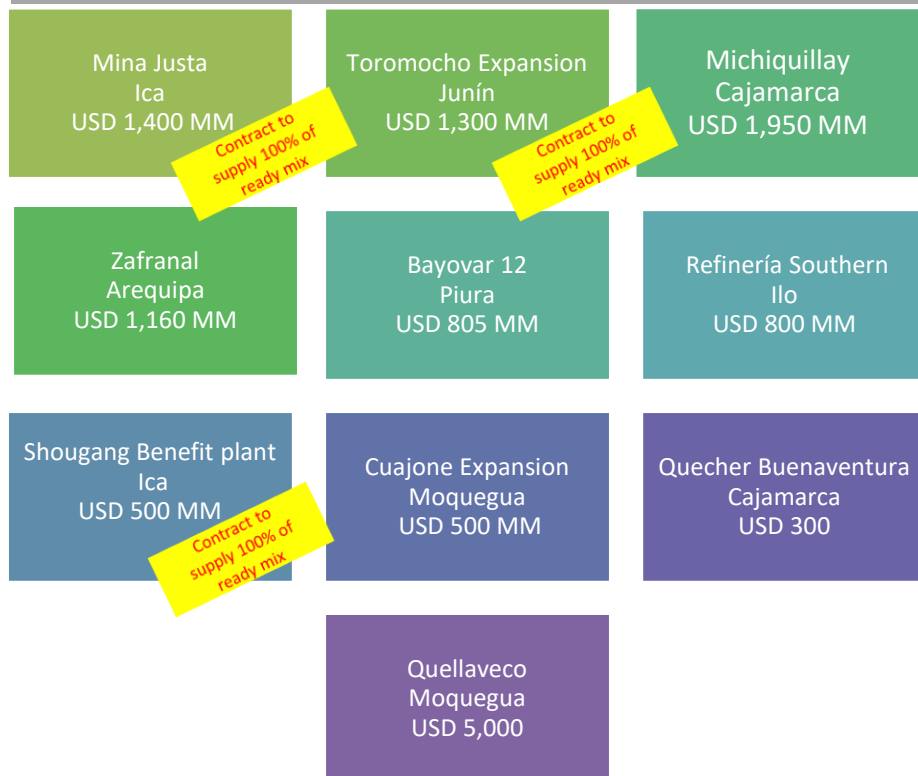
TOTAL

USD 245 MM



On the **public** and **private** side in the following two years an important pipeline of projects would start its tendering process

MAIN MINING PROJECTS ANNOUNCED (USD MM)



MAJOR PUBLIC PROJECTS GRANTED IN 2019 (USD MM)

USD 423 MM

San Martín, La Libertad, Pasco, Huánuco, Arequipa and Arequipa broadband

USD 200 MM

La Niña, Pariñas and Tingo Maria transmission lines

USD 304 MM

Titicaca Water plant treatment

USD 254 MM

Piura and Ancash EsSalud facilities

More than **USD 3,200 million** of mining projects announced in UNACEM's area of influence

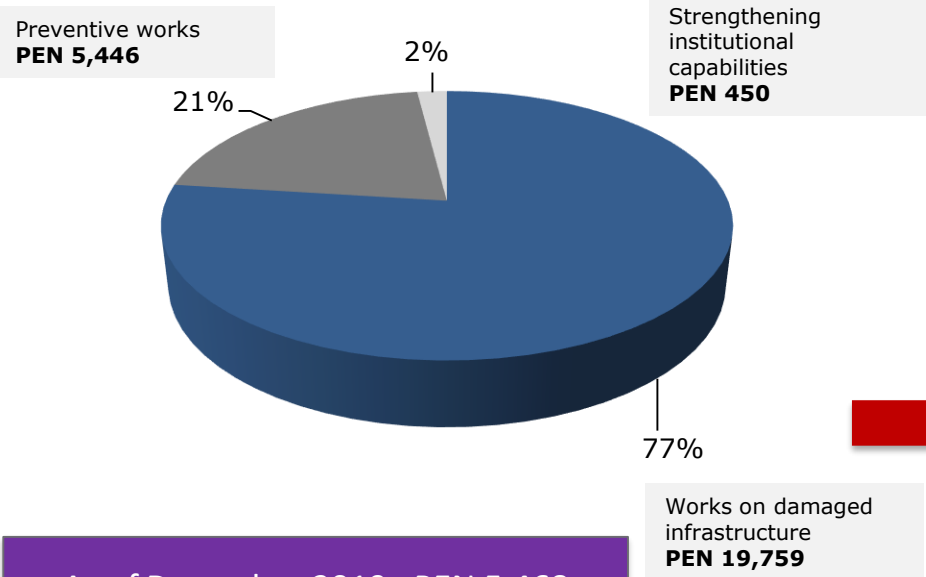
Recent news

Reconstruction with changes

ARCC announced in Nov-19 that the New Engineering Contract- NEC system will be used for biggest central government projects in order to accelerate execution.

Budget of PEN 25,655 million

- 1° PIURA: PEN 7,541 MM
- 2° LA LIBERTAD: PEN 4,286 MM
- 3° ANCASH + LIMA: PEN 5,696 MM



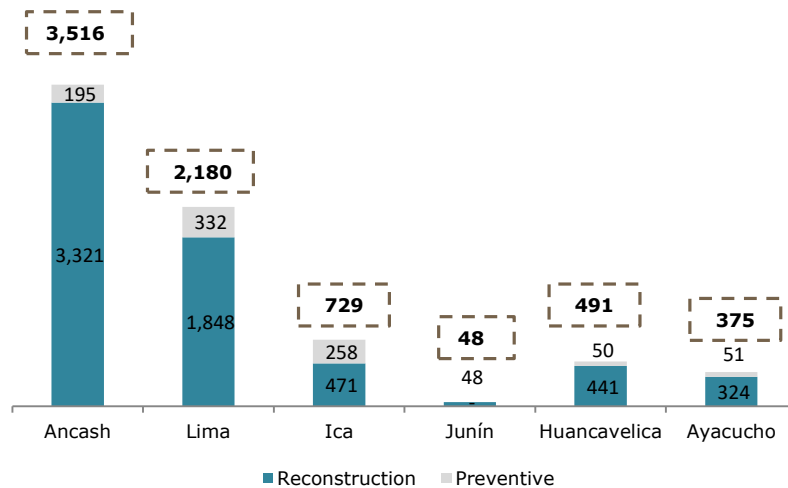
As of December 2019, PEN 5,468 (21%) million of budget was executed

Investment on damaged infrastructure by Sector				
Sector	Interventions	Investment (PEN MM)	Total %	
Transports		9,760	49.4%	
	- National Roads - Highways	2,638 km	4,333	21.9%
	- Local roads Highways and roads	7,095 km	4,504	20.4%
	- Local Roads - Bridges	192 bridges	923	4.7%
Housing	45,613 houses	1,114	5.6%	
Education	1,444 schools	2,671	13.5%	
Sanitation	Water and sewage networks	2,041	10.3%	
Health	154 hospitals, health posts and health centers	1,343	6.8%	
Agriculture and irrigation	224 intakes, 608 km of canals, 269 km of drains	1,344	6.8%	
Roads and sidewalks	811 km roads and sidewalks, and 161 bridges	1,483	7.5%	
Total		19,759	100%	

Reconstruction with changes in UNACEM's area of influence

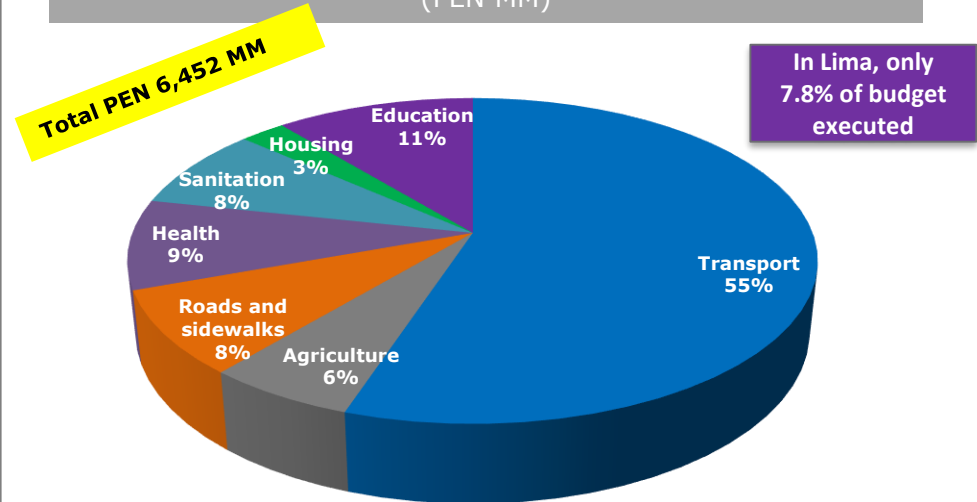
Reconstruction represents an important potential for dispatches of cement, ready mix and industrialized concrete structures for UNACEM and its subsidiaries in the coming years ... **28.6% of the reconstruction budget is allocated in UNACEM's area of influence**

Budget allocated by relevant region (PEN MM)



- ✓ September 12, 2017: Reconstruction Plan was approved
- ✓ December 17: First projects awarded
- ✓ December 17 – June 17: Studies
- ✓ April 18: execution

Budget allocated for Reconstruction Works Central region (PEN MM)



In Lima
PEN 569 MM
 were executed in transports Works and housing from 2017 - 2019

Roads



PEN 735MM

Rural Roads



PEN 74MM

Bridges



PEN 76MM

2. Recent Events

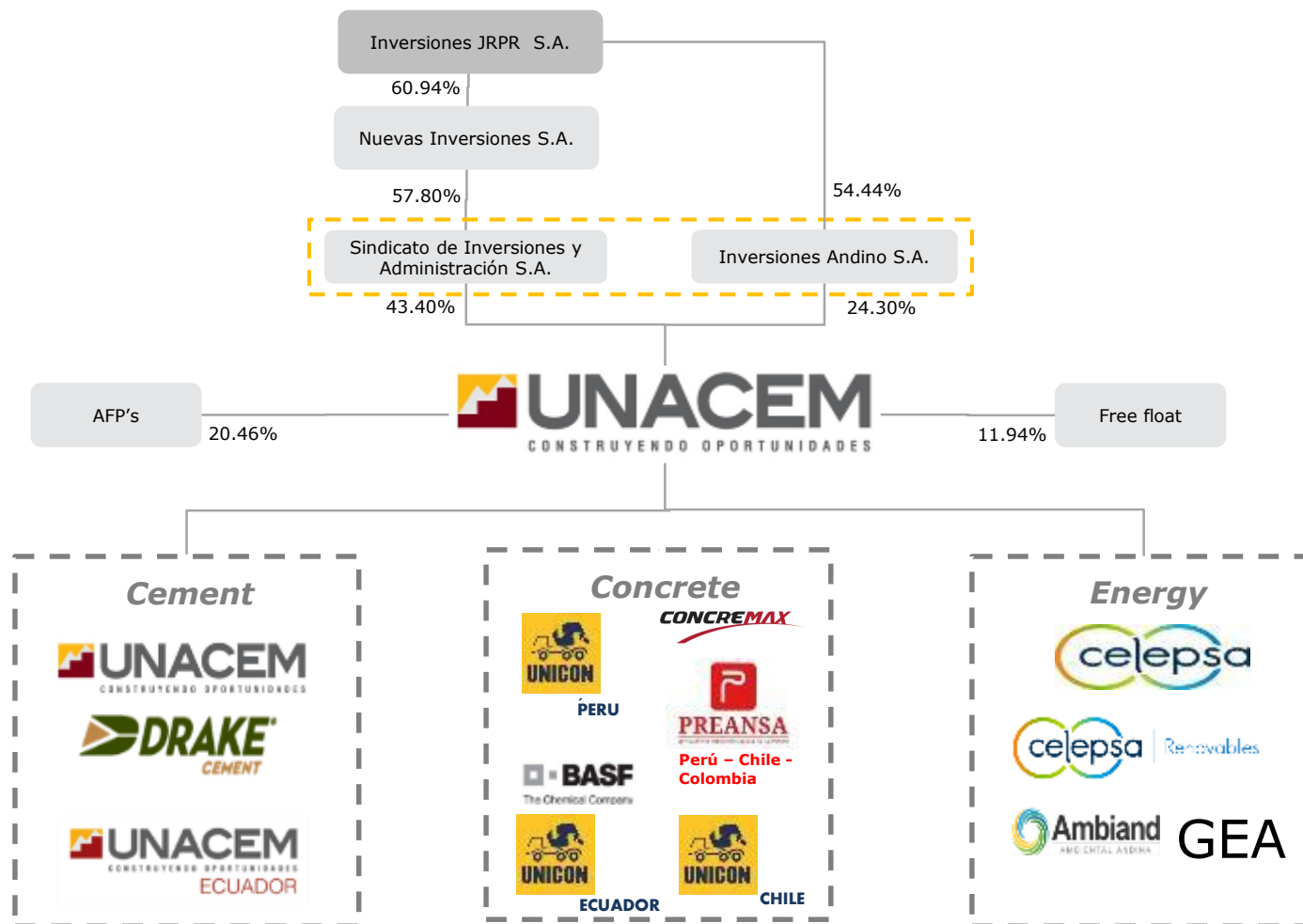


Atocongo Plant - Lima

2.1. Merger of SIA, IASA and Pronto into UNACEM

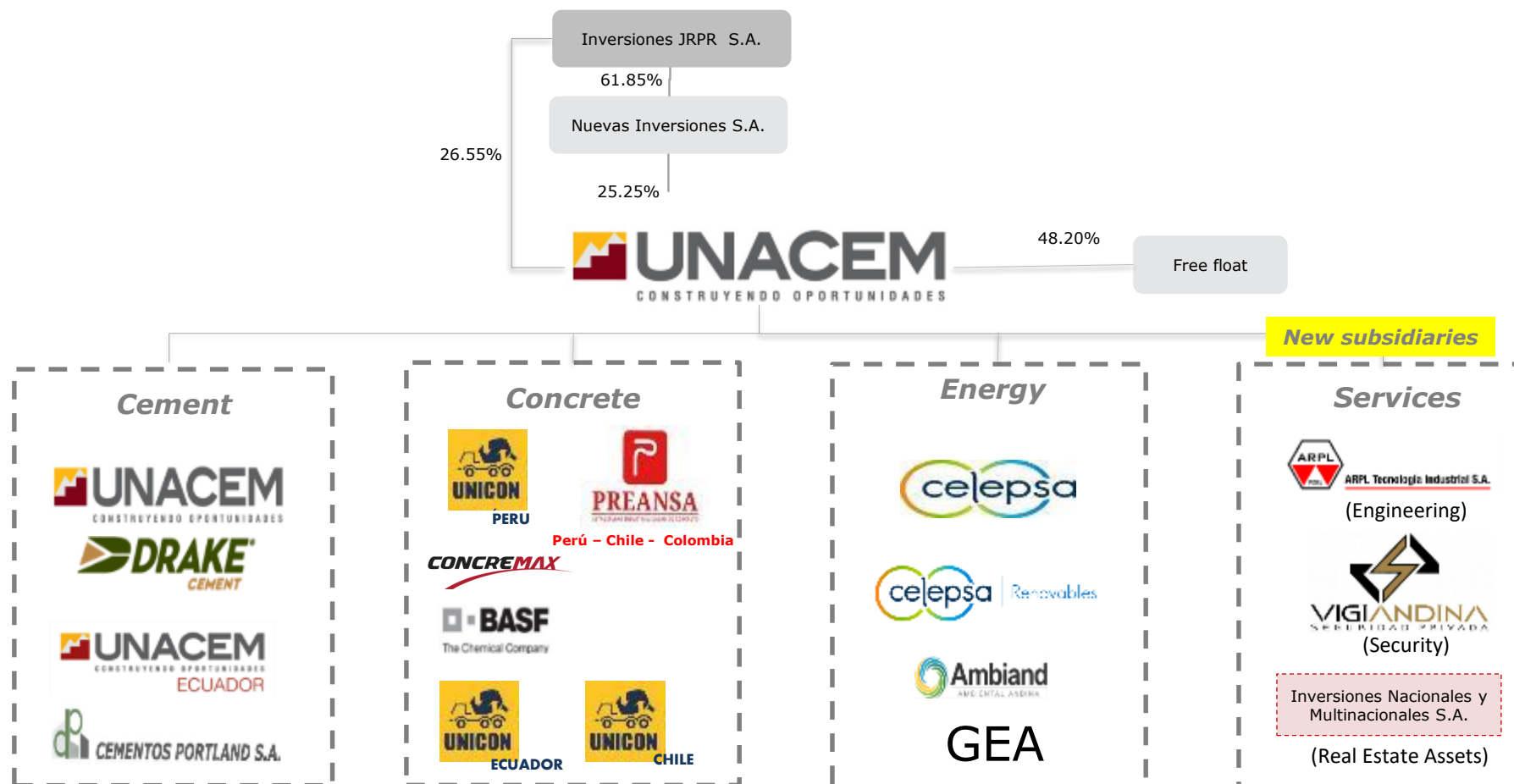


UNACEM structure – Pre merger



UNACEM S.A.A. is listed in the Lima Stock Exchange (BVL) with a Market Cap of USD 1,084 million, as of January 09th, 2020.
 FX Rate: PEN 3.3196 - 1,818,127,611 Common shares Post - merger

UNACEM structure – Post merger



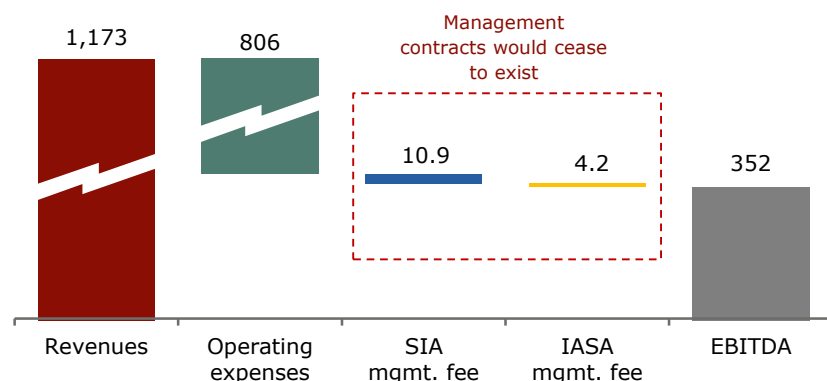
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Transaction rationale

Key objectives of the Transaction

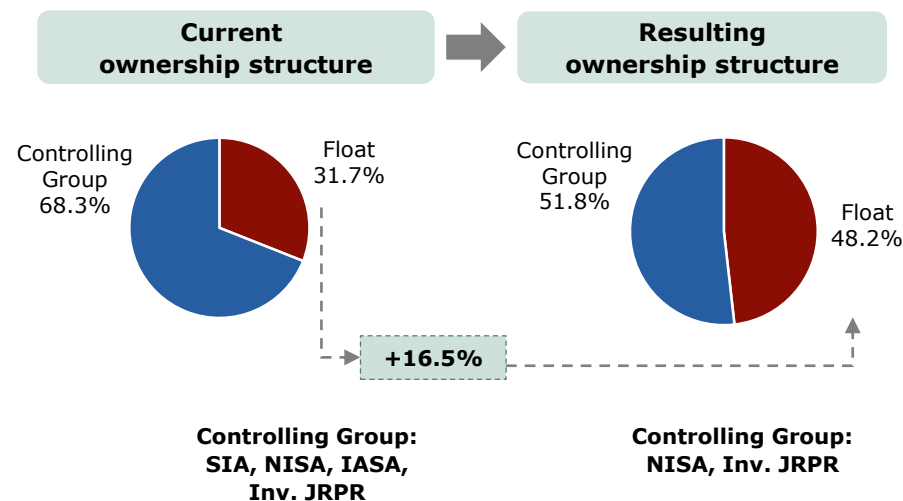
- ✓ **Simplification** of UNACEM's shareholder structure
- ✓ **Increase UNACEM's EBITDA and Cash Flows**, potentially improving its leverage ratios
- ✓ **Consolidation** at UNACEM of the knowledge, strategy, experiences, specialization, among other expertise developed, and operations managed, by the absorbed entities
- ✓ Incorporation of SIA and IASA's minorities to UNACEM's float, potentially originating an **increase in liquidity** (daily trading volume) and faster market reaction to UNACEM's performance
- ✓ **Elimination of Management Contracts** with SIA and IASA and consolidation of related-party outflows to ARPL and Vigiandina

UNACEM LTM 3Q18 EBITDA buildup (US\$mm)¹



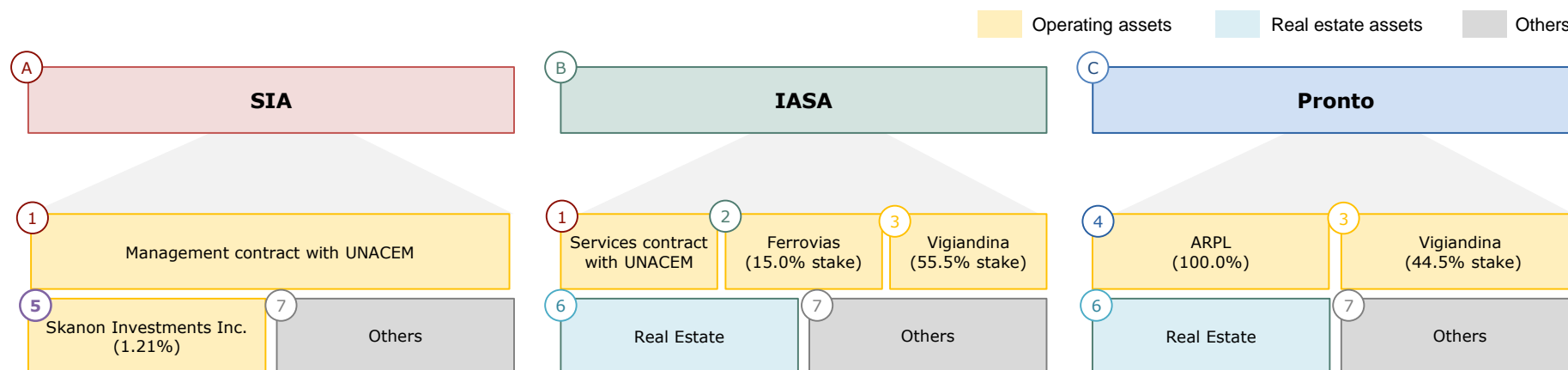
Transaction would also allow UNACEM to capture ARPL and Vigiandina's EBITDA in its consolidated financial statements

Increase share of public float



Assets merged into Unacem in the Transaction

SIA, IASA and Pronto contributed their assets into UNACEM as part of the Transaction



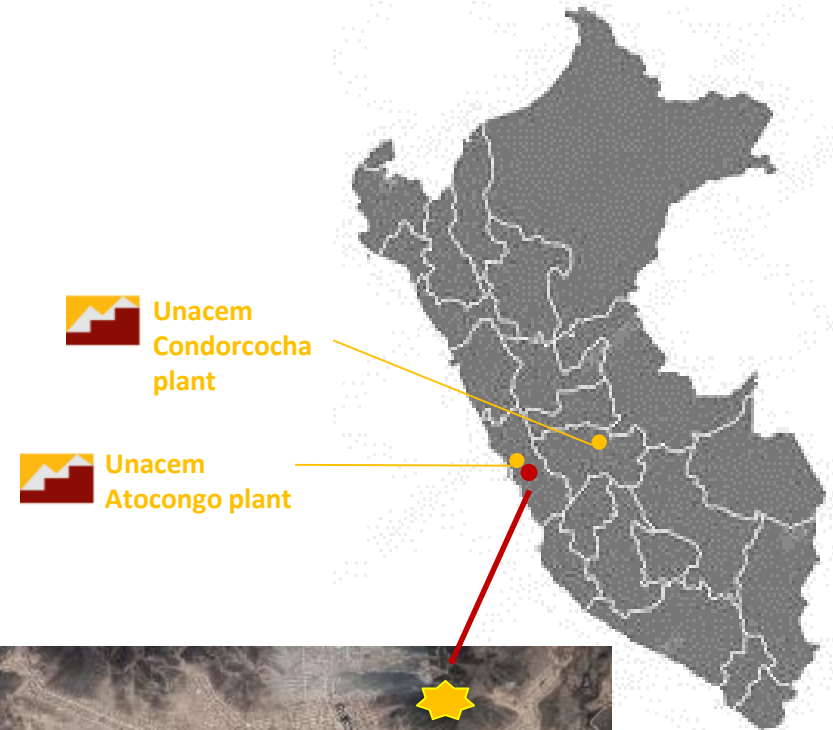
- 1 **SIA and IASA's management contracts with UNACEM** – contracts ceased to exist on January 1st, 2019
- 2 **Ferrovias Central Andina S.A** (15.0% stake), an operational company that owns a railway concession in Peru
- 3 **Vigilancia Andina S.A** (100.0% stake), an operational company that provides security services to UNACEM and other companies in Peru
- 4 **ARPL Tecnologia Industrial S.A** (100.0% stake), an operational company that provides technical assistance and engineering consulting services to UNACEM and its subsidiaries
- 5 **Skanon Investments Inc.** (1.21% stake), a holding company that owns a majority interest in Drake Cement, LLC, a cement company in Arizona, USA, and other related investments. Skanon Investments is a subsidiary and is majority-owned by UNACEM
- 6 **Real Estate assets**, direct ownership in the properties and in the subsidiaries that own UNACEM's headquarter offices, among other properties
- 7 **Others**, cash and outstanding loans to Skanon that will be held by each holding at Transaction closing

2.2 Acquisition of CEMPOR



Description of the Transaction

- **Ownership:**
 - 50% Votorantim (Brazil)
 - 50% Cementos BioBio (Chile)
- **Location**
 - Manchay
 - 8 km from Atocongo cement plant
- **Initial project**
 - Quarry with 56 mm tons of limestone
 - Cement plant with a capacity of 800,000 tons per year
- **Cempor Project to UNACEM**
 - Quarry with 66 mm tons of limestone
 - Sinergies for Atocongo plant operations, extending life of Atocongo's current quarries with a good quality limestone
- **Transaction Date :** October 10th, 2018
- **Invesment:** USD 28 million
- **Assets of Cempor:**
 - Silencio 8 Mining Concession
 - 42.5 Has of superficial land
 - 30.0 Has of land in the surrounding areas



2.3 Liability Management



Refinancing up to USD 230 million at UNACEM Separated level

Transaction Rationale

- 1 Mitigate FX volatility**
 - ✓ Converting USD debt into PEN debt
- 2 Competitive financial cost**
 - ✓ Very competitive cost in PEN
- 3 Extent debt maturity profile**
 - ✓ Liability Management will allow UNACEM to keep deleveraging in the following years
- 4 Mitigate refinance risk**
 - ✓ Liability Management had refinanced an important amount of UNACEM's Separate debt until 2026

Bank loans executed on October

On August 23, 2019 UNACEM Board of Directors approved bank loans up to USD 230 million for the refinancing of existing liabilities in US dollars with 3 banks.

Transaction was executed on October, with the total redemption of the outstanding USD 225 million of the "USD 625 million 5 7/8 Senior Unsecured Notes due 2021"

3. UNACEM Peru



Condorcocha Plant, Tarma (3,950 m.a.s.l)

2. UNACEM Peru

Overview

- On October 1st, 2012, UNACEM absorbed Cemento Andino to consolidate the largest cement company in Peru
- UNACEM has subsidiaries that provide power supply, raw materials supply, distribution channels and warehouse storage of UNACEM's products
- The Company has two cement plants, Atocongo and Condorcocha, which operate in the central region of the country where most of the population lives
- The Atocongo plant has an underground conveyor belt which leads directly to the Conchan Pier (port) in the Pacific Ocean, facilitating cement exports and raw material imports
- Both plants have their own power generation through three hydro power plants and one thermo power plant that provide a significant source of energy

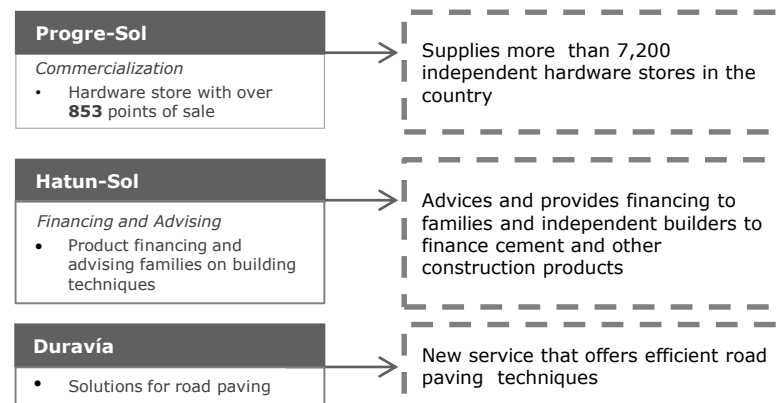
Financial Snapshot 2018 and 3Q2019 (USD MM)

	2018	LTM13Q2019
Total Assets	2,606	2,625
Revenues	599	593
EBITDA	264	248
EBITDA Margin	44%	42%
Local Ratings	Class: AAA APOYO: AA	

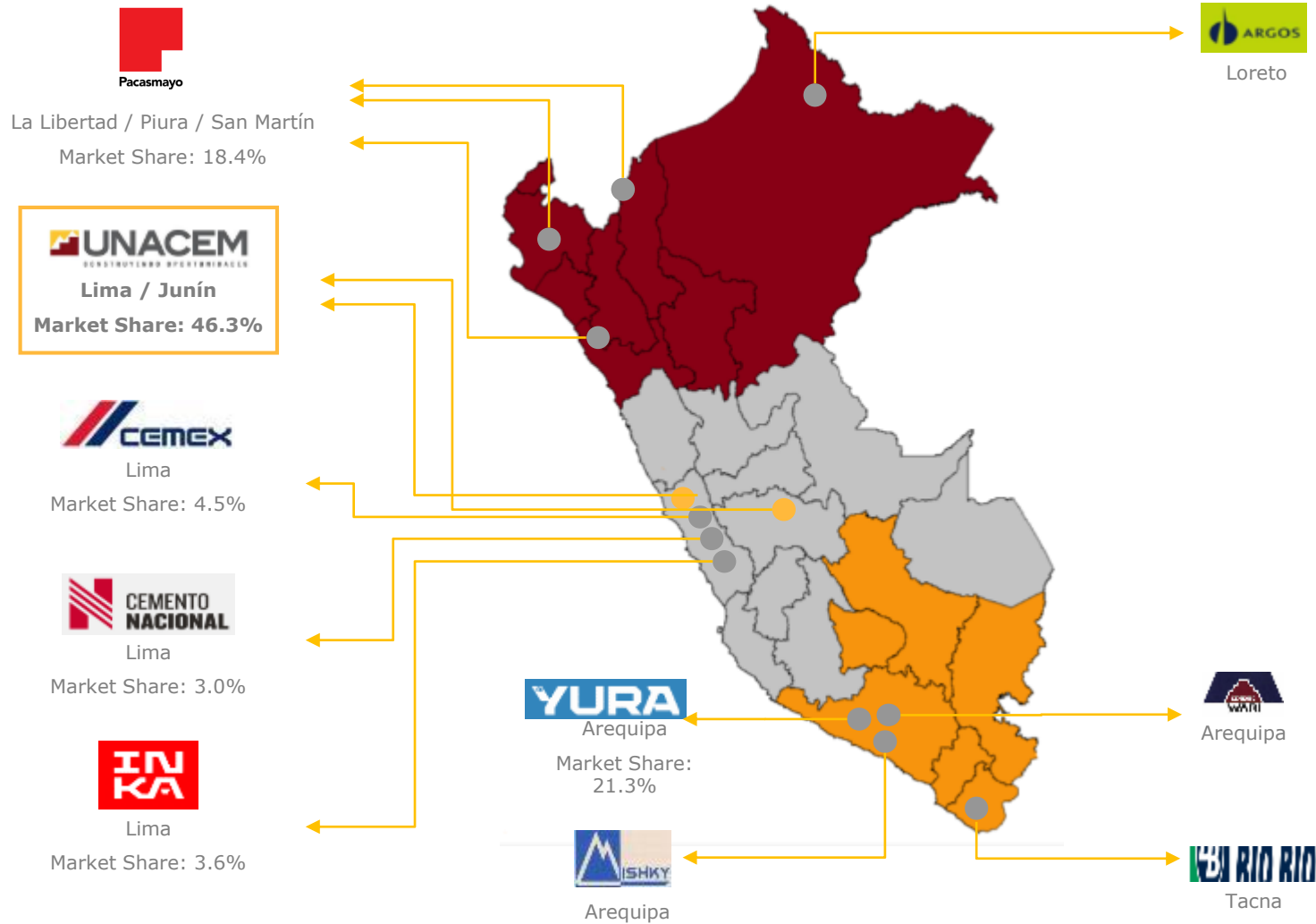
Cement Plants

Atocongo	Condorcocha
Location: Lima Clinker Capacity: 4.8 million MT Cement Capacity: 5.5 million MT Clinker Production(2018): 3.8 million MT Cement Production(2018): 3.4 million MT Limestone Reserves: 34 years	Location: Junín Clinker Capacity: 1.9 million MT Cement Capacity: 2.8 million MT Clinker Production(2018): 1.6 million MT Cement Production(2018): 1.7 million MT Limestone Reserves: 156 years
	

Distribution and Services



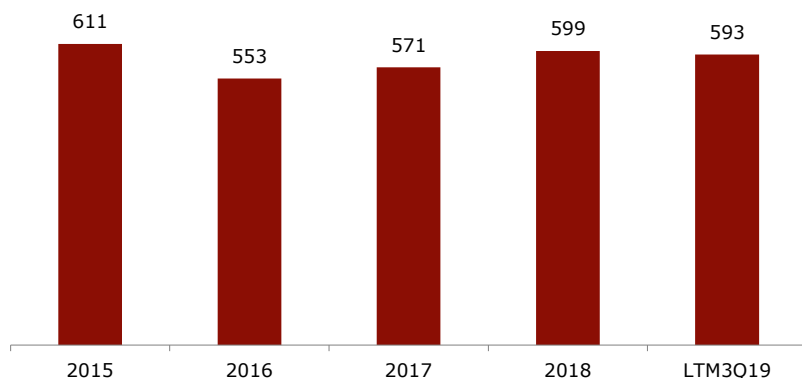
UNACEM is the market leader of cement in Peru



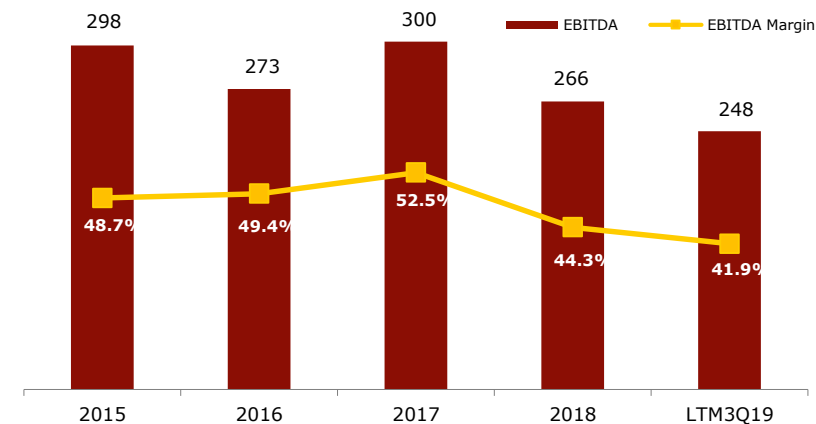
2. Consistently delivering strong financial results...

Separate financial performance

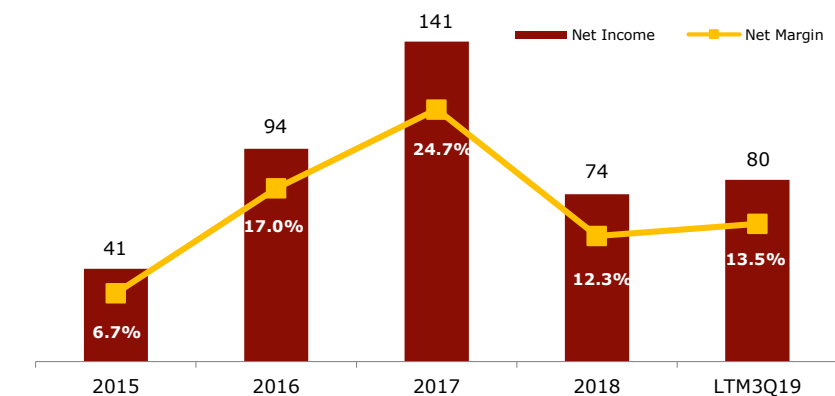
Revenues (USD Millions)



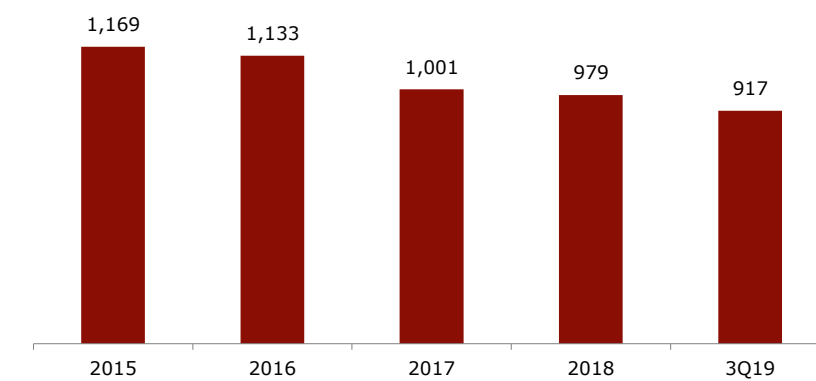
EBITDA and EBITDA Margin (USD Millions and %)



Net Income & Net Margin (USD Millions and %)



Net Debt (USD Millions)



**4. Unicon
Peru,
Ecuador,
Chile &
Concremax**



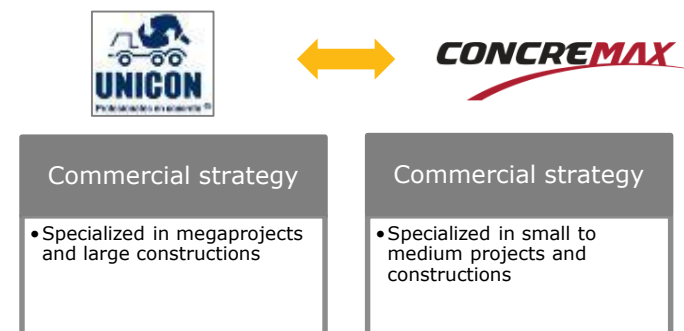
3. UNICON Peru, Ecuador, Chile & CONCREMAX

Concrete Segment Overview

- UNACEM’s concrete segment consists of two companies Unión de Concreteras S.A. (UNICON) and CONCREMAX S.A.(former Firth), forming the largest concrete group in Peru
- UNICON was founded in May 1996
- In 2011, UNICON acquired 100% of Firth shares. On November 2015, Firth changed its legal name and brand to CONCREMAX.
- On July 2017, UNICON acquired 100% of stake in Hormigonera Quito, today UNICON Ecuador, for USD 13 million
- On May 2018, UNICON acquired 100% stake in Hormigones Independencia, today UNICON Chile, for USD 22.2 million

Market Positioning

- UNICON and CONCREMAX have **60.0% of market share (66% in the Peruvian Central region)** in the concrete segment as of 3Q19



Financial Snapshot – LTM 3Q2019 (USD MM)

Total Assets	277
Revenue	410
EBITDA	37
EBITDA Margin	9%

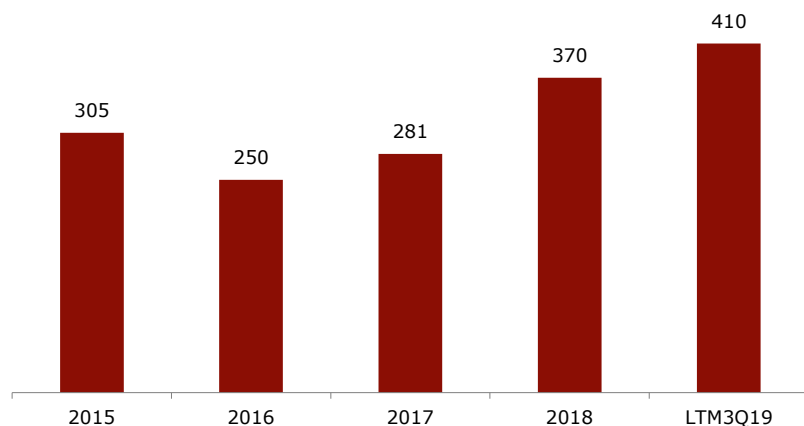
Includes Unicon and subsidiaries

Assets and Capacity in Peru

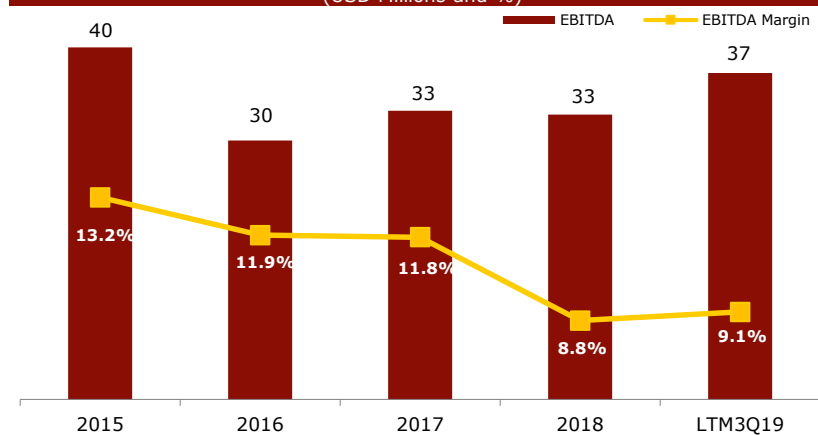
Installed Capacity	9.2 (million m³ per year)
Concrete Plants	58
Facilities in Lima	13
Facilities in the rest of Peru	22
Mixer Trucks	519

3. Positioned to deliver strong cash flows...

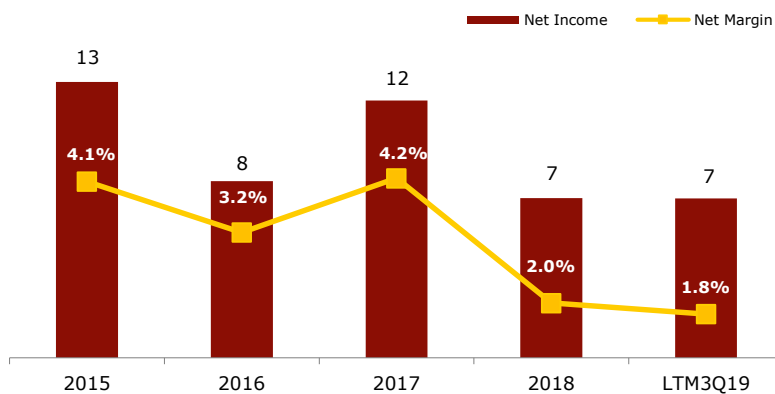
Revenues
(USD Millions)



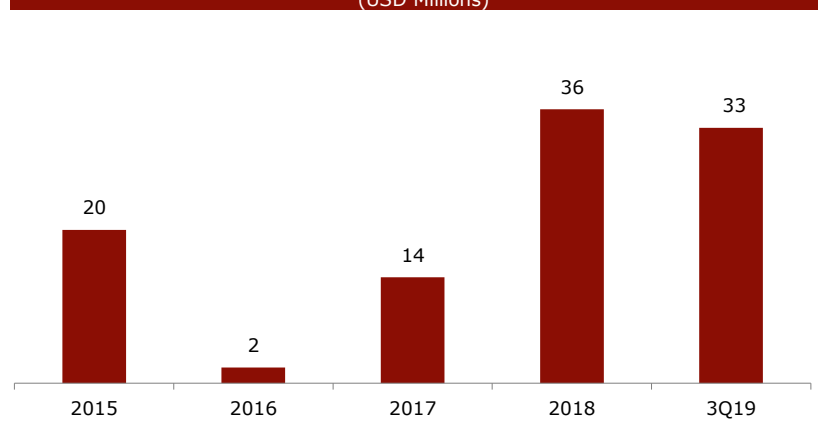
EBITDA and EBITDA Margin
(USD Millions and %)



Net Income & Net Margin
(USD Millions and %)



Net Debt
(USD Millions)



5. Celepsa



4. Celepsa

Company description

- UNACEM stand-alone is one of the company's main customers, Celepsa has a portfolio of 13 additional customers
- The company's assets are the hydroelectric plant "El Platanal" which generates 220 MW and Hidro Marañon (18 MW)
- In November 2014, Celepsa acquired Hidro Eléctrica Marañon S.R.L., 18 MW Hydroelectric power plant with an 88 MW PPA, Hidromarañon started operations in 1S17
- CELEPSA's strategy is to develop a renewable, efficient and competitive portfolio of electricity generation
- 100% of its production is sold through PPAs

Financial Snapshot – LTM3Q2019 (USD MM)

Total Assets	344
Revenue	75
EBITDA	36
EBITDA Margin	48%

Hydroelectric Power Plant

El Platanal

Location: Lima
 Generation Capacity: 220 MW



Hidro Marañon

Location : Huánuco
 Generation Capacity: 18 MW



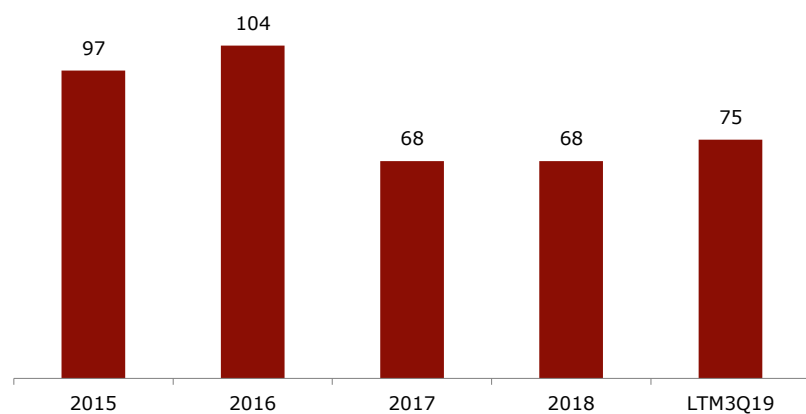
Company structure



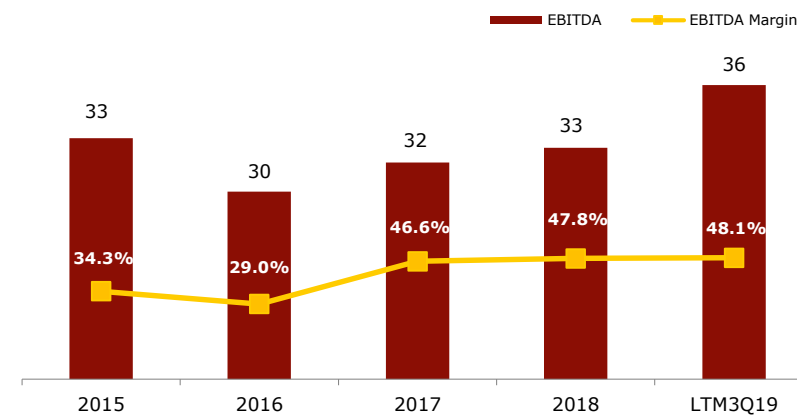
On March, 2018, Hidromarañon SRL changed its legal name to Celepsa Renovables SRL

4. Keeping its competitiveness in the energy sector ...

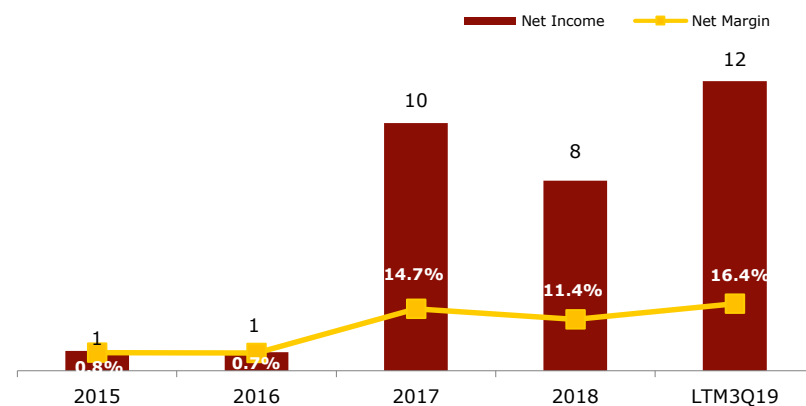
Revenues



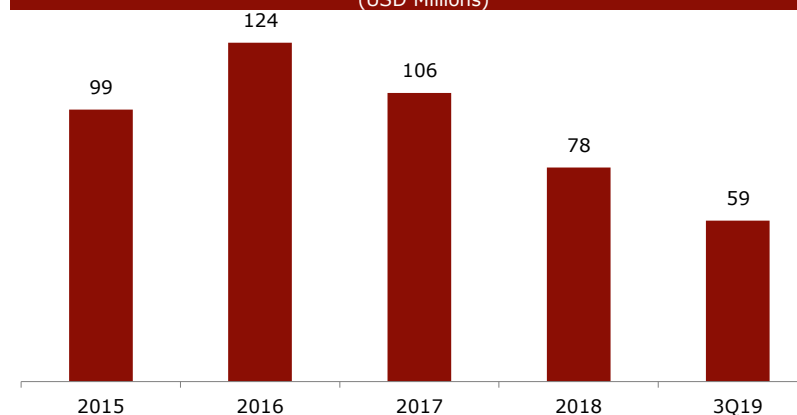
EBITDA and EBITDA Margin
(USD Millions and %)



Net Income & Net Margin
(USD Millions and %)



Net Debt
(USD Millions)



6. Skanon / Drake



5. Skanon / Drake

Company Description

- Drake UNACEM's start up subsidiary located in Arizona, USA, with state-of-the-art facilities
- There are three main competitors in the market in Arizona.
- Drake has a strong growth potential as the United States recovers from the crisis
- The company's mission is to be recognized as the leading and most respected provider of construction materials
- As of 3Q2019 Skanon revenues were 7% higher than in 3Q2018

Products and Brands



- ASTM C 150 Type II/V (LA)
- Clinker Type II/V
- Special cement

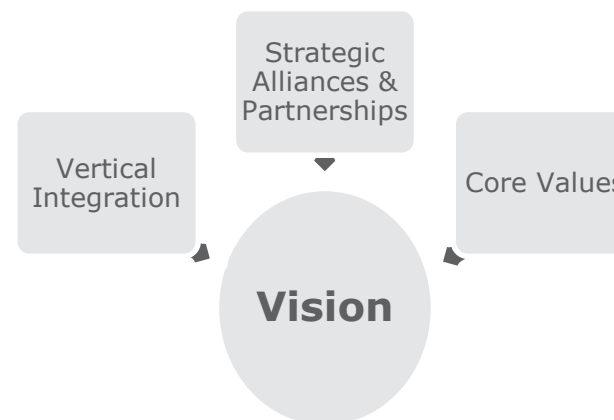


- ABC (Aggregate Base Course)
- Crushed rock
- Concrete and mortar sand
- Recycled concrete and asphalt

Financial Overview – LTM 3Q2019 (USD MM)

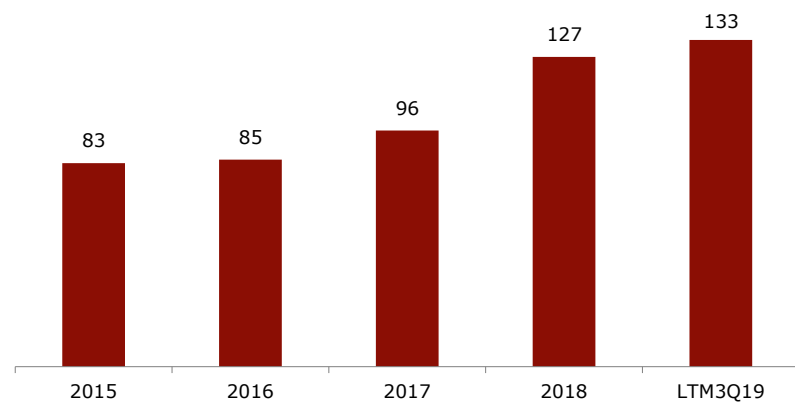
Total Assets	399
Revenue	133
EBITDA	19
EBITDA Margin	14%

Business Strategic Plan

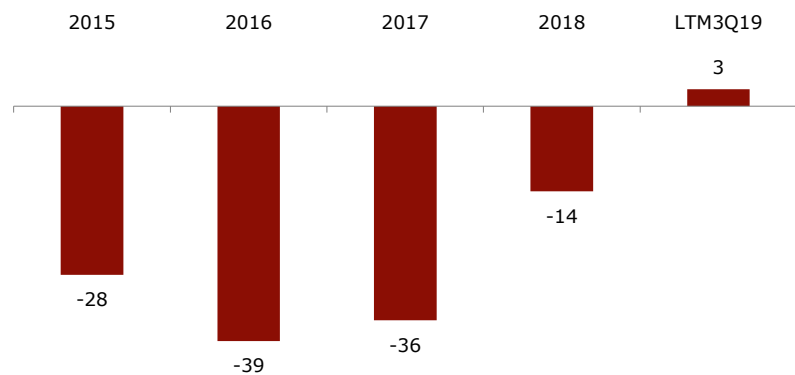


5. Successful turnaround story ...

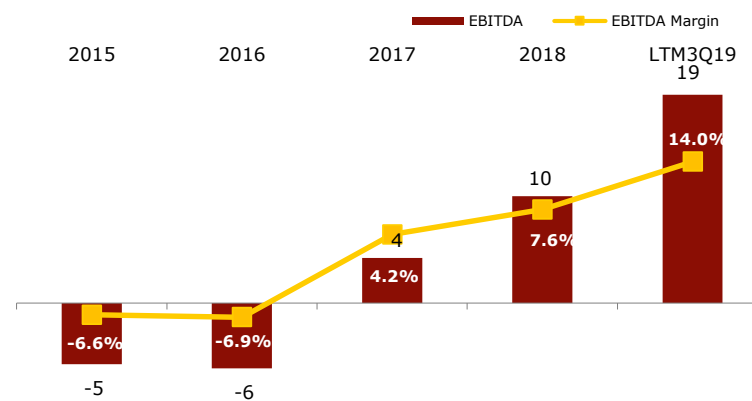
Revenues
(USD Millions)



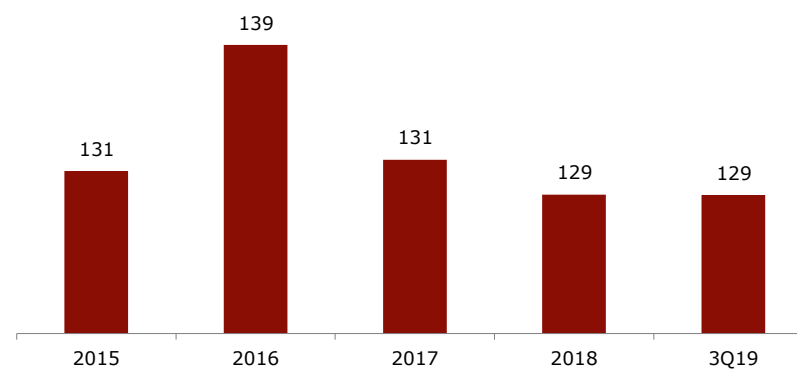
Income before taxes
(USD Millions)



EBITDA and EBITDA Margin
(USD Millions and %)



Net Debt
(USD Millions)



7. UNACEM Ecuador



6. UNACEM Ecuador

Company Description

- UNACEM Ecuador was acquired during 2014, consolidating and closing the transaction by mid November 2014 with all regulatory permits
- The Company has the widest product portfolio in the market, tailored for the construction sector
- UNACEM Ecuador is a fully integrated company with high performance assets
- UNACEM Ecuador has a prime logistical operation with 100% bags delivered door-to-door
- Excellence in stakeholder relationship
- The plant is currently operating at 72% capacity

Operations

Otavaló

2 Lines: 1 Kiln SPH and 1 Kiln AS precalciner
 Location: Imbabura (100km North of Quito)
 Clinker Capacity: 1.0 million MT
 Cement Capacity: 1.5 million MT
 Production (2018): 1.2 million MT



Financial Overview – LTM 3Q2019 (USD MM)

Total Assets	176
Revenue	146
EBITDA	58
EBITDA Margin	40%

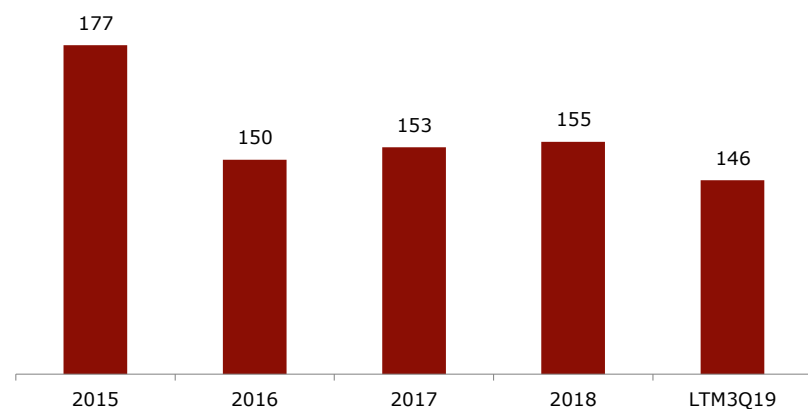
Ownership structure



6. Delivering solid margins ...

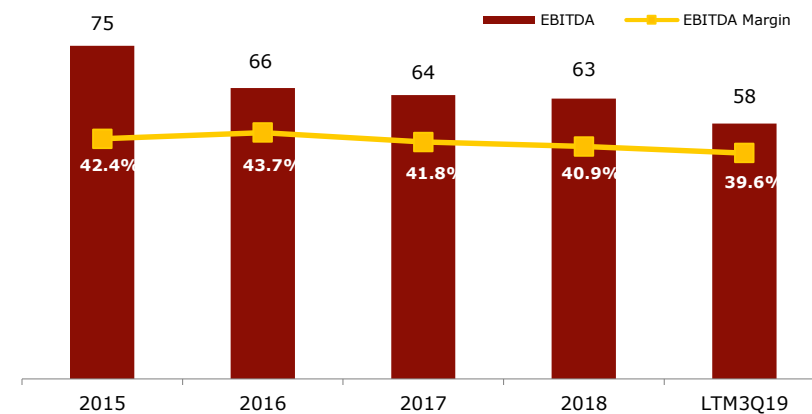
Revenues

(USD Millions)



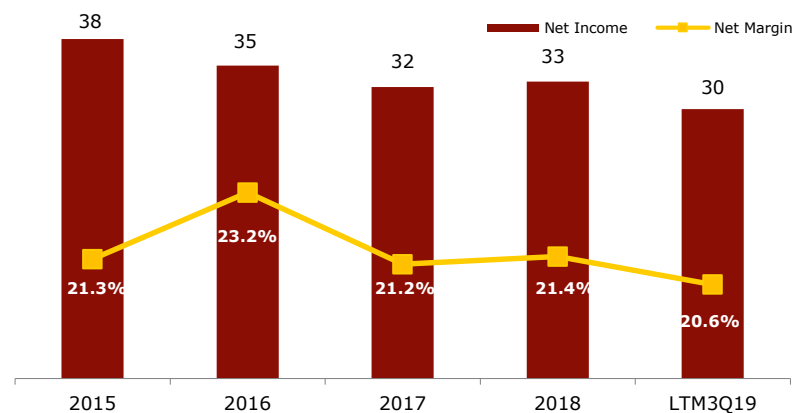
EBITDA and EBITDA Margin

(USD Millions and %)



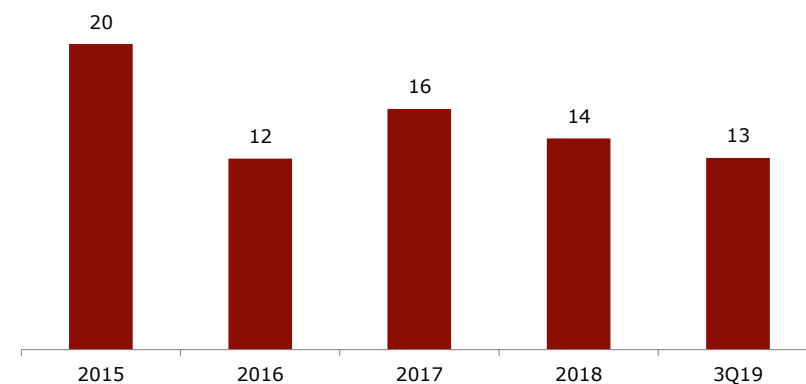
Net Income & Net Margin

(USD Millions and %)



Net Debt

(USD Millions)



8. Preansa



7. PREANSA Peru & Chile

Company Description

- Prefabricados Andinos Perú S.A.C. (PREANSA Perú) is a subsidiary of UNACEM which mainly produces prestressed industrialized concrete structures
- The business has a strong growth potential and already has tripled sales in the past 3 years
- PREANSA Peru was founded in 2007 with UNACEM holding 50% of ownership
- In January 2014, UNACEM acquired 51% of ownership of Preansa Chile.
- PREANSA Colombia started operations in July 2016.
- PREANSA has presence in Peru, Chile and Colombia

Production Capacity

	Peru	Chile
Pillars	90 m/day	60 m/day
Industrial Belts	400 m/day	300 m/day
Prestressed light beams	100 m/day	120 m/day
Prestressed heavy beams	220 m/day	60 m/day
Mezzanine Elements	140 m/day	300 m/day
Wall panel		80 m/day

Financial Overview – LTM3Q2019 (USD MM)

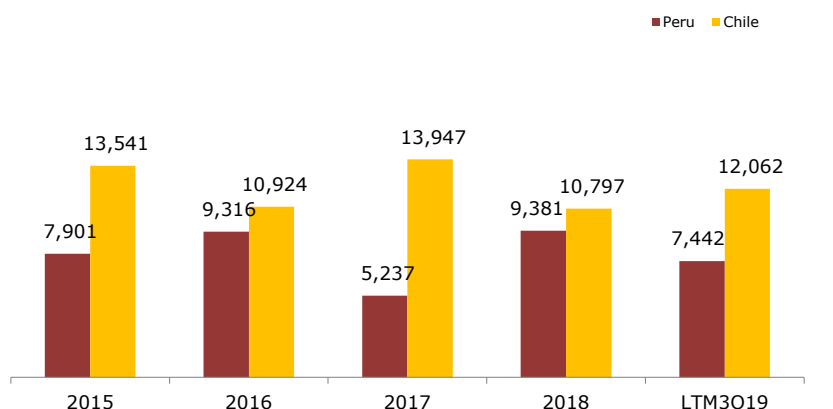
	Peru	Chile
Total Assets	20	25
Revenue	7	12
EBITDA	2	0.4
EBITDA Margin	26%	3%

Ownership structure

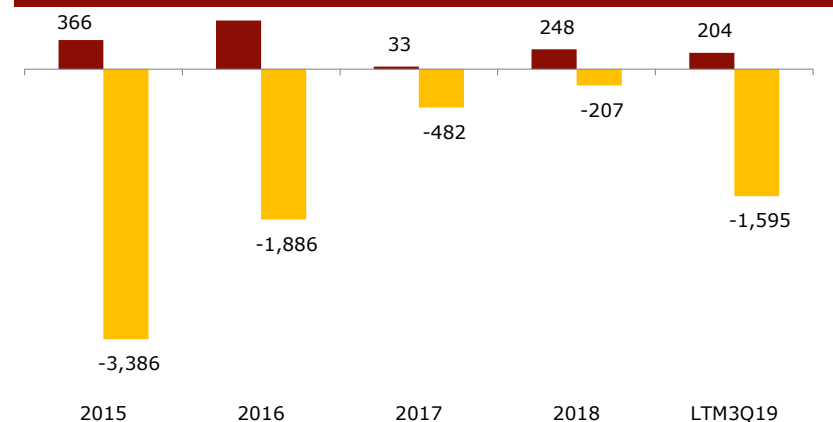


7. Building a high potential operation in the region ...

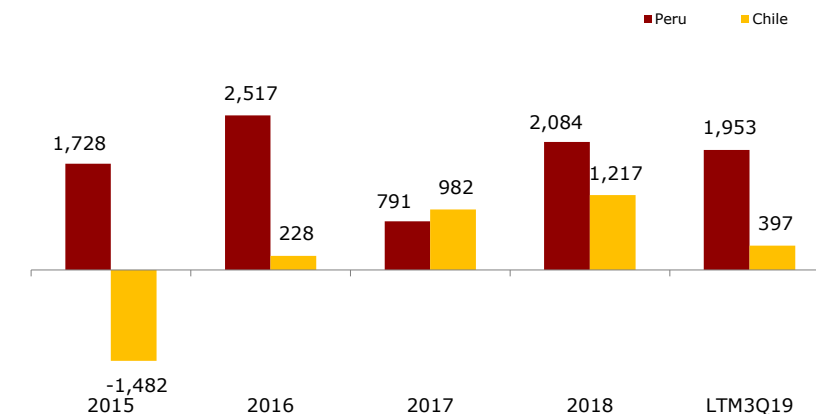
Revenues
(USD Thousands)



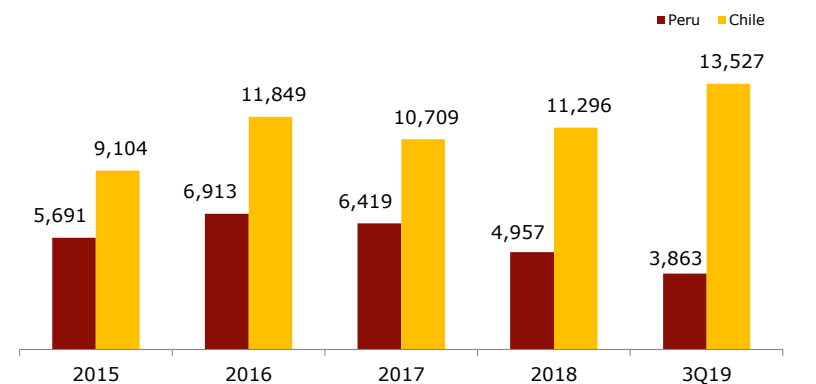
Net Income
(USD Thousands)



EBITDA
(USD Thousands)



Net Debt
(USD Thousands)



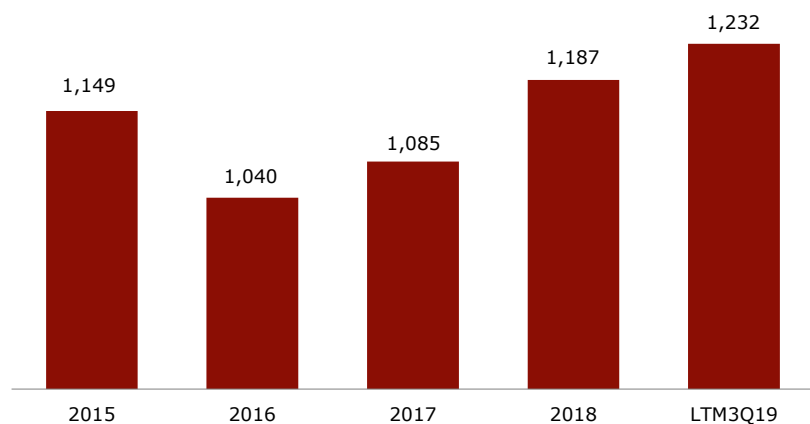
9. Consolidated Financial Highlights



8. Optimistic about opportunities to come ...

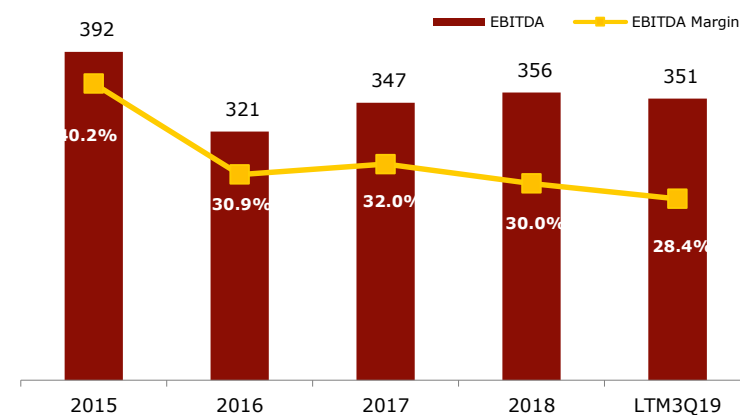
Revenues

(USD Millions)



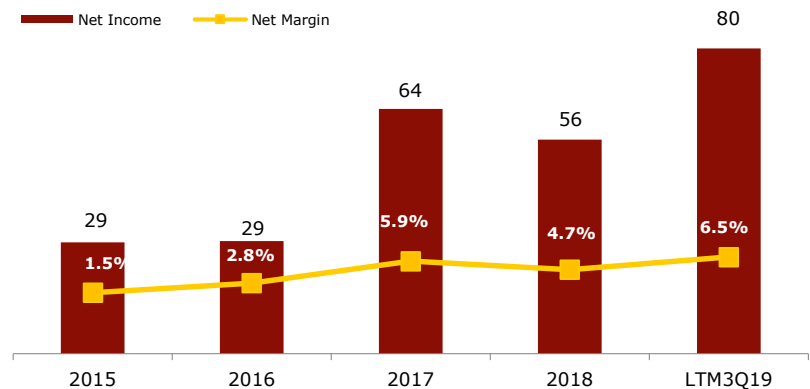
EBITDA and EBITDA Margin

(USD Millions and %)



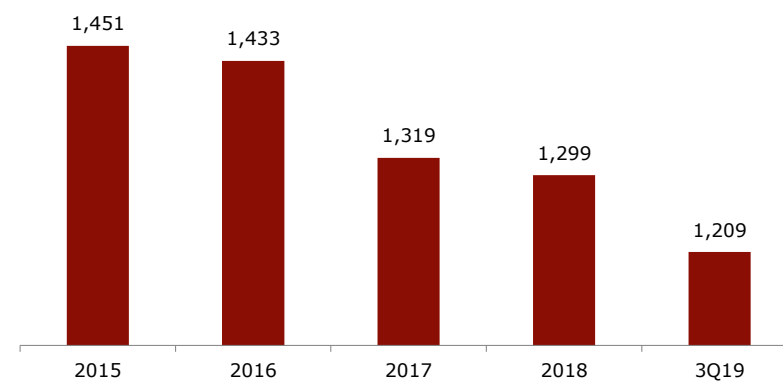
Net Income & Net Margin

(USD Millions and %)



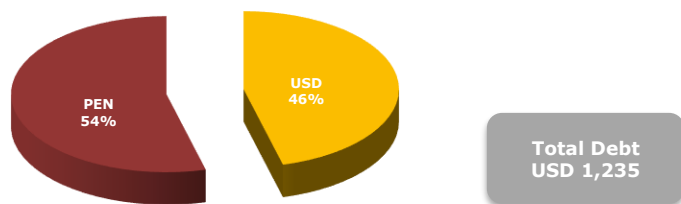
Net Debt

(USD Millions)

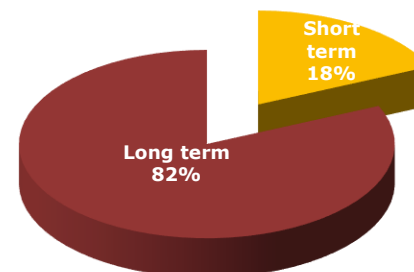


8. Consolidated Debt Profile

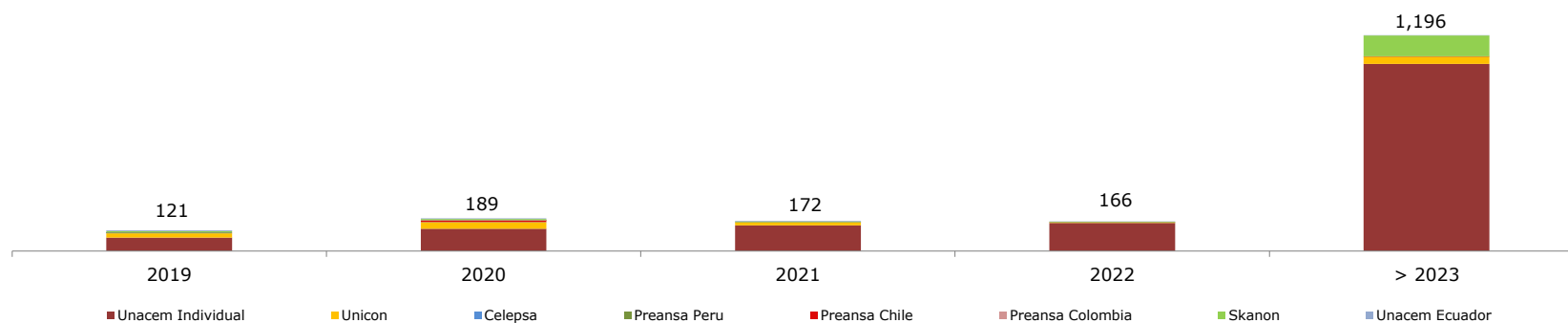
FX Distribution as of 3Q19
(USD Millions)



Maturity Profile
(As of 3Q19)



New Amortization Schedule
(USD Millions)



* after the redemption of outstanding USD 225 million of the Senior Notes and refinance of USD 78 maturing in 2020

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