

# NEWSLETTER

## 1Q18

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## UNACEM S.A.A. AND SUBSIDIARIES CONSOLIDATED

### I. EXECUTIVE SUMMARY

- ▶ Consolidated revenues in 1Q18 were PEN 900 million, 8.8% higher than consolidated revenues in 1Q17. Cost of Goods Sold net from depreciation and amortization for 1Q18 were PEN 503 million, 15.3% higher than the PEN 436 million recorded in 1Q17.
- ▶ Consolidated EBITDA in the 1Q18 was PEN 324 million, 11.5% higher than consolidated EBITDA in the 1Q17, due to lower administrative expenses and non-recurrent income from tax refunds.
- ▶ Net profit during the period despite better operating results, accounted for PEN 76 million, lower by 34.9% than that registered in the 1Q17, due to the effect of a lower FX gain during this quarter, passing from PEN 99 million in 1Q17 to PEN 13 million in 1Q18.

The most important figures for the quarter are shown below:

#### UNACEM S.A.A and subsidiaries consolidated

(PEN million)

	1Q17	1Q18	Var. %	Mar-17 LTM	Mar-18 LTM	Var. %
Net Revenues	827	900	8.8%	3,482	3,612	3.7%
EBITDA	290	324	11.5%	1,087	1,165	7.1%
EBITDA Margin	35%	36%	---	31%	32%	---
Net Income	117	76	-34.9%	89	167	88.7%
Net Margin	14%	8%	---	3%	5%	---

## II. OPERATIONS AND MARKET

Variations in cement and clinker production, as well as cement dispatches in Peru are shown in the table below.

**Production and Dispatches- Peru**  
(in thousand tons)

Period		Production		Dispatch	
Year	Qtr.	Clinker	Cement	UNACEM	Peru
2017	I	1,156	1,209	1,206	2,537
	II	992	1,217	1,208	2,531
	III	844	1,288	1,290	2,811
	IV	1,618	1,295	1,288	2,909
	<b>I-IV</b>	<b>4,610</b>	<b>5,010</b>	<b>4,993</b>	<b>10,788</b>
2018	I	1,007	1,202	1,199	2,639
	<b>I-III</b>	<b>1,007</b>	<b>1,202</b>	<b>1,199</b>	<b>2,639</b>
<b>Variation</b>					
	18-I/17-I	-12.9%	-0.6%	-0.6%	4.0%
	18-I/17-IV	-37.7%	-7.2%	-7.0%	-9.3%

Source: UNACEM, INEI.

### ■ Production

UNACEM’s clinker production in Peru during 1Q18 accounted for 1.0 million tons, 12.9% lower than the production recorded in 1Q17. With respect to 4Q17, clinker production was 37.7% lower. Clinker production decreased due to a scheduled stoppage of Kiln 1 at the Atocongo plant for programmed maintenance.

Cement production in UNACEM Peru in the 1Q18 was 1.2 million tons, a 0.6% decrease with respect to the same period of 2017, in line with lower demand in the local market.

Considering the production of both plants, the combined utilization rate during 1Q18 was 60% on clinker and 58% on cement.

### ■ **Peruvian Domestic Market**

UNACEM's local cement dispatches during the first quarter of the year totaled 1.2 million tons, figure 0.6% lower than that of 1Q17. This decrease was due to adverse political environment, the delay in the execution of important infrastructure projects and the contraction of the local demand in the sector.

During the 1Q18, total cement dispatches in the Peruvian market reached ~2.6 million tons, according to the National Institute of Statistics – INEI.

Therefore, UNACEM's market share in the Peruvian market went from 44.3% in the 4Q17 to 45.4% in the 1Q18.

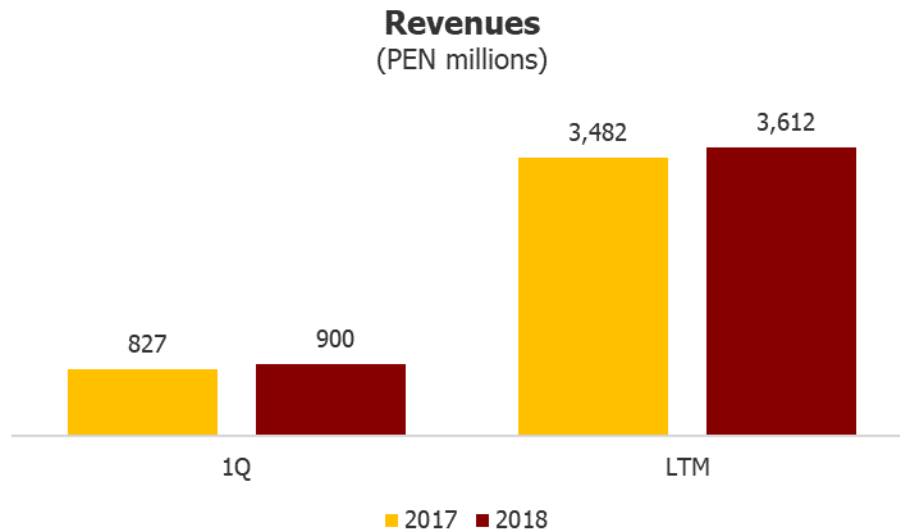
### ■ **Exports and Port Operations**

During the 1Q18, total exported clinker through our Conchan pier was 284 thousand tons, higher than the 20 thousand tons exported in 1Q17.

Additionally, the tonnage of bulk solids operated by the Conchan pier during the quarter was 79 thousand tons, similar to amount operated during the same period of last year, with shipments of pozzolan and gypsum, and grains to third parties.

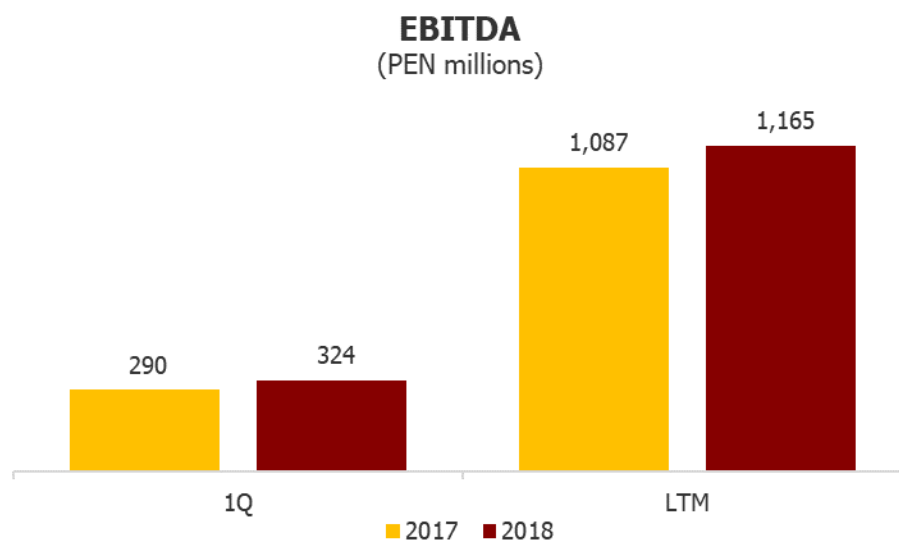
**III. UNACEM AND SUBSIDIARIES CONSOLIDATED - FINANCIAL RESULTS**

- Consolidated revenues



Consolidated revenues in the 1Q18 were PEN 900 million, 8.8% higher than in the 1Q17. This increase is explained by higher ready-mix volumes in Peru and cement volumes in the USA, despite lower cement volumes in Peru and Ecuador, net of higher average prices.

■ EBITDA

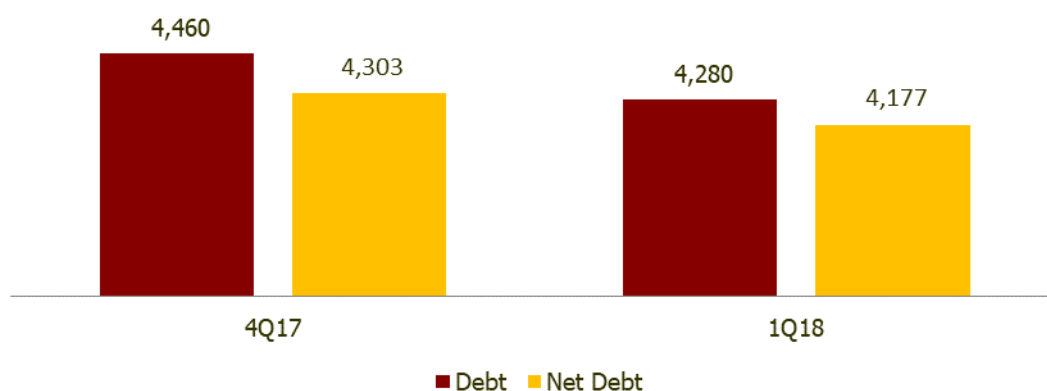


EBITDA in the 1Q18 was PEN 324 million, a figure 11.5% higher than that of 1Q17. EBITDA margin during 1Q18 was 36.0% compared to 35.1% in the 1Q17.

LTM 1Q2018 EBTIDA was 7.1% higher than the one recorded during the same period of last year. This improvement was explained by higher cement prices in Peru and Ecuador net from lower volumes sold; higher cement sold in the USA operations; and, the impact of FX gains in administrative expenses due to lower board and management fees.

■ Debt

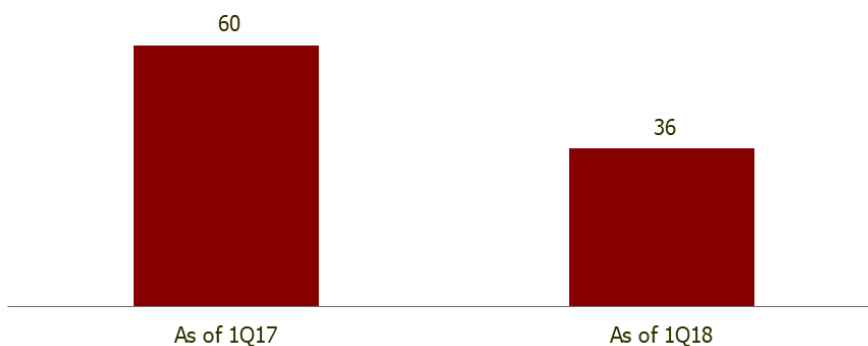
**Total Debt and Net Debt**  
(PEN millions)



As of March 31<sup>st</sup>, 2018, Net Debt/EBITDA ratio was 3.6x, lower than the 3.8x reported at the end of 2017. Our Debt in PEN recorded an important decrease due to payment of scheduled amortizations.

■ CAPEX

**CAPEX**  
(PEN millions)



As of March 31<sup>st</sup>, 2018, CAPEX totaled PEN 36 million, 39.5% lower than in March 31<sup>st</sup>, 2017, which recorded PEN 60 million. These disbursements correspond to minor projects across our Subsidiaries, including the Atocongo thermal plant, overhaul of several equipment and mixer trucks, among others.

#### IV. MAJOR SUBSIDIARIES AND AFFILIATES

Below is a summary of the results of our main subsidiaries:

- UNICON Consolidated

##### UNICON Consolidated

		1Q17	1Q18	Var. %
Volume of ready mix	(thousands of m3)	636	661	4%
Revenues	(PEN million)	209	233	12%

*Includes Concremax and all business units of UNICON*

UNICON's revenues in the 1Q18 increased by 12% compared to the same period of 2017 with an increase in the ready-mix volume that totaled 661 thousand m<sup>3</sup> with higher average prices. This performance was explained mainly by dispatches to some large important clients.



■ Celepsa

**Celepsa**

		<b>1Q17</b>	<b>1Q18</b>	<b>Var. %</b>
Sales of energy	(GWh)	368	316	-14%
Revenues	(PEN million)	80	77	-4%

Celepsa's energy sales recorded a 14% decrease in the 1Q18 compared to the same period of 2017, due to lower demand (4%) from our contracted clients, including UNACEM stand-alone, among others.

■ UNACEM Ecuador

**UNACEM Ecuador**

		<b>1Q17</b>	<b>1Q18</b>	<b>Var. %</b>
Cement dispatches	(in thousand tons)	289	271	-6%
Sales	(PEN million)	120	112	-6%

UNACEM Ecuador's volume sold during the quarter decreased by 6.3% with respect to 1Q17. Revenues in PEN decreased similarly due to lower volumes during the quarter.

## V. SHARES AND BONDS

### UNACEMC1

Shares	Number	1,646,503,430
Market capitalization	PEN million	4,857
Current quote	PEN	2.950
Minimum quote	LTM / PEN	2.350
Maximum quote	LTM / PEN	3.050
<b>Return LTM</b>	<b>1Q18</b>	<b>13.5%</b>

Source: Bloomberg as of 03.31.2018

UNACEM 2021 5 7/8 Corp	Mar. 31	Since Issuance	
	2018	Min.	Max
Price	103.43	94.05	106.13
Yield	4.67%	4.25%	7.16%

Source: Bloomberg as of 03.31.2018

## VI. SIGNIFICANT EVENTS

- ▶ The Board agreed on January 26<sup>th</sup>, 2018, to pay a cash dividend of PEN 0.013 per ordinary share, to be paid on February 28<sup>th</sup>, 2018. This dividend total PEN 21,404,544 and was charged to Retained Earnings FY 2012.
- ▶ On February 23, 2017, our Board created a Committee of Ethics and Good Conduct, and appointed Mr. Oswaldo Avilez D'Acunha, Mr. Hernan Torres Marchal and Mr. Roque Benavides Ganoza as members of that committee.
- ▶ The General Shareholders Meeting held on March 23<sup>rd</sup>, 2018 approved the Annual Report and Audited Financial Statements of 2017 fiscal year and authorized the Board to appoint external auditors for the 2018 fiscal period. Likewise, our shareholders elected a new Board for the 2018-2020 period. In said meeting, a status of the economic evaluation of the management agreement with Sindicato de Inversiones y Administracion and Inversiones Andino conducted by Estudio Felipe Morandé was presented. Furthermore, a status of the convenience of acquiring ARPL Tecnologia Industrial was commented by our independent board members.

- ▶ At the Board meeting held on April 27<sup>th</sup>, 2018, it was agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on May 31<sup>st</sup>, 2017. This dividend will total PEN 21,404,544 and will be charged to Retained Earnings FY 2012.

UNACEM and subsidiaries  
consolidated Financial  
Statements and their  
respective notes are  
available in accordance  
with the scheduled dates  
of publish in our website:  
[www.unacem.com/ir](http://www.unacem.com/ir)

If you wish to contact the  
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