

# NEWSLETTER

## 1Q19

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

### I. EXECUTIVE SUMMARY

- ▶ Consolidated revenues in 1Q19 were PEN 994 million, 13.1% higher than consolidated revenues in 1Q18, due to higher cement and ready-mix volume sold in Peru and Ecuador, higher energy generation, and the acquisition of the ready-mix company in Chile.
- ▶ Consolidated EBITDA during the 1Q19 was PEN 321 million, 0.7% lower than the consolidated EBITDA in 1Q18, due to higher COGS and lower average prices in Unacem stand-alone.
- ▶ Net Profit during the period accounted for PEN 120 million, compared to PEN 76 million in 1Q18. Lower EBITDA was compensated by non-recurrent Other Income and higher FX gains.

The most important figures for the quarter are shown below:

#### UNACEM S.A.A and subsidiaries consolidated (PEN million)

	1Q18	1Q19	Var. %	Mar-18 LTM	Mar-19 LTM	Var. %
Net Revenues	879	994	13.1%	3,482	4,017	15.4%
EBITDA	324	321	-0.7%	1,170	1,168	-0.2%
EBITDA Margin	36.8%	32.3%	---	33.6%	29.1%	---
Net Income	76	120	57.0%	167	227	35.7%
Net Margin	8.7%	12.0%	---	4.8%	5.6%	---

## II. OPERATIONS AND MARKETS

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

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

Period		Production		Dispatch	
Year	Qtr.	Clinker	Cement	UNACEM	Peru
2018	I	1,007	1,202	1,199	2,658
	II	1,394	1,214	1,214	2,634
	III	1,301	1,287	1,276	2,841
	IV	1,586	1,369	1,369	2,990
	<b>I-IV</b>	<b>5,289</b>	<b>5,073</b>	<b>5,058</b>	<b>11,122</b>
2019	I	1,047	1,300	1,274	2,717
	<b>I</b>	<b>1,047</b>	<b>1,300</b>	<b>1,274</b>	<b>2,717</b>
<b>Variation</b>					
	19-I/18-I	3.9%	8.1%	6.3%	2.3%
	19-I/18-IV	-34.0%	-5.0%	-7.0%	-9.1%

Source: UNACEM, ASOCEM, INEI

### ■ Production

UNACEM's clinker production in Peru during 1Q19 accounted for 1.1 million tons, 3.9% lower than the production recorded in 1Q18. In comparison with 4Q18, clinker production was 34.0% lower, explained by the scheduled stoppage of Kilns 1 and 2 at the Atocongo plant during 1Q19.

Cement production in UNACEM Peru in 1Q19 was 1.3 million tons, a figure 8.1% higher than in 1Q18, in line with local demand recovery in the last quarter of 2018.

Considering the production of both Peruvian plants, the combined utilization rate was 63% on clinker and 63% on cement as of 1Q19.

### ■ Peruvian Domestic Market

UNACEM's local cement dispatches during 1Q19 totaled 1.3 million tons, figure 6.3% higher than 1Q18, mainly due to higher bags sold and the development of important projects in our area of influence that increased our bulk dispatches. Compared to the 4Q18, dispatches were 7.0% lower, explained by lesser public investment in 1Q19, mainly by local governments.

During the first quarter of 2019, total cement dispatches in the Peruvian market reached 2.7 million tons, according to the National Institute of Statistics – INEI, 2.3% higher than in the 1Q18. Compared to the 4Q18, dispatches were 9.1% lower. In both periods, UNACEM outperformed the market.

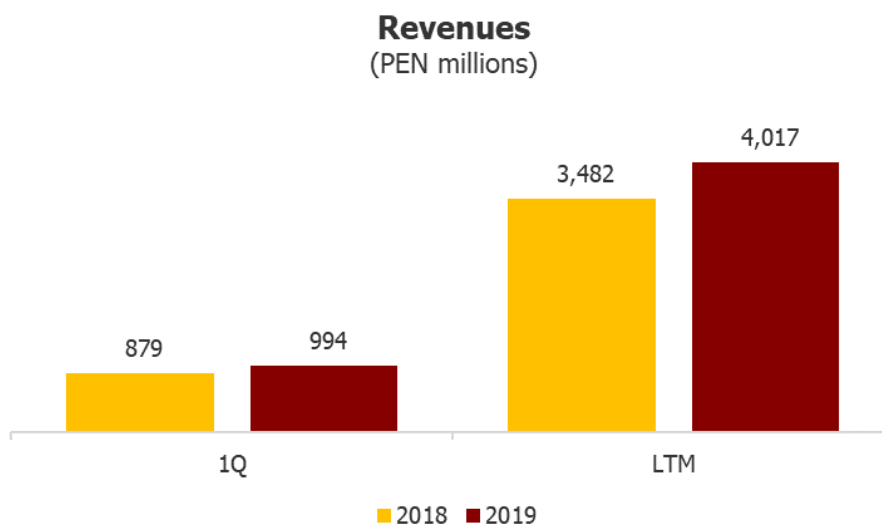
Therefore, UNACEM's market share in the Peruvian market was 46.9% in 1Q19, higher than the 45.1% market share recorded in 1Q18.

### ■ Exports and Port Operations

During 1Q19, clinker exports through our Conchan pier reached 179 thousand tons, a volume lower than the exported during 1Q18 (284 thousand tons). Additionally, the tonnage of bulk solids operated by the Conchan pier during the 1Q19 was 59 thousand tons, a decrease compared to the same period of the previous year (79 thousand tons in 1Q18), with pozzolan and coal operations.

### III. UNACEM AND SUBSIDIARIES CONSOLIDATED FINANCIAL RESULTS

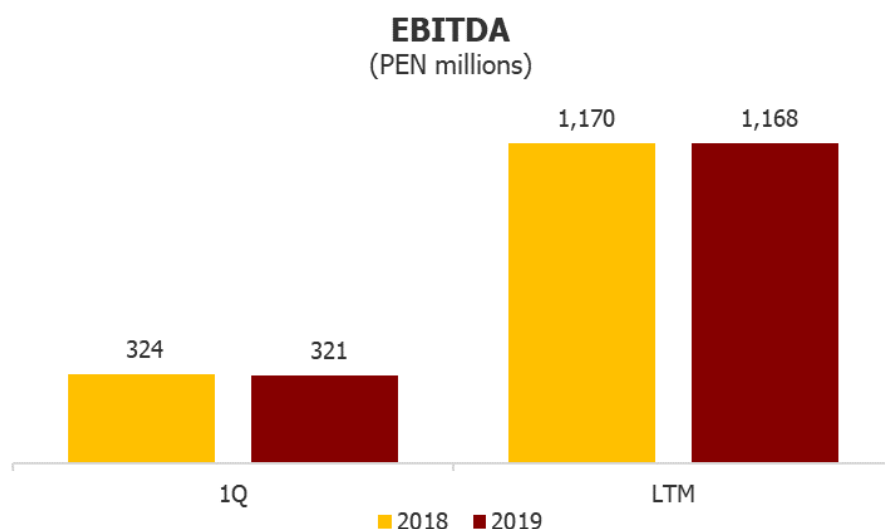
■ Consolidated Revenues



Consolidated revenues in the 1Q19 were PEN 994 million, 13.1% higher than those recorded in 1Q18. This increase is explained by:

- Higher volume of cement sold and ready-mix in Peru;
- The incorporation of the new ready-mix unit in Chile;
- Better cement volume sold in our US and Ecuador operations; and,
- Higher energy generation.

■ Consolidated EBITDA



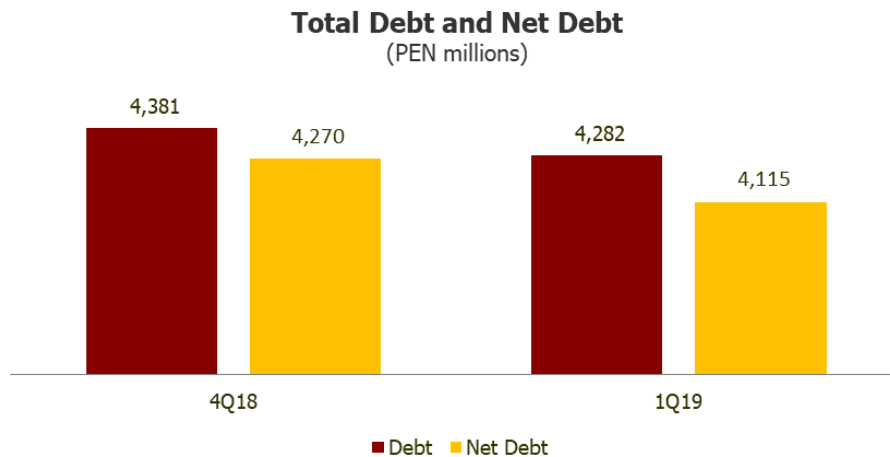
EBITDA in 1Q19 was PEN 321 million, a figure 0.7% lower than the one recorded in 1Q18. EBITDA margin during 1Q19 was 32.3%.

LTM EBITDA was 0.2% lower than the LTM registered in 1Q18. This improvement is due to:

- Lower average prices of cement in Peru and higher COGS;
- Higher cement volume sold in Ecuador and the United States;
- Higher ready-mix volumes; and,
- Better results in the Group's other companies.

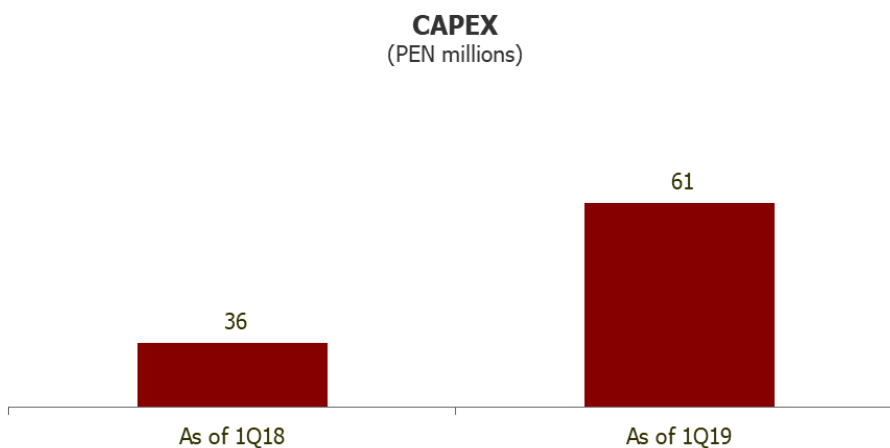
EBITDA margin was lower due to higher COGS, both fixed and variable, and higher Sales Expenses despite lower Administrative Expenses (workers profit sharing and management and board fees) in UNACEM stand-alone. Other factors that affected our LTM consolidated margins were higher clinker exports and the incorporation of the ready-mix unit in Chile.

■ Consolidated Debt



As of March, 31<sup>st</sup>, 2019, Net Debt/EBITDA ratio was 3.5x, a similar figure than the reported at the end of 2018. Our Debt in PEN recorded a decrease due to payments of scheduled amortizations following the liability management transaction of UNACEM stand-alone in October 2018.

■ Consolidated CAPEX



As of March, 31<sup>st</sup>, 2019, CAPEX totaled PEN 61 million, 68% higher than in March 31<sup>st</sup>, 2018, which recorded PEN 36 million. These disbursements correspond to minor projects across all subsidiaries, including works at the new mill in Ecuador and on the Atocongo thermal plant, the acquisition of new mixer trucks for Unicon, and overhaul of several equipment, among others.

#### IV. MAJOR SUBSIDIARIES AND AFFILIATES

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

- UNICON Consolidated

##### UNICON Consolidated

		1Q18	1Q19	Var. %
Volume of ready mix	(thousands of m3)	682	952	39.5%
Revenues	(PEN million)	233	331	42.1%

*Include all business units of UNICON in Peru, Ecuador and Chile*

UNICON's consolidated revenues in the 1Q19 increased by 42.1% compared to 1Q18 and 39.5% increase in volumes dispatched, considering the operations in Peru, Ecuador and Chile. In Peru, UNICON continued dispatching to the most important projects such as the infrastructure for the Pan-American Games of Lima 2019 and other important mining and private projects.

- Celepsa

##### Celepsa

		1Q18	1Q19	Var. %
Sales of energy	(GWh)	316	390	23.3%
Revenues	(PEN million)	59	64	9.9%

*Includes only Celepsa Separated*



Celepsa’s energy sales recorded a 9.9% increase in the 1Q19 compared to the same period of 2018, volumes were 23.3% higher, due to higher demand from our contracted clients.

■ UNACEM Ecuador

**UNACEM Ecuador**

		1Q18	1Q19	Var. %
Sales of cement	(in thousand tons)	271	274	1.1%
Sales	(PEN million)	112	116	2.8%

UNACEM Ecuador’s volume sold during the quarter rose by 2.8% with respect to 1Q18. Revenues in PEN were 1.1% higher than in 1Q18 due to higher volumes and FX conversion effect. In USD revenues were similar due to lower average prices during the quarter.

**V. SHARES AND BONDS**

**UNACEM1**

Shares	Number	1,646,503,430
Market capitalization	PEN million	4,281
Current quote	PEN	2.600
Minimum quote	LTM / PEN	2.100
Maximum quote	LTM / PEN	2.990
<b>Return LTM*</b>	<b>1Q19</b>	<b>-7.5%</b>

Source: Bloomberg as of 03.31.2019

(\*) Does not include dividends.

UNACEM 2021 5 7/8 Corp	Mar 31	Since Issuance	
	2019	Min.	Max
Price	102.31	94.05	106.13
Yield	4.91%	4.25%	7.16%

Source: Bloomberg as of 03.31.2019

## VI. SIGNIFICANT EVENTS

- ▶ As approved at the General Shareholders' Meeting of December 28<sup>th</sup>, 2018, on January 1<sup>st</sup>, 2019, the merger by absorption of UNACEM, as an absorbing company, and Sindicato de Inversiones y Administración SA, hereinafter "SIA", Inversiones Andino SA, hereinafter "IASA" and Inmobiliaria Pronto SA, hereinafter "Pronto", as absorbed companies; came into force.
- ▶ The Board meeting held on January 25<sup>th</sup>, 2019, agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on February 27<sup>th</sup>, 2019. This dividend totaled PEN 21,404,544 and was charged to Retained Earnings FY 2012.
- ▶ The General Shareholders Meeting held on March 26<sup>th</sup>, 2019 approved the Annual Report and Audited Separated Financial Statements of 2018 fiscal year and authorized the Board to appoint external auditors for the 2019 fiscal period.
- ▶ At the Board meeting held on April 26<sup>th</sup>, 2019, it was agreed to hold the Annual Shareholders' Meeting on May 28, 2019 in order to approve the merger between UNACEM and Cempor, a recently acquired company.
- ▶ On April 30, 2019, the public deed of merger by absorption, the capital increase by merger and the partial modification of the bylaws of UNACEM, as absorbing company, and SIA, IASA and PRONTO as absorbed companies, was registered in the Electronic Deed No. 11021439 of the Registry of Legal Entities of Lima.
- ▶ The Board meeting held on May 2<sup>nd</sup>, 2019, agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on June 4<sup>th</sup>, 2019. This dividend will total PEN 23,635,659 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 Investor Relations team of UNACEM or you have any request, please send us an email at [ir@unacem.com](mailto:ir@unacem.com)