

NEWSLETTER

2Q18

UNACEM S.A.A. AND SUBSIDIARIES CONSOLIDATED

I. EXECUTIVE SUMMARY

- ▶ Consolidated revenues in 2Q18 were PEN 980 million, 15.6% higher than consolidated revenues in 2Q17, due to higher volumes of cement, exported clinker and ready mix in Peru, and better volumes across all of UNACEM's subsidiaries.
- ▶ Consolidated EBITDA during the 2Q18 was PEN 290 million, similar to the consolidated EBITDA in 2Q17. Despite higher volumes during the quarter, Cost of Goods Sold and SG&A were higher during the period.
- ▶ Net Profit during the period accounted for PEN 47 million, lower by 26.5% than that registered in the 2Q17, mainly due to higher FX losses recorded during the quarter.

The most important figures for the quarter are shown below:

UNACEM S.A.A and subsidiaries consolidated

(PEN million)

	2Q17	2Q18	Var. %	Jun-17 LTM	Jun-18 LTM	Var. %
Net Revenues	848	980	15.6%	3,437	3,695	7.5%
EBITDA	290	290	-0.1%	1,048	1,165	11.1%
EBITDA Margin	34.2%	29.5%	---	30.5%	31.5%	---
Net Income	64	47	-26.5%	74	150	104.2%
Net Margin	7.5%	4.8%	---	2.1%	4.1%	---

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
	I-II	2,148	2,427	2,415	5,068
	III	844	1,288	1,290	2,811
	IV	1,618	1,295	1,288	2,909
	I-IV	4,610	5,010	4,993	10,788
2018	I	1,007	1,202	1,199	2,639
	II	1,394	1,214	1,214	2,613
	I-II	2,401	2,417	2,413	5,252
Variation					
	18-I-II/17-I-II	11.8%	-0.4%	-0.1%	3.6%
	18-II/17-II	40.5%	-0.2%	0.5%	3.2%
	18-II/18-I	38.4%	1.0%	1.3%	-1.0%

Source: UNACEM, ASOCEM, INEI

■ Production

UNACEM's clinker production in Peru during 2Q18 accounted for 1.4 million tons, 40.5% higher than the production recorded in 2Q17. With respect to 1Q18, clinker production was 38.4% higher. Clinker production was higher during the quarter due to the stoppage of Kiln 2 at the Atocongo plant in 2017, which aimed at consuming the accumulated clinker stock; and, the stoppage of Kiln 1 due to a scheduled maintenance during 1Q18.

Cement production in UNACEM Peru in 2Q18 was 1.2 million tons, a figure slightly lower (0.2%) with respect to the same period of 2017, in line with local demand behavior.

Considering the production of both plants, the combined utilization rate as of the 2Q18 was 72% on clinker and 58% on cement.

■ Peruvian Domestic Market

UNACEM's local cement dispatches during 2Q18 totaled 1.2 million tons, figure 0.5% higher than 2Q17. This improvement is mainly due to the development of important projects in our markets, such as the works related to the 2019 Pan-American Games that will take place in Lima.

During the second quarter of 2018, total cement dispatches in the Peruvian market reached ~2.6 million tons, according to the National Institute of Statistics – INEI, 3.2% higher than in the 2Q17. It is worth mentioning that during 1Q17 cement dispatches decreased due to the rains and floods caused by El Niño Costero in the country.

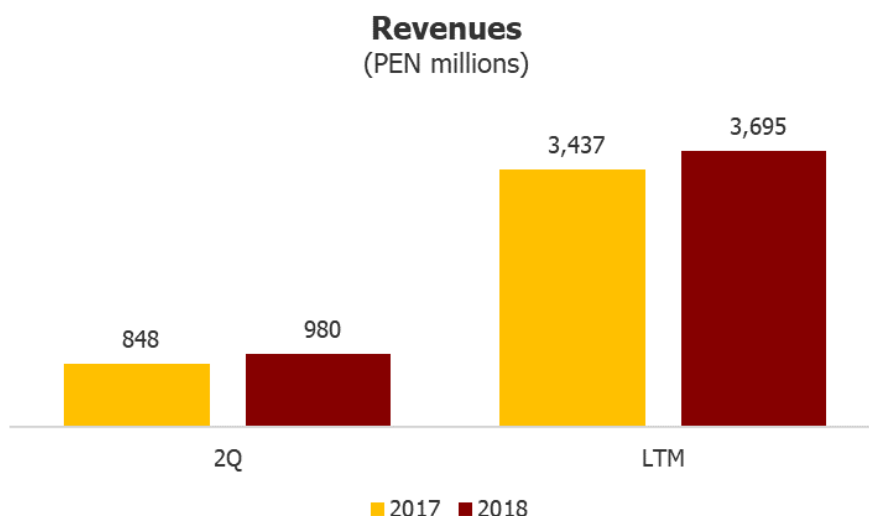
Therefore, UNACEM's market share in the Peruvian market was 46.5% during 2Q18, higher than the 45.4% market share recorded during 1Q18.

■ Exports and Port Operations

During the 2Q18, the total tonnage of bulk solids operated by the Conchan pier was 467 thousand tons. Clinker exports recorded 297 thousand tons during the quarter, 120 thousand tons higher than 2Q17.

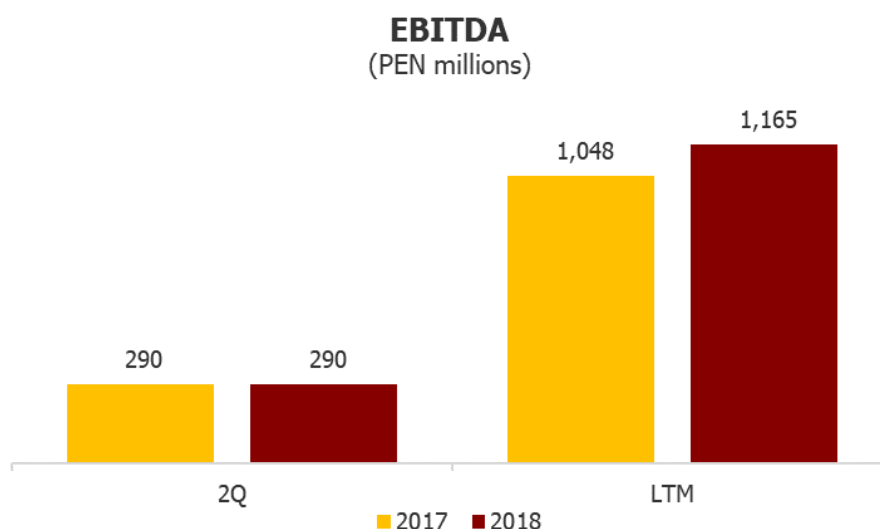
III. UNACEM AND SUBSIDIARIES CONSOLIDATED - FINANCIAL RESULTS

- Consolidated revenues



Consolidated revenues in the 2Q18 were PEN 980 million, 15.6% higher than those recorded in 2Q17. This increase is explained by higher volumes of cement and ready mixed in Peru; higher clinker exports; the incorporation of the ready mixed units in Ecuador and Chile; better cement volumes in the US operation; and the recovery of sales of Preansa Perú and Preansa Chile.

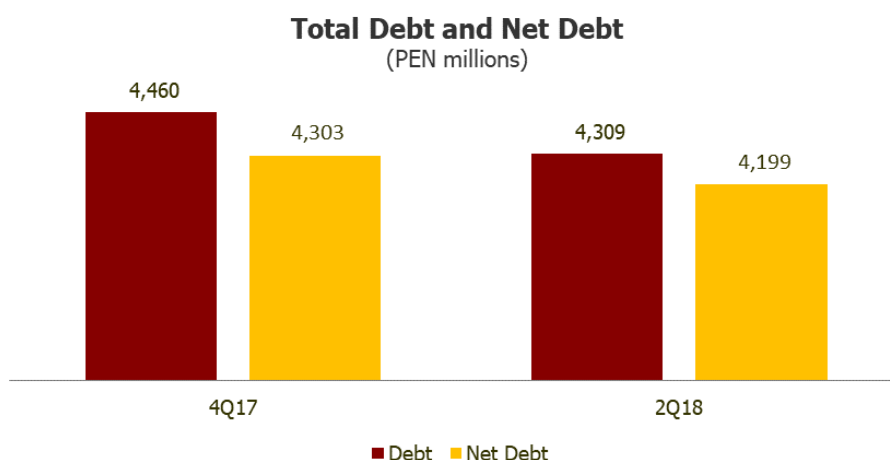
■ EBITDA



EBITDA in 2Q18 was PEN 290 million, a similar figure than the one recorded in 2Q17. EBITDA margin during 2Q18 was 29.5%.

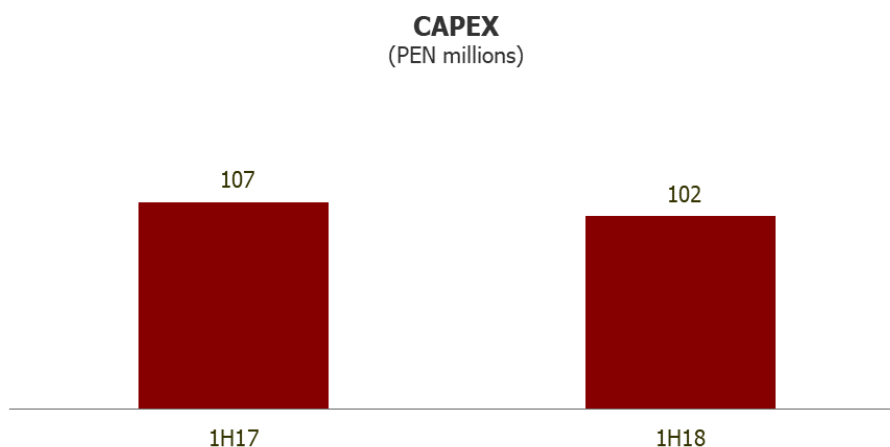
LTM EBITDA was 11.1% higher than the registered in the same period of last year. This improvement is due to higher average prices of cement in Peru and Ecuador, higher ready-mix volumes in Peru, and cement volumes in the United States; net of lower volumes sold in Perú and Ecuador. Additionally, the effect of the difference in FX had an impact on the Cost of Goods Sold and SG&A through the workers profit sharing and lower management and board fees.

■ Debt



As of June 30th, 2018, Net Debt/EBITDA ratio was 3.6x, lower than the 3.8x reported at the end of 2017. Our Debt in PEN recorded a decrease due to payments of scheduled amortizations.

■ CAPEX



As of June 30th, 2018, CAPEX totaled PEN 102 million, 5.3% lower than in June 30th, 2017, which recorded PEN 107 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

		2Q17	2Q18	Var. %
Volume of ready mix - Peru	(thousands of m ³)	631	670	6%
Revenues	(PEN million)	207	279	35%

Revenues Include all business units of UNICON

UNICON's consolidated revenues in the 2Q18 increased by 35% compared to the same period of 2017, incorporating our newly acquired operations in Chile. Ready-mix volumes in Peru totaled 670 thousand m³, 6% higher, dispatching to the most important projects such as the infrastructure for the Pan-American Games of Lima 2019.

- Celepsa

Celepsa

		2Q17	2Q18	Var. %
Sales of energy	(GWh)	322	318	-1%
Revenues	(PEN million)	69	71	3%

Includes only Celepsa Separated

Celepsa's energy sales recorded a 3.4% increase in the 2Q18 compared to the same period of 2017, net from a lower demand from our contracted clients, including Unacem stand-alone, among others.

■ UNACEM Ecuador

UNACEM Ecuador

		2Q17	2Q18	Var. %
Sales of cement	(in thousand tons)	288	297	3%
Sales	(PEN million)	121	124	3%

UNACEM Ecuador’s volume sold during the quarter rose by 3.2% with respect to 2Q17. Revenues in PEN were 2.6% higher than in 2Q17 due to FX conversion effect. In USD revenues were 2.4% higher than the same period of the previous year.

V. SHARES AND BONDS

UNACEMC1

Shares	Number	1,646,503,430
Market capitalization	PEN million	4,693
Current quote	PEN	2.850
Minimum quote	LTM / PEN	2.360
Maximum quote	LTM / PEN	3.050
Return LTM*	2Q18	20.8%

Source: Bloomberg as of 06.30.2018

(*) Does not include dividends.

UNACEM 2021 5 7/8 Corp	June 30	Since Issuance	
	2018	Min.	Max
Price	102.78	94.05	106.13
Yield	4.96%	4.25%	7.16%

Source: Bloomberg as of 06.30.2018

VI. SIGNIFICANT EVENTS

- ▶ The Board agreed on April 27th, 2018, to pay a cash dividend of PEN 0.013 per ordinary share, to be paid on May 31^{rst}, 2018. This dividend total PEN 21,404,544 and was charged to Retained Earnings FY 2012.
- ▶ On June 28th 2018, S&P Global Ratings affirmed Unacem's and Subsidiaries consolidated rating in "BB" and improving its outlook to "Stable".
- ▶ The General Shareholders' Meeting of July 24, 2018 approved by majority to form a working group consisting of eight (8) people, so that by October 31st of this year, will jointly present the General Shareholders' Meeting a proposal regarding the contracts with SIA and IASA.
- ▶ At the Board meeting held on July 25, 2018, it was agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on August 28th, 2018. 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

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