

NEWSLETTER

2Q19

UNACEM S.A.A. AND SUBSIDIARIES CONSOLIDATED

I. EXECUTIVE SUMMARY

- ▶ Consolidated revenues in 2Q19 were PEN 1,041 million, 8.3% higher than consolidated revenues in 2Q18, due to higher cement and ready-mix volume sold in Peru, higher average prices in the US, higher energy generation, and the incorporation of seven newly acquired ready-mix sites in Chile.
- ▶ Consolidated EBITDA during 2Q19 was PEN 302 million, 4.4% higher than in 2Q18. EBITDA margin in 2Q19 was 29.0%, lower than the 30.1% recorded in 2Q18, due to higher COGS and lower cement and ready-mix average prices in Peru.
- ▶ Net Profit during the period accounted for PEN 97 million, compared to PEN 47 million in 2Q18. This profit is explained by better results of our companies across the board and FX gains of PEN 11.4 million in 2Q19 compared to a PEN 29.4 million loss in 2Q18.

The most important figures for the quarter are shown below:

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

	2Q18	2Q19	Var. %	Jun-18 LTM	Jun-19 LTM	Var. %
Net Revenues	961	1,041	8.3%	3,612	4,097	13.4%
EBITDA	290	302	4.4%	1,170	1,181	0.9%
EBITDA Margin	30.1%	29.0%	---	32.4%	28.8%	---
Net Income	47	97	106.8%	150	277	84.2%
Net Margin	4.9%	9.3%	---	4.2%	6.8%	---

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
	I-II	2,401	2,417	2,413	5,291
	III	1,301	1,287	1,276	2,841
	IV	1,586	1,369	1,369	2,990
	I-IV	5,289	5,073	5,058	11,122
2019	I	1,047	1,300	1,274	2,696
	II	1,456	1,322	1,302	2,737
	I-II	2,502	2,622	2,576	5,433
Variation					
	19-I-II/18-I-II	4.2%	8.5%	6.7%	2.7%
	19-II/18-II	4.4%	8.8%	7.2%	3.9%
	19-II/19-I	39.1%	1.6%	2.2%	1.5%

Source: UNACEM, ASOCEM, INEI

■ Production

UNACEM Peru's clinker production during 2Q19 accounted for 1.5 million tons, 4.4% higher than the production recorded in 2Q18. In comparison with 1Q19, clinker production was 39.1% higher, explained by the scheduled stoppage of Kilns 1 and 2 at the Atocongo plant during 1Q19.

Cement production in UNACEM Peru in 2Q19 was 1.3 million tons, a figure 8.8% higher than in 2Q18, in line with local demand recovery since the last quarter of 2018.

Considering the production of both Peruvian plants, the combined utilization rate was 75% on clinker and 63% on cement as of 2Q19.

■ Peruvian Domestic Market

UNACEM's local cement dispatches during 2Q19 totaled 1.3 million tons, figure 7.2% higher than 2Q18, mainly due to higher bags sold and the development of important mining projects that increased our bulk dispatches. Compared to 1Q19, dispatches were 2.2% higher, driven mostly by private investment.

During the second quarter of 2019, total cement dispatches in the Peruvian market reached 2.7 million tons, according to the National Institute of Statistics – INEI, 3.9% higher than in 2Q18, and 1.5% higher than in 1Q19. In both periods, UNACEM outperformed the market.

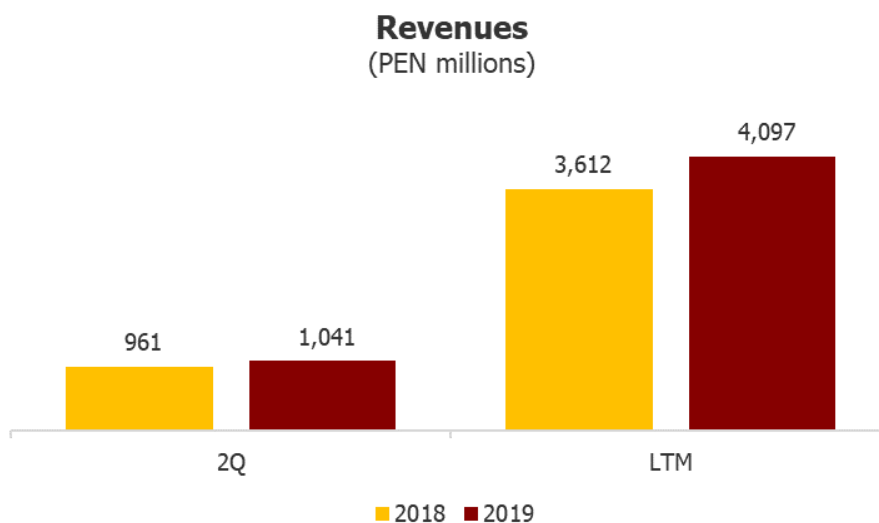
Therefore, as of in 1H19, UNACEM recorded a market share in the Peruvian market of 47.3%, higher than the 45.6% market share recorded in 1H18.

■ Exports and Port Operations

As of 1H19, clinker exports through our Conchan pier reached 451 thousand tons, a volume lower than the one exported during 1H18 (581 thousand tons). Additionally, the tonnage of bulk solids operated by the Conchan pier during 1H19 was 96 thousand tons, a decrease compared to that operated in 1H18 (249 thousand tons), with pozzolan and coal operations.

III. UNACEM AND SUBSIDIARIES CONSOLIDATED FINANCIAL RESULTS

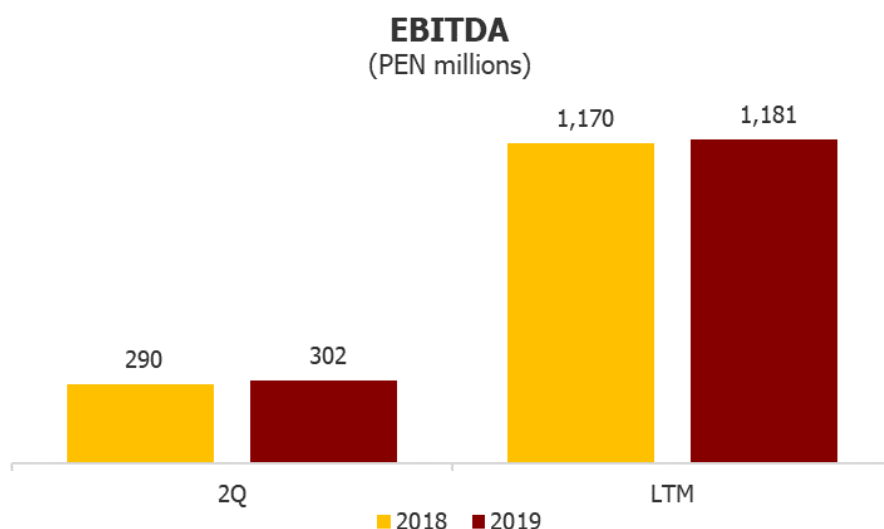
■ Consolidated Revenues



Consolidated revenues in the 2Q19 were PEN 1,041 million, 8.3% higher than those recorded in 2Q18. The increase is explained by:

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

■ Consolidated EBITDA



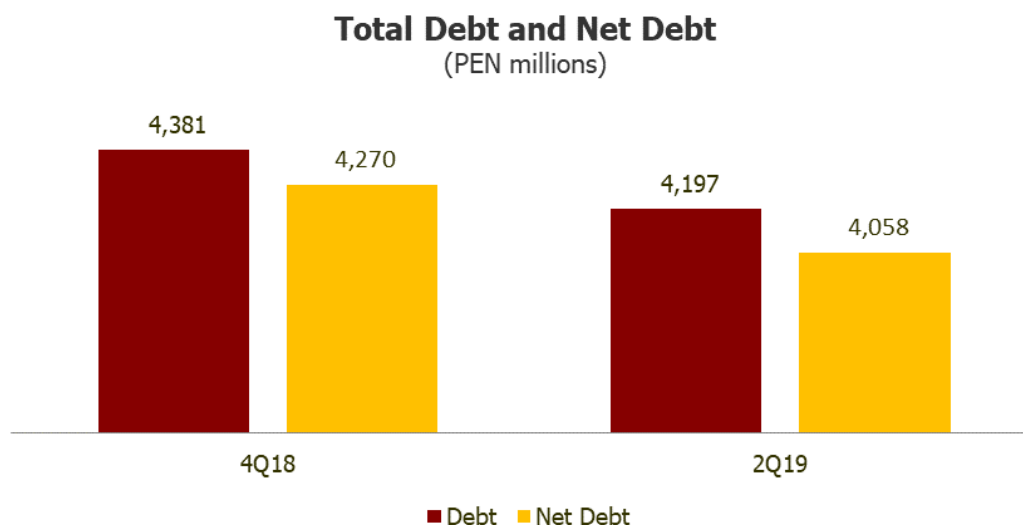
EBITDA in 2Q19 was PEN 302 million, a figure 4.4% higher than the one recorded in 2Q18. EBITDA margin during 2Q19 was 29.0%.

LTM EBITDA was 0.9% higher than the LTM registered as of 2Q18, mainly due to:

- Higher cement volume net from lower average prices in Peru and higher COGS;
- Higher cement volume sold and average price in the United States;
- Higher ready-mix volumes;
- Higher energy generated and sold; and,
- Better results in the Group's other companies.

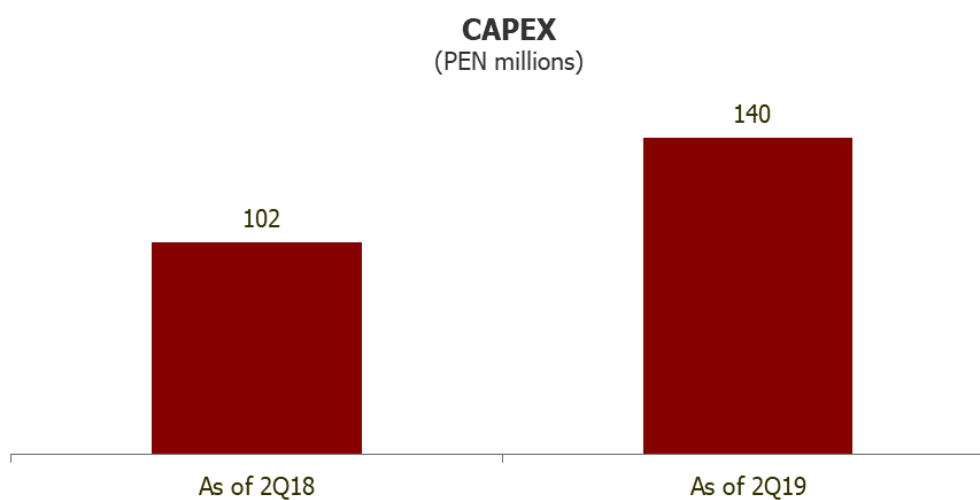
EBITDA margin was lower due to higher COGS, both fixed and variable, and higher Sales Expenses despite lower Administrative Expenses (workers profit sharing and management and board fees) in UNACEM stand-alone. Another factor that affected our LTM consolidated margins is the incorporation of the ready-mix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

■ Consolidated Debt



As of June, 30th, 2019, Net Debt/EBITDA ratio was 3.4x, a lower figure than the reported at the end of 2018. Our PEN-denominated debt recorded a decrease due to payments of scheduled amortizations.

■ Consolidated CAPEX



As of June, 30th, 2019, CAPEX totaled PEN 140 million, 37% higher than in June, 30th, 2018, when it recorded PEN 102 million. These disbursements correspond to minor projects across all subsidiaries, including works at the new mill in Ecuador and at the Atocongo thermal plant, the acquisition of new mixer trucks for Unicon and Skanon, 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

		2Q18	2Q19	Var. %
Volume of ready mix	(thousands of m3)	834	965	15.7%
Revenues	(PEN million)	279	337	20.5%

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

UNICON's consolidated revenues in the 2Q19 increased by 20.5% compared to 2Q18 and 15.7% increase in volumes dispatched, considering the operations in Peru, Ecuador and, most recently, Chile. In Peru, UNICON continued dispatching to large private projects such as important mining projects.

- Celepsa

Celepsa

		2Q18	2Q19	Var. %
Sales of energy	(GWh)	318	378	18.9%
Revenues	(PEN million)	52	61	18.0%

Includes only Celepsa Separated

Celepsa’s energy sales recorded a 18.0% increase in the 2Q19 compared to the same period of 2018, volumes were 18.9% higher, due to higher demand from its contracted clients.

■ UNACEM Ecuador

UNACEM Ecuador

		2Q18	2Q19	Var. %
Sales of cement	(in thousand tons)	297	274	-7.9%
Sales	(PEN million)	124	115	-6.9%

UNACEM Ecuador’s volume sold during the quarter decreased by 7.9% with respect to 2Q18. Revenues in PEN decreased by 6.9% vis-à-vis 2Q18 due to lower volume and average prices, net of a positive FX impact. In USD revenues were 8.5% lower.

V. SHARES AND BONDS

UNACEMC1

Shares	Number	1,818,127,611
Market capitalization	PEN million	4,436
Current quote	PEN	2.440
Minimum quote	LTM / PEN	2.100
Maximum quote	LTM / PEN	2.900
Return LTM*	2Q19	-14.4%

Source: Bloomberg as of 06.30.2019

(*) Does not include dividends.

UNACEM 2021 5 7/8 Corp	Jun 30	Since Issuance	
	2019	Min.	Max
Price	102.07	94.05	106.13
Yield	4.92%	4.25%	7.16%

Source: Bloomberg as of 06.30.2019

VI. SIGNIFICANT EVENTS

- ▶ 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 2nd, 2019, agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on January 4th, 2019. This dividend totaled PEN 23,635,659 and was charged to Retained Earnings FY 2012.
- ▶ The General Shareholders Meeting held on May 28th, 2019 approved the merger project between UNACEM and Cempor.
- ▶ On July 25th 2019, S&P Global Ratings affirmed UNACEM's and Subsidiaries consolidated rating in "BB" keeping its outlook "Stable".
- ▶ The Board meeting held on July 26th, 2019, agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on August 29th, 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

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