

NEWSLETTER

3Q18

UNACEM S.A.A. AND SUBSIDIARIES CONSOLIDATED

I. EXECUTIVE SUMMARY

- ▶ Consolidated revenues in 3Q18 were PEN 1,037 million, 14.2% higher than consolidated revenues in 3Q17, due to higher cement volume sold, exported clinker and ready mix in Peru, and better volumes across all other UNACEM's subsidiaries.
- ▶ Consolidated EBITDA during the 3Q18 was PEN 300 million, 11.7% higher than the consolidated EBITDA in 3Q17. Due to higher volumes sold during the quarter and lower non-recurring expenses compared with the same period of the previous year.
- ▶ Net Profit during the period accounted for PEN 66 million, higher by 81.5% than that registered in the 3Q17, for the reasons explained above.

The most important figures for the quarter are shown below:

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

	3Q17	3Q18	Var. %	Sep-17 LTM	Sep-18 LTM	Var. %
Net Revenues	908	1,037	14.2%	3,497	3,824	9.3%
EBITDA	268	300	11.7%	1,048	1,196	14.1%
EBITDA Margin	29.5%	28.9%	---	30.0%	31.3%	---
Net Income	36	66	81.5%	126	180	42.9%
Net Margin	4.0%	6.3%	---	3.6%	4.7%	---

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
	I-III	2,992	3,715	3,705	7,879
	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	2,612
	III	1,301	1,287	1,276	2,820
	I-III	3,703	3,704	3,689	8,071
Variation					
	18-I-III/17-I-III	23.7%	-0.3%	-0.4%	2.4%
	18-III/17-III	54.1%	-0.1%	-1.1%	0.3%
	18-III/18-II	-6.6%	6.0%	5.0%	8.0%

Source: UNACEM, ASOCEM, INEI

■ Production

UNACEM's clinker production in Peru during 3Q18 accounted for 1.3 million tons, 54.1% higher than the production recorded in 3Q17. With respect to 2Q18, clinker production was 6.6% lower. Clinker production was higher during the first nine months of the year 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 3Q18 was 1.3 million tons, a figure slightly lower (0.1%) 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 3Q18 was 74% on clinker and 60% on cement.

■ **Peruvian Domestic Market**

UNACEM's local cement dispatches during 3Q18 totaled 1.3 million tons, figure 1.1% lower than 3Q17. During 3Q18, cement dispatches were 5% higher than in the 2Q18, in line with demand recovery, mainly due to the development of important projects in our area of influence, such as the works related to the 2019 Pan-American Games that will take place in Lima.

During the third quarter of 2018, total cement dispatches in the Peruvian market reached ~2.8 million tons, according to the National Institute of Statistics – INEI, 0.3% higher than in the 3Q17.

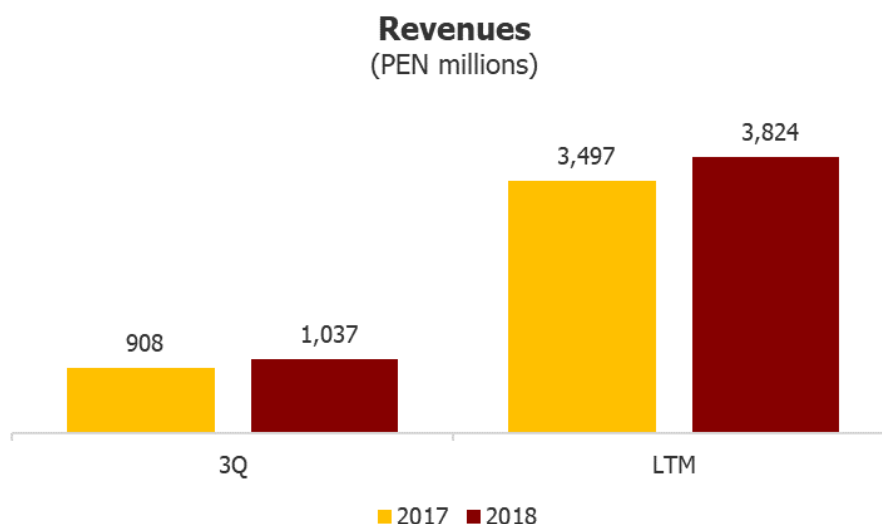
Therefore, UNACEM's market share in the Peruvian market was 45.7% as of the 3Q18, lower than the 47% market share recorded as of the 3Q17.

■ **Exports and Port Operations**

During the 3Q18, the total tonnage of bulk solids operated by the Conchan pier was 454 thousand tons compared to the 333 thousand tons during 3Q17. Clinker exports recorded 244 thousand tons during the quarter, higher than the 196 thousand tons higher reached during 3Q17.

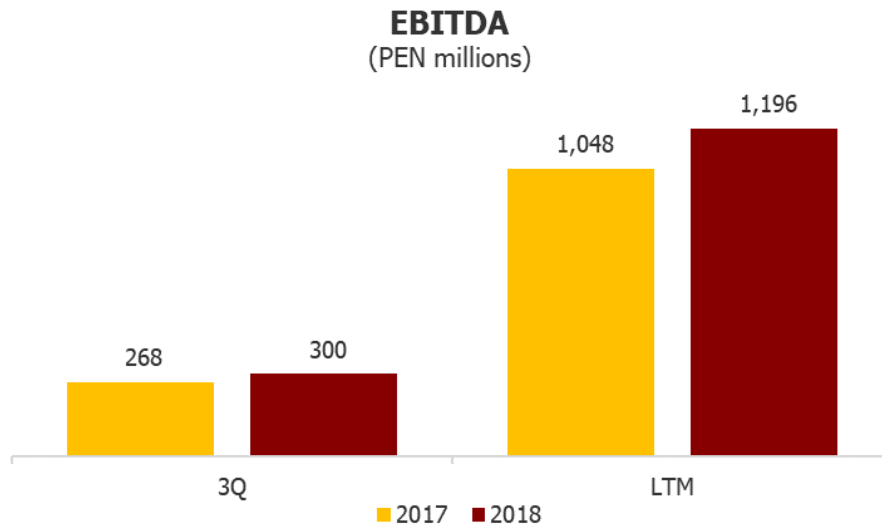
III. UNACEM AND SUBSIDIARIES CONSOLIDATED - FINANCIAL RESULTS

- Consolidated revenues



Consolidated revenues in the 3Q18 were PEN 1,037 million, 14.2% higher than those recorded in 3Q17. This increase is explained by higher volumes of cement and ready-mix in Peru; higher clinker exports; the incorporation of the ready-mix units in Ecuador and Chile; better cement volumes in our US operations; and, the recovery of sales of Preansa Peru and Preansa Chile.

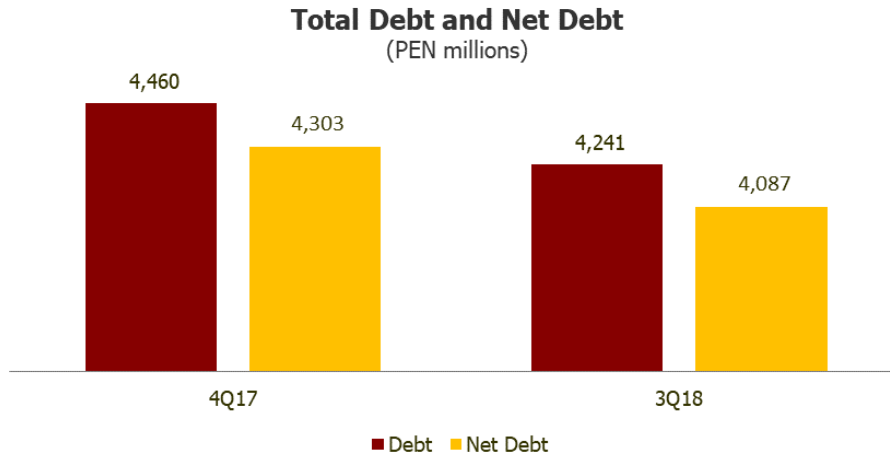
■ EBITDA



EBITDA in 3Q18 was PEN 300 million, a figure 11.7% higher than the one recorded in 3Q17. EBITDA margin during 3Q18 was 28.9%.

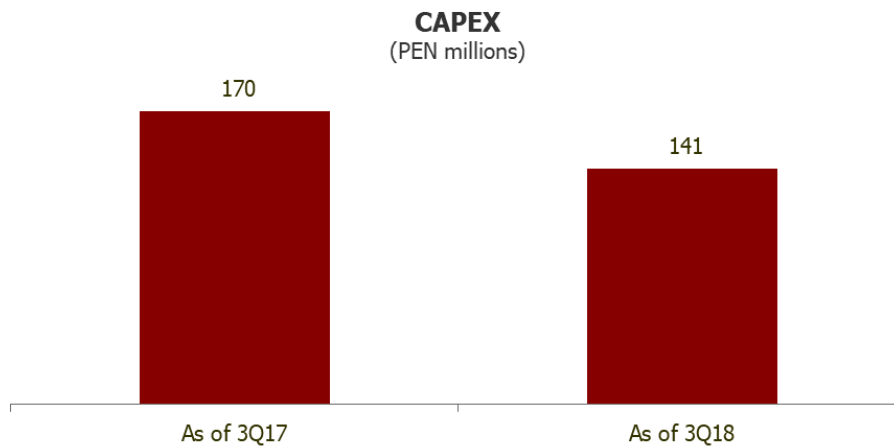
LTM EBITDA was 14.1% higher than the registered in the same period of last year. This improvement is due to higher average prices of cement in Peru and Ecuador, higher ready-mix volumes in Peru, and cement volumes in the United States; net of lower volumes sold in Peru and Ecuador. Furthermore, FX had 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 September 30th, 2018, Net Debt/EBITDA ratio was 3.4x, 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 September 30th, 2018, CAPEX totaled PEN 141 million, 16.8% lower than in September 30th, 2017, which recorded PEN 170 million. These disbursements correspond to minor projects across our Subsidiaries,

including works on 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

		3Q17	3Q18	Var. %
Volume of ready mix	(thousands of m3)	661	901	36%
Revenues	(PEN million)	219	314	44%

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

UNICON's consolidated revenues in the 3Q18 increased by 43.7% compared to the same period of 2017, incorporating our newly acquired operations in Chile. Ready-mix volumes totaled 901 thousand m³, in Peru, Chile and Ecuador. In Peru, UNICON continued dispatching to the most important projects such as the infrastructure for the Pan-American Games of Lima 2019.

- Celepsa

Celepsa

		3Q17	3Q18	Var. %
Sales of energy	(GWh)	318	339	7%
Revenues	(PEN million)	69	78	12%

Includes only Celepsa Separated

Celepsa's energy sales recorded a 12.3% increase in the 3Q18 compared to the same period of 2017, volumes were 6.9% higher, due to higher demand from our contracted clients, mainly for UNACEM stand-alone.

■ UNACEM Ecuador

UNACEM Ecuador

		3Q17	3Q18	Var. %
Sales of cement	(in thousand tons)	321	332	3%
Sales	(PEN million)	133	138	4%

UNACEM Ecuador’s volume sold during the quarter rose by 3.4% with respect to 3Q17. Revenues in PEN were 3.6% higher than in 3Q17 due to higher volumes and 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	3,622
Current quote	PEN	2.200
Minimum quote	LTM / PEN	2.360
Maximum quote	LTM / PEN	3.050
Return LTM*	3Q18	-19.3%

Source: Bloomberg as of 09.30.2018

(*) Does not include dividends.

UNACEM 2021 5 7/8 Corp	Sep 30	Since Issuance	
	2018	Min.	Max
Price	102.70	94.05	106.13
Yield	4.92%	4.25%	7.16%

Source: Bloomberg as of 09.30.2018

VI. SIGNIFICANT EVENTS

- ▶ The General Shareholders' Meeting of July 24, 2018 approved by majority conformation of a working group consisting of eight (8) representatives of the shareholders, so that by October 30th of this year, will jointly present the General Shareholders' Meeting a proposal regarding the contracts with SIA and IASA. On November 7th, 2018, the Board agreed to extend the term granted to the working group until December 31st, 2018.
- ▶ The Board agreed on July 26th, 2018, to pay a cash dividend of PEN 0.013 per ordinary share, to be paid on August 28th, 2018. This dividend total PEN 21,404,544 and was charged to Retained Earnings FY 2012.
- ▶ On September 21st, 2018, the Board approved the financing of USD 490'000,000.00 (Four hundred and ninety million dollars of the United States of America) to refinance current liabilities and for other corporate purposes.
- ▶ On October 10, 2018, UNACEM acquired 100% of the shares of Cementos Portland S.A. formerly owned by Cementos Biobio S.A. and Votorantim Cimentos S.A. The total price was USD 28,095,802.
- ▶ The Board meeting held on October 26th, 2018, agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on November 30th, 2018. This dividend will total PEN 21,404,544 and will be charged to Retained Earnings FY 2012.
- ▶ On October 30th, 2018, UNACEM partially redeemed USD 400'000,000.00 (Four hundred million United States of North America) of its *Senior Unsecured Notes due 2021* " (the "Bonds") as established in section 3.01 of the Indenture dated October 30th, 2014, for a total of USD 625,000,000.00 (Six hundred twenty-five million United States dollars).

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