

NEWSLETTER

4Q18

UNACEM S.A.A. AND SUBSIDIARIES CONSOLIDATED

I. EXECUTIVE SUMMARY

- ▶ Consolidated revenues in 4Q18 were PEN 1,075 million, 18.6% higher than consolidated revenues in 4Q17, due to higher cement and ready-mix volume sold in Peru, Ecuador and Chile, and better volumes across all other UNACEM's subsidiaries.
- ▶ Consolidated EBITDA during the 4Q18 was PEN 320 million, 12.8% higher than the consolidated EBITDA in 4Q17, due to higher revenues 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, compared to the net loss of PEN 9 million in 4Q17 (due to a change in the tax rate in the US), explained by lower income tax base in the quarter and despite higher financial costs at UNACEM stand-alone and a negative FX impact.

The most important figures for the quarter are shown below:

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

	4Q17	4Q18	Var. %	Dec-17 LTM	Dec-18 LTM	Var. %
Net Revenues	906	1,075	18.6%	3,490	3,992	14.4%
EBITDA	283	320	12.8%	1,132	1,232	8.9%
EBITDA Margin	31.3%	29.7%	---	32.4%	30.9%	---
Net Income	-9	66	---	208	255	22.6%
Net Margin	-1.0%	6.2%	---	6.0%	6.4%	---

II. OPERATIONS AND MARKETS

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	2,598
	II	992	1,217	1,208	2,565
	III	844	1,288	1,290	2,770
	IV	1,618	1,295	1,288	2,958
	I-IV	4,610	5,010	4,993	10,891
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	2,831
	IV	1,586	1,369	1,369	2,978
	I-IV	5,289	5,073	5,058	11,101
Variation					
	18-I-IV/17-I-IV	14.7%	1.3%	1.3%	1.9%
	18-IV/17-IV	-1.9%	5.7%	6.3%	0.7%
	18-IV/18-III	21.9%	6.4%	7.3%	5.2%

Source: UNACEM, ASOCEM, INEI

■ Production

UNACEM's clinker production in Peru during 4Q18 accounted for 1.6 million tons, 1.9% lower than the production recorded in 4Q17, and 21.9% higher than 3Q18. For 2018, clinker production was 14.7% higher than 2017, explained by the stoppage of Kiln 2 at the Atocongo plant in the previous year, in order to reduce clinker stocks.

Cement production in UNACEM Peru in 4Q18 was 1.4 million tons, a figure 5.7% higher than in 4Q17, in line with local demand recovery in the last months of the year.

Considering the production of both plants, the combined utilization rate as of the 4Q18 was 79% on clinker and 61% on cement.

■ Peruvian Domestic Market

UNACEM's local cement dispatches during 4Q18 totaled 1.4 million tons, figure 6.3% higher than 4Q17. In 2018, cement dispatches recorded 5.1 million tons, 1.3% higher than in 2017, 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 fourth quarter of 2018, total cement dispatches in the Peruvian market reached 3.0 million tons, according to the National Institute of Statistics – INEI, 0.7% higher than in the 4Q17.

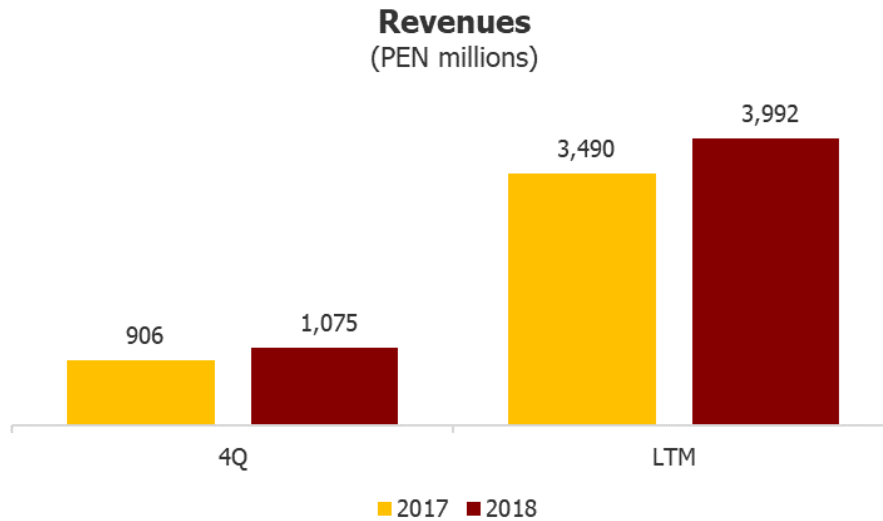
Therefore, UNACEM's market share in the Peruvian market was 45.6% in 2018, in line with the 45.8% market share recorded in 2017.

■ Exports and Port Operations

During the 4Q18, the total tonnage of bulk solids operated by the Conchan pier was 247 thousand tons compared to the 313 thousand tons during 4Q17. Clinker exports recorded 103 thousand tons during the quarter, lower than the 213 thousand tons recorded during 3Q17. In 2018, the Conchan pier operated a total of 1.5 million tons of bulk solids, higher than the 943 thousand tons of 2017. Finally, clinker exports reached 928 thousand tons in the year, 69% higher than the 549 thousand tons registered in 2017.

III. UNACEM AND SUBSIDIARIES CONSOLIDATED - FINANCIAL RESULTS

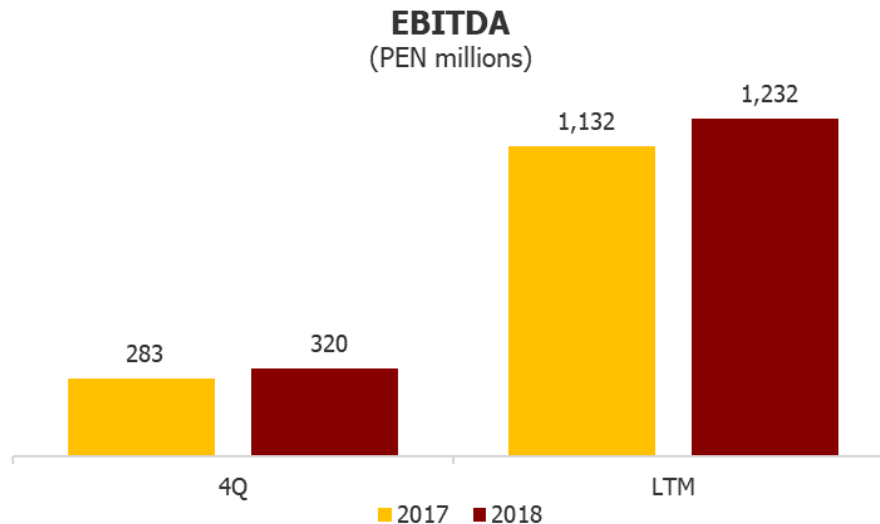
■ Consolidated revenues



Consolidated revenues in the 4Q18 were PEN 1,075 million, 18.6% higher than those recorded in 4Q17. This increase is explained by:

- Higher volumes of cement and ready-mix in Peru;
- The incorporation of the new ready-mix unit in Chile;
- Better cement volumes in our US and Ecuador operations; and,
- The recovery of sales of Preansa Peru.

■ EBITDA



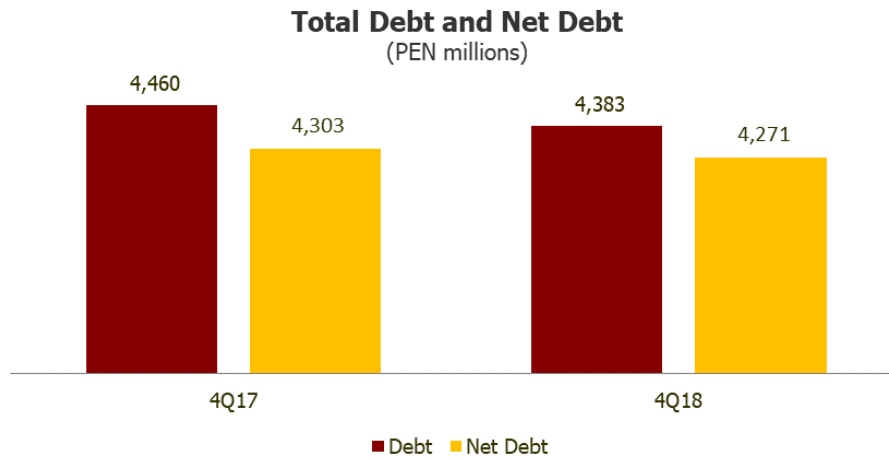
EBITDA in 4Q18 was PEN 320 million, a figure 12.8% higher than the one recorded in 4Q17. EBITDA margin during 4Q18 was 29.7%.

LTM EBITDA was 8.9% higher than the registered in 2017. This improvement is due to

- Higher volumes and average prices of cement in Peru net from higher fixed costs;
- Higher cement volumes in Ecuador and the United States;
- Higher ready-mix volumes; and,
- Better results in the companies across the group.

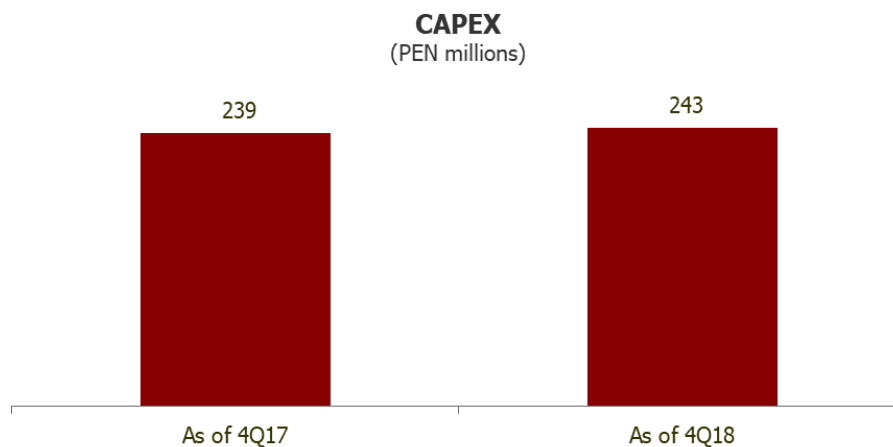
EBITDA margin was lower due to higher fixed cost and sales expenses in Unacem Peru and Unacem Ecuador, net from FX impact on the Cost of Goods Sold and SG&A through the workers profit sharing and lower management and board fees. Furthermore, the higher clinker exports of the year and the incorporation of the ready-mix unit in Chile that lowered the consolidate margins in the period.

■ Debt



As of December, 31st, 2018, Net Debt/EBITDA ratio was 3.46x, lower than the 3.80x reported at the end of 2017. Our Debt in PEN recorded a decrease due to payments of scheduled amortizations net from the liability management transaction of UNACEM stand-alone in October 2018.

■ CAPEX



As of December, 31st, 2018, CAPEX totaled PEN 243 million, 1.7% higher than in December 31st, 2017, which recorded PEN 239 million. These disbursements correspond to minor projects across our Subsidiaries, including works on the Atocongo thermal plant, a new milling project in Ecuador, acquisition of new mixer trucks, and overhaul of several equipment, and among others.

IV. MAJOR SUBSIDIARIES AND AFFILIATES

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

- UNICON Consolidated

UNICON Consolidated

		4Q17	4Q18	Var. %
Volume of ready mix	(thousands of m3)	720	964	34.0%
Revenues	(PEN million)	239	340	42.5%

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

UNICON's consolidated revenues in the 4Q18 increased by 42.5% compared to 4Q17 and 34% 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 projects.

- Celepsa

Celepsa

		4Q17	4Q18	Var. %
Sales of energy	(GWh)	374	396	5.8%
Revenues	(PEN million)	81	83	3.3%

Includes only Celepsa Separated

Celepsa’s energy sales recorded a 3.3% increase in the 4Q18 compared to the same period of 2017, volumes were 5.8% higher, due to higher demand from our contracted clients, mainly UNACEM stand-alone.

■ UNACEM Ecuador

UNACEM Ecuador

		4Q17	4Q18	Var. %
Sales of cement	(in thousand tons)	306	315	3.0%
Sales	(PEN million)	127	134	5.9%

UNACEM Ecuador’s volume sold during the quarter rose by 3.0% with respect to 4Q17. Revenues in PEN were 5.9% higher than in 4Q17 due to higher volumes and FX conversion effect. In USD revenues were 1.8% higher than the same period of the previous year.

V. SHARES AND BONDS

UNACEMC1

Shares	Number	1,646,503,430
Market capitalization	PEN million	4,446
Current quote	PEN	2.700
Minimum quote	LTM / PEN	2.100
Maximum quote	LTM / PEN	3.050
Return LTM*	4Q18	-13.3%

Source: Bloomberg as of 12.31.2018

(*) Does not include dividends.

UNACEM 2021 5 7/8 Corp	Dec 31 2018	Since Issuance Min.	Max
Price	101.63	94.05	106.13
Yield	5.25%	4.25%	7.16%

Source: Bloomberg as of 12.31.2018

VI. SIGNIFICANT EVENTS

- ▶ On October 10, 2018, UNACEM acquired 100% of the shares of Cementos Portland S.A. formerly owned by Cementos Biobio S.A. from Chile and Votorantim Cimentos S.A. from Brazil. The total cash consideration 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 totaled PEN 21,404,544 and was charged to Retained Earnings FY 2012.
- ▶ On October 30th, 2018, UNACEM partially redeemed USD 400'000,000 (four hundred million United States dollars) of its "5.87% *Senior Unsecured Notes due 2021*" as established in section 3.01 of the Indenture dated October 30th, 2014, for a total of USD 625,000,000 (six hundred twenty-five million United States dollars).
- ▶ In accordance with the proposal of Merger Project made by the Working Group formed as agreed by the General Shareholders' Meeting of July 24, 2018, which latter was approved by the Independent Director's Committee of UNACEM. The General Shareholders' Meeting of December 28th, approved the following:
 1. 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 (in further the "Merger") and the Merger Project, which was previously approved by the General Shareholders' Meetings of Pronto of December 26th, 2018 and of SIA and IASA of December 27th, 2018.
 2. The increase of the subscribed and paid capital of UNACEM in the amount of PEN 171,624,203.00, that is, from PEN 1,646,503,408.00 to PEN 1,818,127,611.00, issuing 171,624,203 new common shares of the same nominal value as the existing ones (PEN 1.00 each), that will be distributed among the shareholders of the three companies absorbed according to the Exchange Ratio. Therefore, the 171,624,203 new shares issued for the capital increase will be distributed as follows:

- a. 64,876,584 new shares among the SIA shareholders
 - b. 56,302,355 new shares among the shareholders of IASA
 - c. 50,445,264 new shares among the shareholders of Pronto
3. The Effective Date of the Merger was January 1st, 2019. On that date, UNACEM assumed, jointly and universally, the assets of SIA, IASA and Pronto. The Exchange Ratio, which is the number of shares issued by UNACEM that will be received by each of the shareholders of the three absorbed companies, is as follows:
- a. To the shareholders of SIA 2,104.332 (two thousand one hundred four and three hundred thirty two) shares issued by UNACEM with a nominal value of PEN 1.00 each for each of the 370,278 shares issued by SIA with a par value of PEN 1,600.00 each.
 - b. To the shareholders of IASA 8.502 (eight and five hundred and two) shares issued by UNACEM with a nominal value of PEN 1.00 each, for each of the 53,667,404 shares issued by IASA with a nominal value of PEN 12.26 each.
 - c. To the shareholders of Pronto 6.678 (six and six hundred and seventy eight) shares issued by UNACEM with a nominal value of PEN 1.00 each, for each of the 7,554,178 shares issued by Pronto of a nominal value of PEN 14.50 each.

As a result of the Merger, SIA, IASA and Pronto extinguished without dissolving or liquidating.

4. Delegated to the Board of Directors: (1) the power to modify the fifth article of the Bylaw for the capital increase approved and / or for the eventual reduction of capital up to the amount of the nominal value of the shares subject to the right of separation; and (2) in the event of exercising the right of separation, the power to choose between maintaining the resulting shares in the portfolio or amortizing them with the consequent capital reduction.
5. It was unanimously agreed that, on the effective date of the Merger, that the twelfth clause of the article of incorporation of the Company,

which contained the management services contract that SIA provides to UNACEM, will be extinguished. The article of incorporation is recorded in the public deed of constitution and bylaws of UNACEM, extended on December 28th, 1967, before the notary of Lima, Ricardo Ortiz de Zevallos.

6. The board granted special powers of attorney to the directors and executives of UNACEM, to formalize the resolutions adopted by the General Shareholders' Meeting.

The merger between UNACEM, SIA, IASA and Pronto was completed without any shareholder exercising the right of separation and without the opposition of any creditor.

- ▶ The Board meeting held on January 25th, 2019, agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on February 27th, 2019. This dividend will total PEN 21,404,544 and will be charged to Retained Earnings FY 2012.
- ▶ At the Board meeting held on February 22, 2019, it was agreed to hold the Annual Shareholders' Meeting on March 26, 2019.

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