

Bank of America 
Merrill Lynch

Emerging Markets Debt and Equity Conference

May 28-31, 2019 | Miami, USA



Atocongo Plant, Lima

Agenda

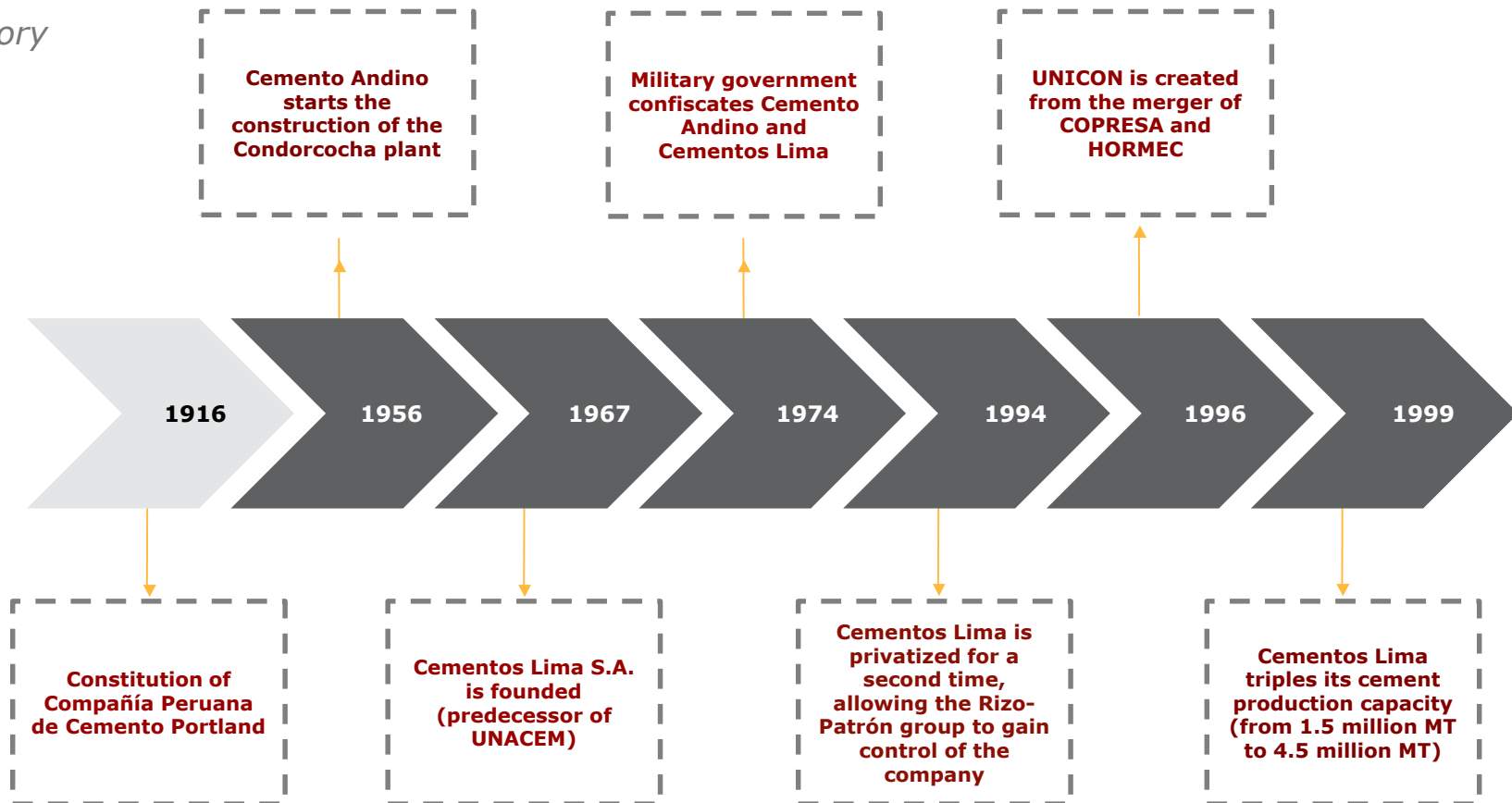
- 1. Overview***
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 - 6. Skanon / Drake***
 - 7. UNACEM Ecuador***
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1. Overview



1. Overview

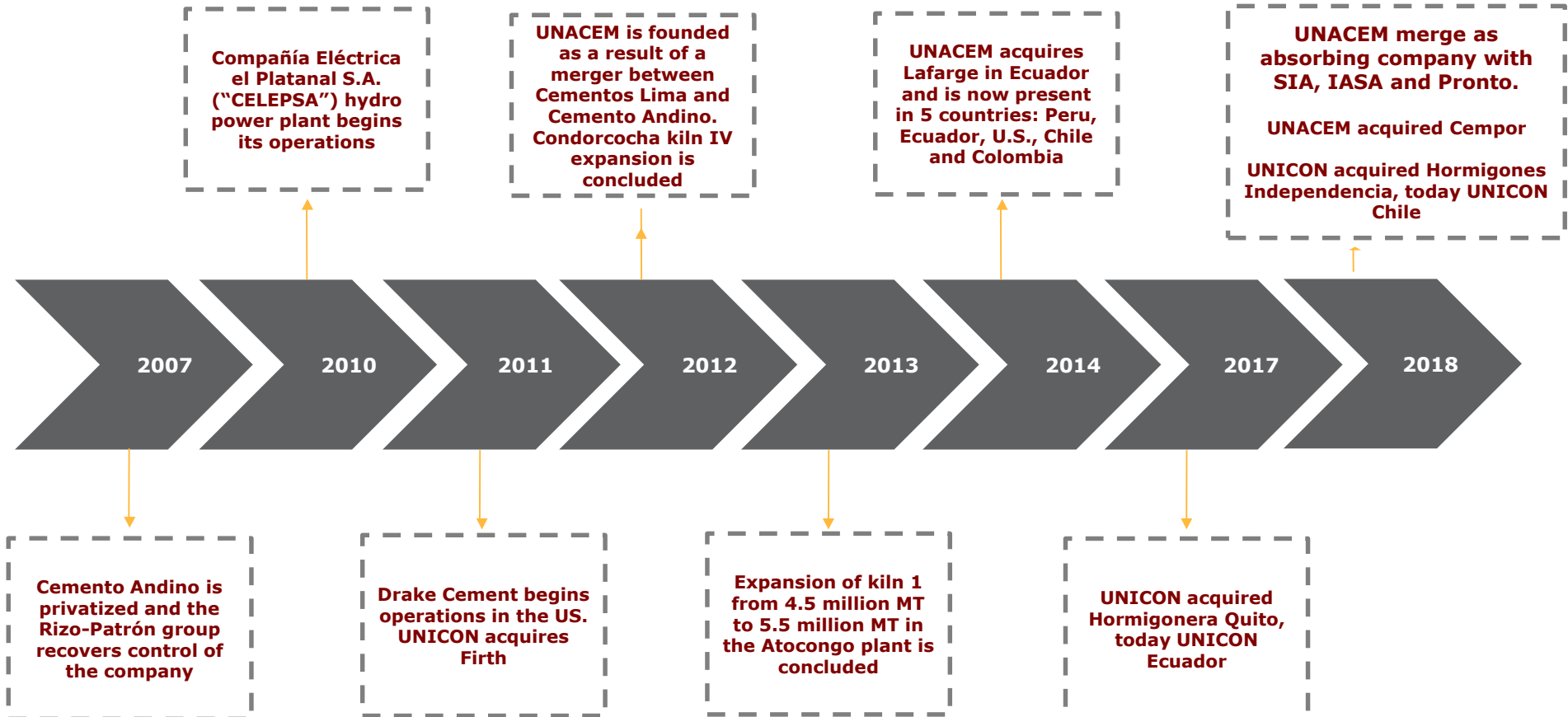
History



UNACEM has almost 100 years of successful operations in the Peruvian market...

1. Overview

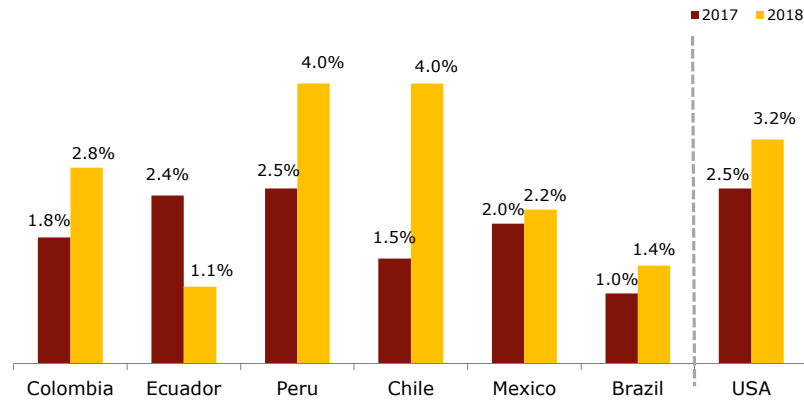
History (cont.)



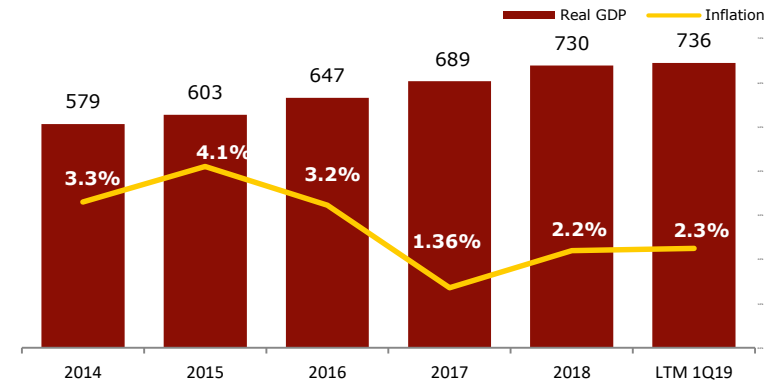
...developing new business segments and entering new markets in the region

1. Solid macroeconomic fundamentals

Latam GDP Growth
(Annual variation %)

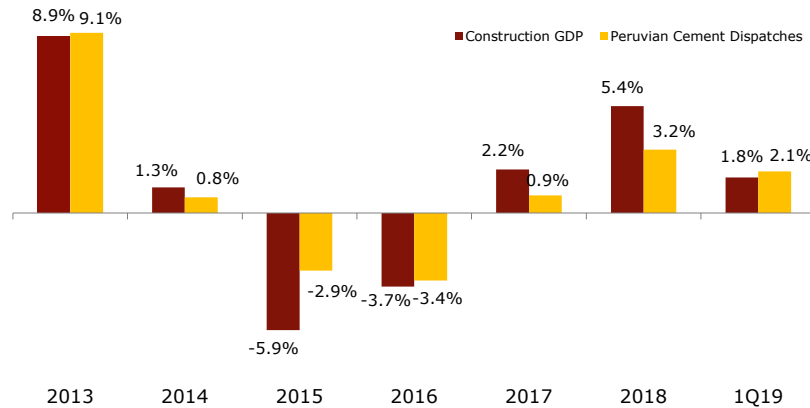


Peru Real GDP and Inflation
(PEN Bn and %)

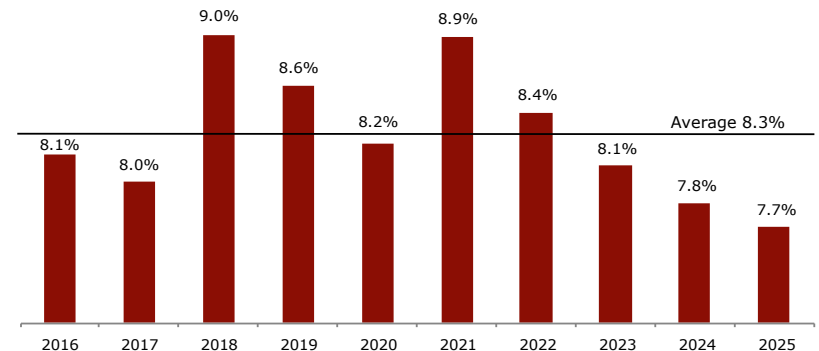


* Peru Real GDP and Inflation (YoY) - LTM as of March 2019

Peru Construction GDP vs. Cement Dispatches
(Growth %)



Peruvian Infrastructure Gap
(as % GDP)



1. Peruvian new government measures seek to reduce infrastructure gap and housing deficit in the following 5 years...

Infrastructure Gap

Current status:

- Total infrastructure gap is USD 159.6 billion
- 8.27% of GDP annual investment needed to close the gap in the following 10 years
- Water and sanitation gap is USD 12.5 billion
- Estimated benefits of closing the gap represent around 14.3% of GDP and will represent 14.25% of the labour force



Government goals:

- Infrastructure investment up to USD 79 billion
- 100% of water in urban areas by 2021
- Paving 100% of the National Road Network
- Reform of the public - private investment process
- Megaprojects are a top priority, 15 projects declared in *Emergency* in order to accelerate it's execution

Housing Deficit

Current status:

- Housing deficit in Peru: 72% of total families (Ficem 2013)
- Peru's unsatisfied housing demand: 700,000 houses
- Lima and Callao unsatisfied housing demand: 435,000 houses
- 53% of demand in Lima and Callao for housing between USD 30,000 and USD 80,000
- Law 30425: Pension fund affiliates may withdraw 25% of their funds to repay mortgage or for the down payment of a 1st property
- 112 legislative decrees to eliminate bureaucracy and unlock projects



Government goals:

- Mivivienda and Techo Propio programs will work as a unit, redirecting financing to houses under USD 40,000
- Promote access to formal credit to families
- High investment in social infrastructure will reduce its gap by 50% in the next 5 years

LINE 2 – METRO OF LIMA

Metro de Lima - Línea 2

USD 5,658 MM



TRANSPORTATION INFRASTRUCTURE

Jorge Chavez Airport Expansion

USD 800 MM

Muelle Norte - Etapas 1 y 2 - Callao Port

USD 370 MM

San Martín Port

USD 182 MM

Mineral Terminal - Callao Port

USD 150 MM

Pisco Airport Expansion

USD 107 MM

TOTAL

USD 1,609 MM



ROADS

Vía Parque Rímac

USD 750 MM

Rutas Nuevas de Lima

USD 590 MM

IIRSA Centro - Tramo II

USD 126 MM

Amp. Red Vial 5

USD 100 MM

Vía Expresa Sur

USD 200 MM

Amp. Red Vial 6

USD 200 MM

TOTAL

USD 2,866 MM



WATER AND SANITATION

Water and Sanitation in Lima (Sedapal)

USD 166 MM

Improvement the facilities of the health services in Pichanaki Hospital, Junín

USD 79 MM

TOTAL

USD 245 MM



PAN AMERICAN GAMES – LIMA 2019

2019 Pan American Games

USD 1,260 MM



On the **public** and **private** side in the following two years an important pipeline of projects would start its tendering process

MAIN MINING PROJECTS ANNOUNCED
(USD MM)



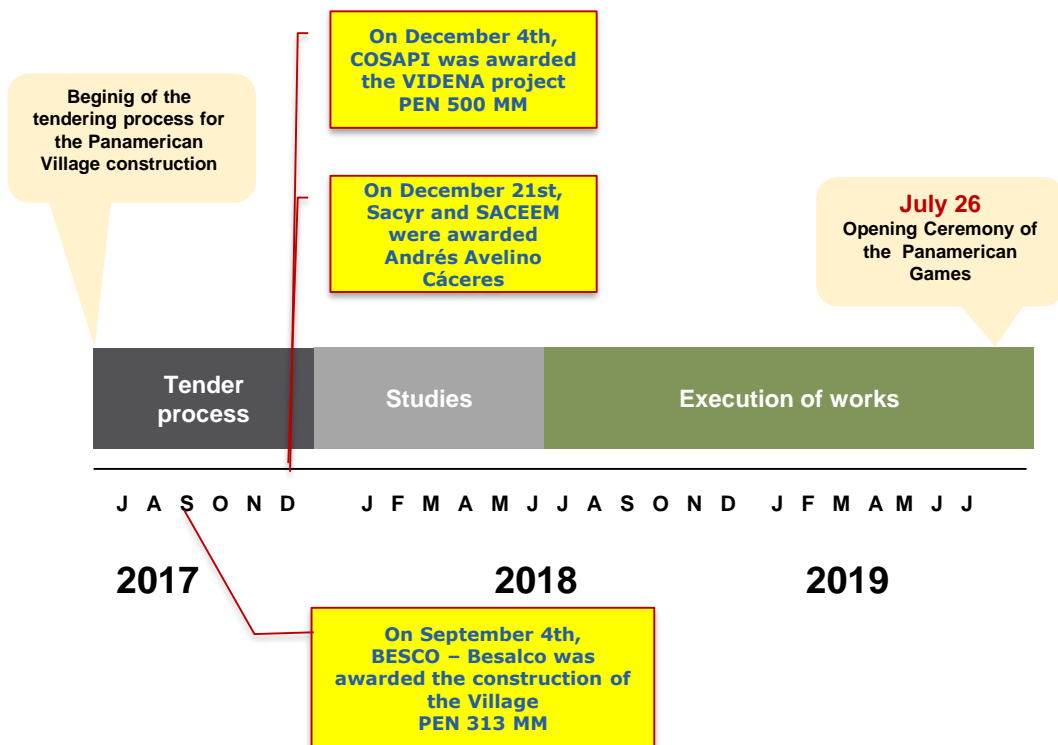
More than **USD 3,200 million** of mining projects announced in UNACEM's area of influence

MAJOR PUBLIC PROJECTS FOR TENDERING IN 2018
(USD MM)



Panamerican Games Lima 2019

In charge of the UK Government and with a special normative framework that allows the urban habilitation and permission of construction as an automatic way



Main projects of the games

Project	Auction Date
Construction of the Panamerican Village (Villa El Salvador)	Besco- Besalco September 2017
Expansion and improvement of La Videna Center (San Luis)	COSAPI December 2017
Improvement of Andrés Avelino Cáceres sports center (Villa María del Triunfo)	Sacyr Saceem December 2017
Improvement of Yahuar Huaca Park (Callao)	Sacyr Saceem March 2018
Construction of the gymnastic center (Villa El Salvador)	OHL – JE Construcciones Generales March 2018
Improvement of the Army's Riding School (San Juan de Miraflores)	1H2018

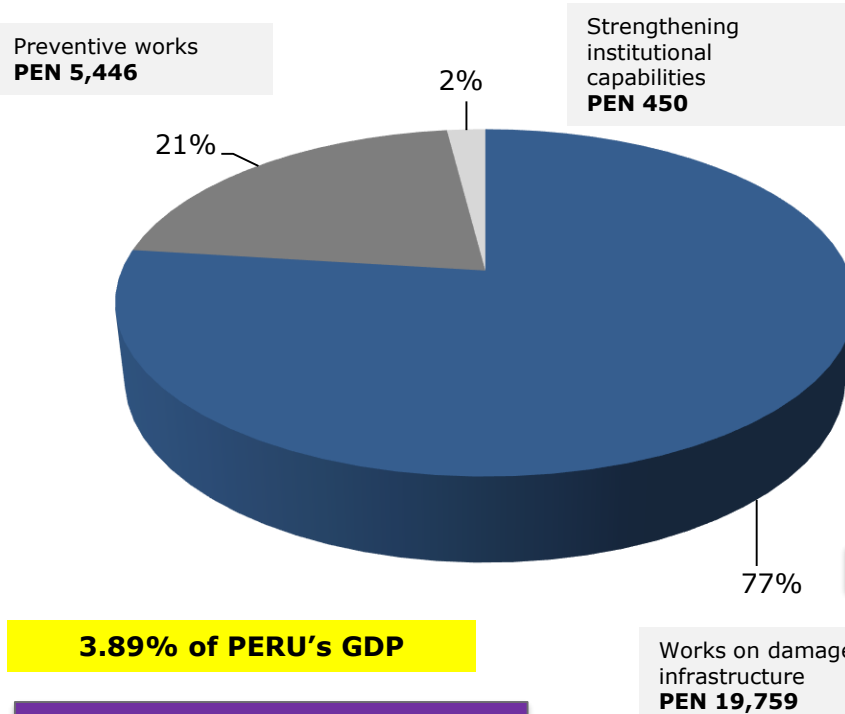


TOTAL INVESTMENT PEN 4,300 million



Reconstruction with changes

Budget of PEN 25,655 million



3.89% of PERU's GDP

As of December 2018, only 20.6% of budget executed

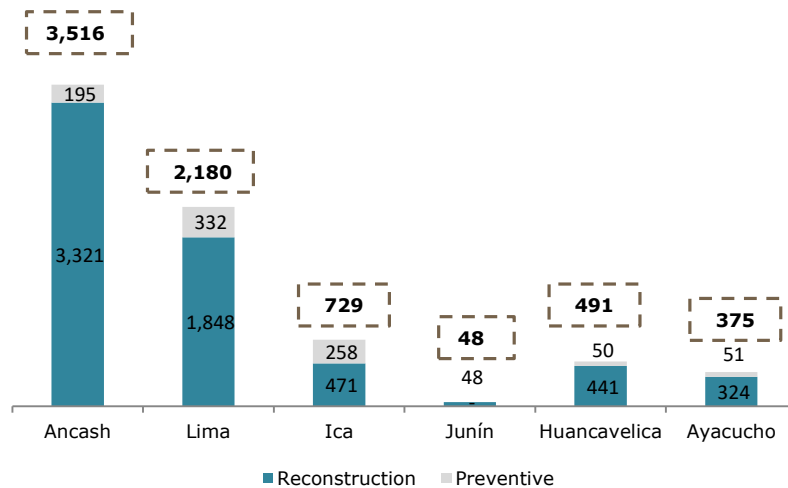


Investment on damaged infrastructure by Sector				
Sector	Interventions	Investment (PEN MM)	Total %	
Transports		9,760	49.4%	
	- National Roads - Highways	2,638 km	4,333	21.9%
	- Local roads Highways and roads	7,095 km	4,504	20.4%
	- Local Roads - Bridges	192 bridges	923	4.7%
Housing	45,613 houses	1,114	5.6%	
Education	1,444 schools	2,671	13.5%	
Sanitation	Water and sewage networks	2,041	10.3%	
Health	154 hospitals, health posts and health centers	1,343	6.8%	
Agriculture and irrigation	224 intakes, 608 km of canals, 269 km of drains	1,344	6.8%	
Roads and sidewalks	811 km roads and sidewalks, and 161 bridges	1,483	7.5%	
Total		19,759	100%	

Reconstruction with changes in UNACEM's area of influence

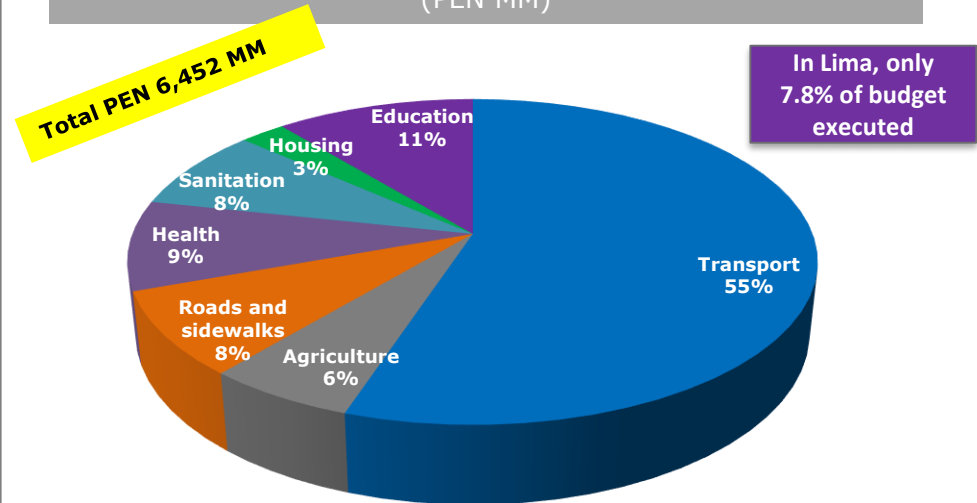
Reconstruction represents an important potential for dispatches of cement, ready mix and industrialized concrete structures for UNACEM and its subsidiaries in the coming years ... **28.6% of the reconstruction budget is allocated in UNACEM's area of influence**

Budget allocated by relevant region (PEN MM)



- ✓ September 12, 2017: Reconstruction Plan was approved
- ✓ December 17: First projects awarded
- ✓ December 17 – June 17: Studies
- ✓ April 18: execution

Budget allocated for Reconstruction Works Central region (PEN MM)



In Lima **PEN 885 MM** will be executed in transports works

Roads



PEN 735MM

Rural Roads



PEN 74MM

Bridges



PEN 76MM

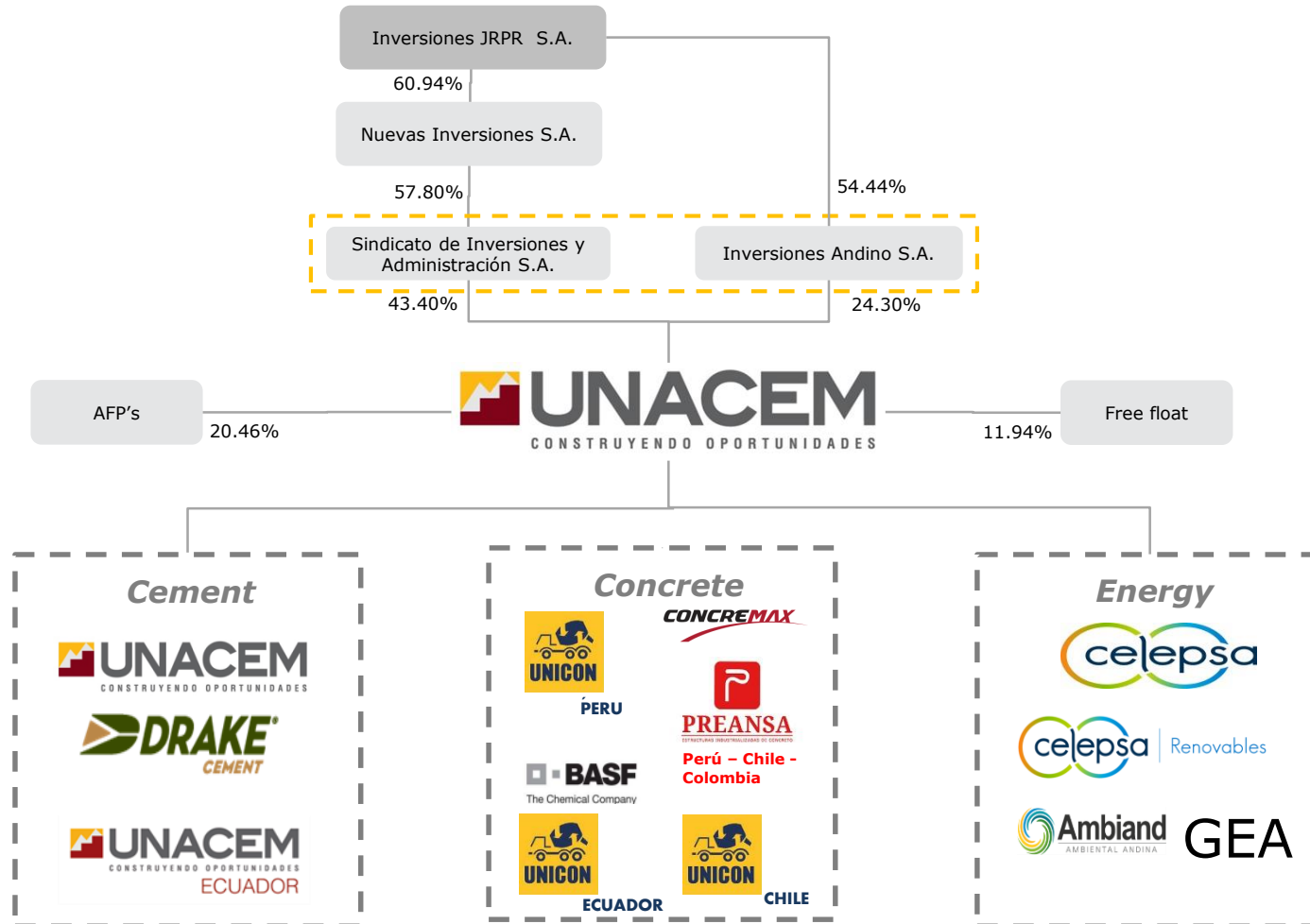
2. Recent Events



2.1. Merger of SIA, IASA and Pronto into UNACEM

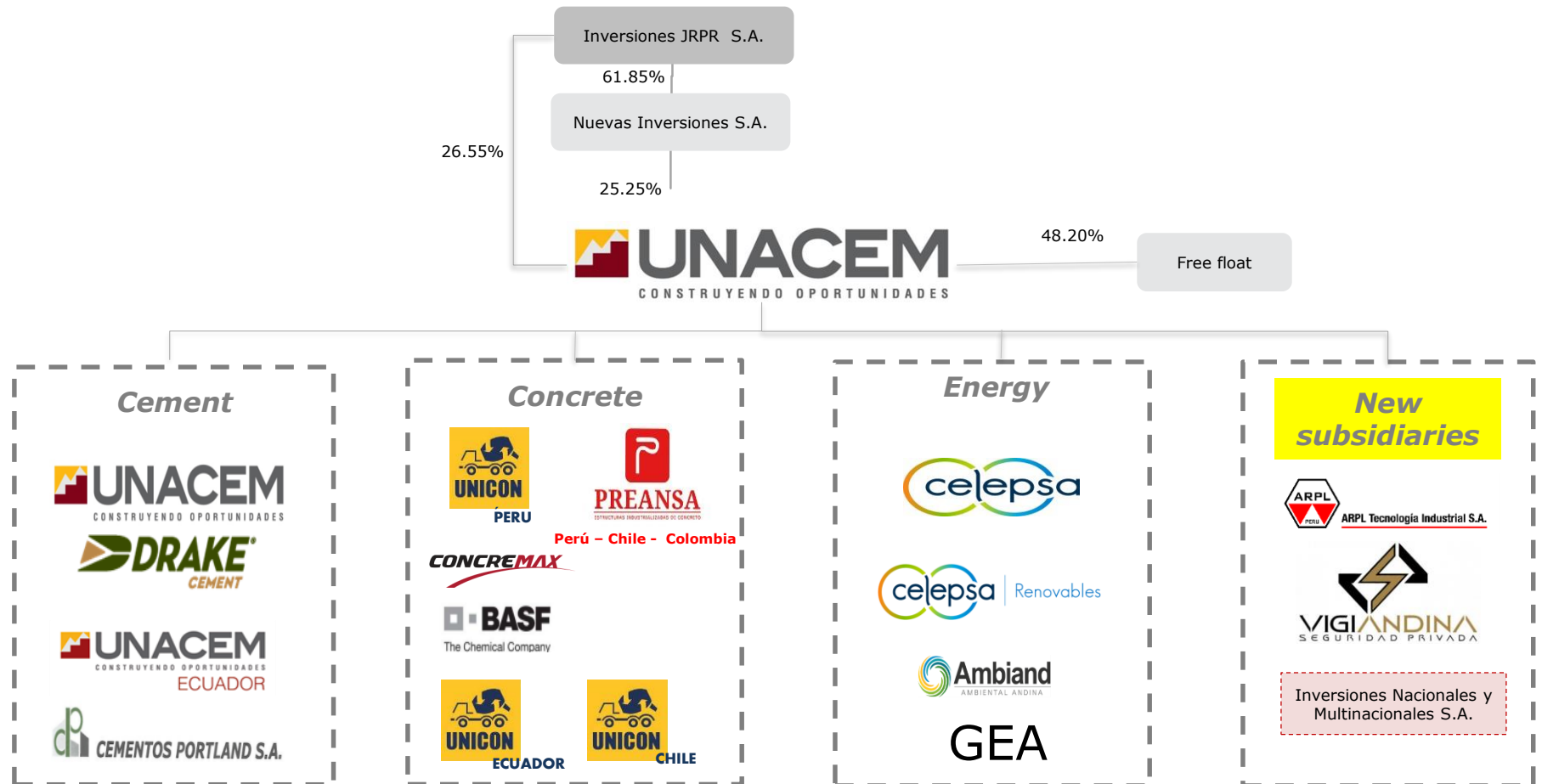


UNACEM structure – Pre Merger



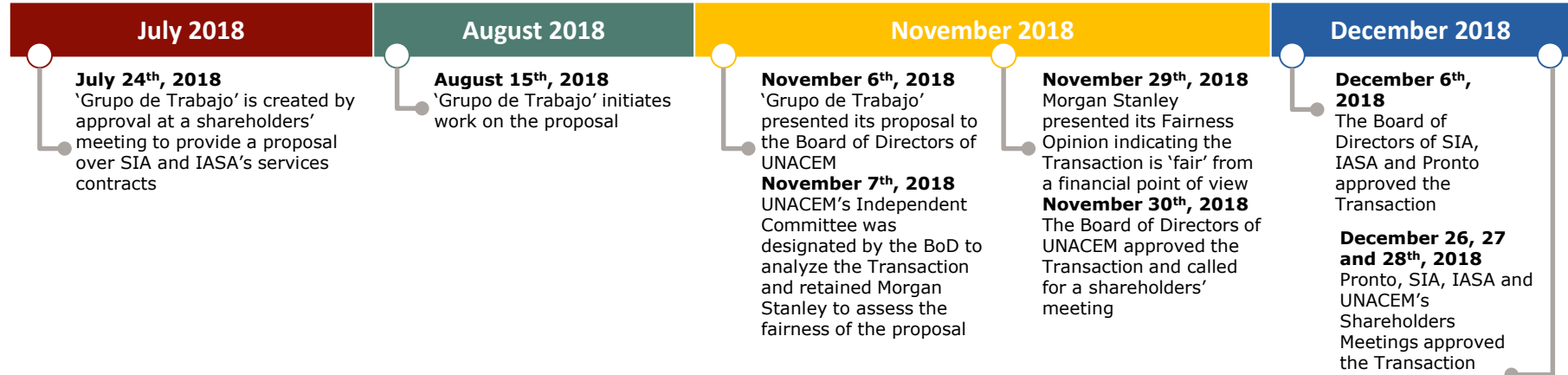
UNACEM S.A.A. is listed in the Lima Stock Exchange (BVL) with a Market Cap of USD 1,353 million, as of May 27th, 2019.
 FX Rate: PEN 3.3452 - 1,646,503,408 Common shares

UNACEM structure – Post merger



UNACEM S.A.A. is listed in the Lima Stock Exchange (BVL) with a Market Cap of USD 1,353 million, as of May 27th, 2019.
 FX Rate: PEN 3.3452 - 1,818,127,611 Common shares

Summary of the Transaction

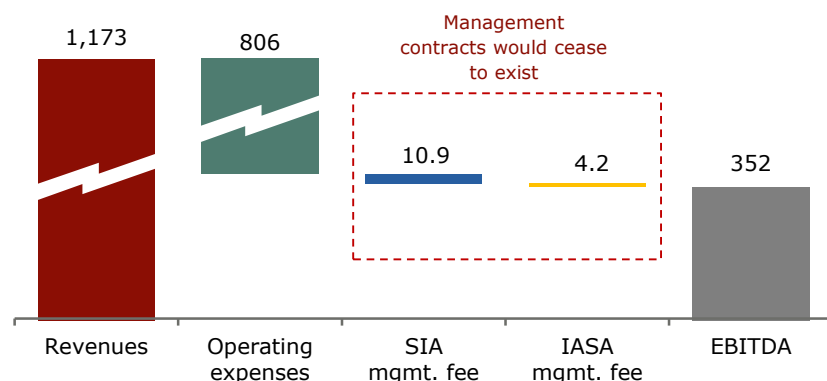


Transaction rationale

Key objectives of the Transaction

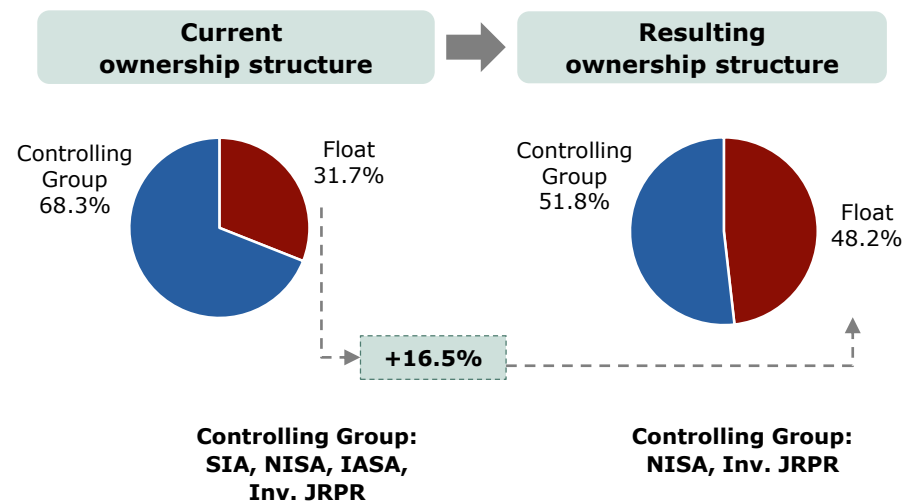
- ✓ **Simplification** of UNACEM's shareholder structure
- ✓ **Increase UNACEM's EBITDA and Cash Flows**, potentially improving its leverage ratios
- ✓ **Consolidation** at UNACEM of the knowledge, strategy, experiences, specialization, among other expertise developed, and operations managed, by the absorbed entities
- ✓ Incorporation of SIA and IASA's minorities to UNACEM's float, potentially originating an **increase in liquidity** (daily trading volume) and faster market reaction to UNACEM's performance
- ✓ **Elimination of Management Contracts** with SIA and IASA and consolidation of related-party outflows to ARPL and Vigiandina

UNACEM LTM 3Q18 EBITDA buildup (US\$mm)¹



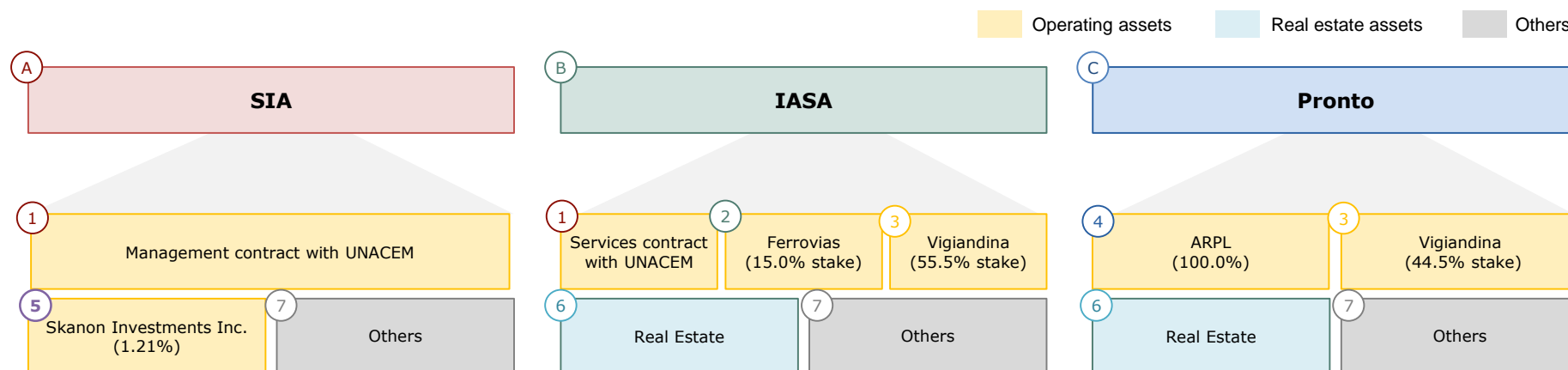
Transaction would also allow UNACEM to capture ARPL and Vigiandina's EBITDA in its consolidated financial statements

Increase share of public float



Assets to be merged into Unacem in the Transaction

SIA, IASA and Pronto would contribute their assets into UNACEM as part of the Transaction



- 1 **SIA and IASA's management contracts with UNACEM** – contracts would cease to exist on January 1st, 2019
- 2 **Ferrovias Central Andina S.A** (15.0% stake), an operational company that owns a railway concession in Peru
- 3 **Vigilancia Andina S.A** (100.0% stake), an operational company that provides security services to UNACEM and other companies in Peru
- 4 **ARPL Tecnologia Industrial S.A** (100.0% stake), an operational company that provides technical assistance and engineering consulting services to UNACEM and its subsidiaries
- 5 **Skanon Investments Inc.** (1.21% stake), a holding company that owns a majority interest in Drake Cement, LLC, a cement company in Arizona, USA, and other related investments. Skanon Investments is a subsidiary and is majority-owned by UNACEM
- 6 **Real Estate assets**, direct ownership in the properties and in the subsidiaries that own UNACEM's headquarter offices, among other properties
- 7 **Others**, cash and outstanding loans to Skanon that will be held by each holding at Transaction closing

2.2 Acquisition of CEMPOR



Description of the Transaction

- **Ownership:**
 - 50% Votorantim (Brazil)
 - 50% Cementos BioBio (Chile)
- **Location**
 - Manchay
 - 8 km from Atocongo cement plant
- **Initial project**
 - Quarry with 56 mm tons of limestone
 - Cement plant with a capacity of 800,000 tons per year
- **Cempor Project to UNACEM**
 - Quarry with 66 mm tons of limestone
 - Sinergies for Atocongo plant operations, extending life of Atocongo's current quarries with a good quality limestone
- **Transaction Date** : October 10th, 2018
- **Invesment:** USD 28 million
- **Assets of Cempor:**
 - Silencio 8 Mining Concession
 - 42.5 Has of superficial land
 - 30.0 Has of land in the surrounding areas



2.3 Liability Management



Partial call of USD 400 million Senior Unsecured Notes due 2021

On October 30th, 2014 **UNACEM and Subsidiaries Consolidated** issued **USD 625 million** of Senior Unsecured Notes **7NC4**

On October 10th, 2018, UNACEM instructed The Bank of New York Mellon, (the "Trustee") the partial redemption of a total of **USD 400 million** of its denominated "USD 625 million 5 7/8 Senior Unsecured Notes due 2021" as establish in section 3.01 of the Indenture dated October 30, 2014.

Outstanding Senior Notes now are **USD 225 million** due 2021



On September 21, 2018 UNACEM **Board of Directors approved bank loans up to USD 490 million** for the refinancing of existing liabilities in US dollars and other corporate uses

The partial redemption of the Notes took place on October 30, 2018, date of the **first Call Option** at a price equal to **102.93750% of the principal**. On the same day, all interest accrued as of that date was paid

Refinancing up to USD 490 million at UNACEM Separated level

Transaction Rationale

- 1

Mitigate FX volatility

✓ Approximately USD 365 million were funded in local currency (PEN)
- 2

Competitive financial cost

✓ Liability Management have an average cost 5.2% in USD
- 3

Extent debt maturity profile

✓ Liability Management will allow UNACEM to keep deleveraging in the following years
- 4

Mitigate refinance risk

✓ Liability Management had refinanced an important amount of UNACEM's Separate debt until 2025

Bank loans by bank

Bank	PEN million	Maturity Date
Scotiabank	333.2	7 years
Interbank	260.0	4 years
BCP	331.0	7 years
BBVA	280.5	6 years
Total	1,204.7	

Bank	USD million	Maturity Date
Scotiabank	33.0	7 years
Citi	50.0	7 years
Santander	45.0	5 years
Total	128.0	

3. UNACEM Peru



Condorcocha Plant, Tarma (3,950 m.a.s.l)

2. UNACEM Peru



Overview

- On October 1st, 2012, UNACEM absorbed Cemento Andino to consolidate the largest cement company in Peru
- UNACEM has subsidiaries that provide power supply, raw materials supply, distribution channels and warehouse storage of UNACEM's products
- The Company has two cement plants, Atocongo and Condorcocha, which operate in the central region of the country where most of the population lives
- The Atocongo plant has an underground conveyor belt which leads directly to the Conchan Pier (port) in the Pacific Ocean, facilitating cement exports and raw material imports
- Both plants have their own power generation through three hydro power plants and one thermo power plant that provide a significant source of energy

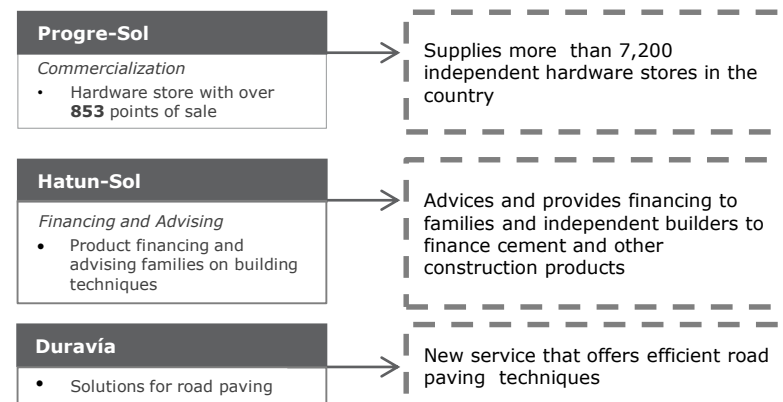
Financial Snapshot 2018 and 1Q2019 (USD MM)

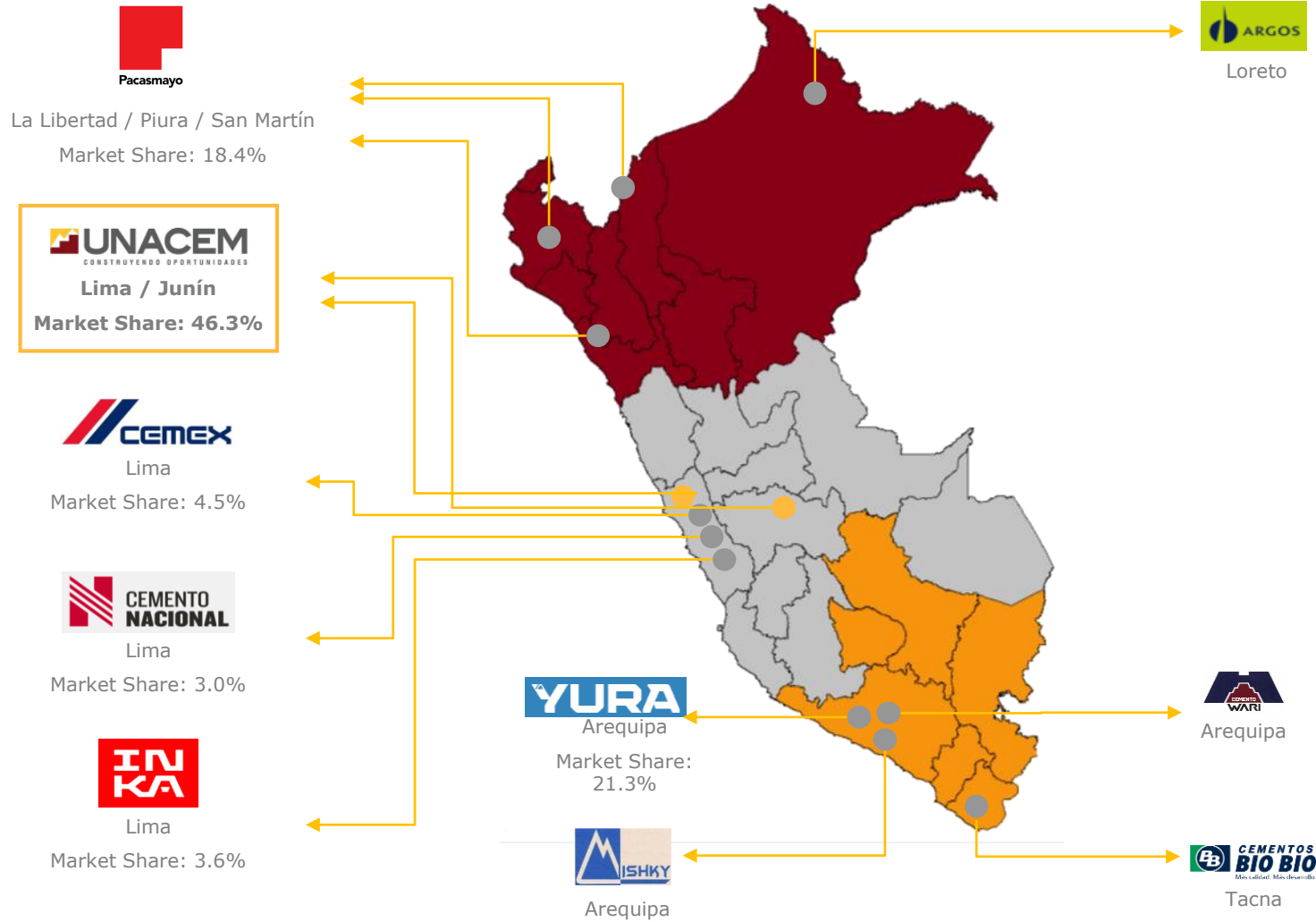
	2018	LTM1Q2019
Total Assets	2,606	2,636
Revenues	599	594
EBITDA	264	260
EBITDA Margin	44%	44%
Local Ratings	Class: AAA APOYO: AA	

Cement Plants

Atocongo	Condorcocha
Location: Lima Clinker Capacity: 4.8 million MT Cement Capacity: 5.5 million MT Clinker Production(2018): 3.8 million MT Cement Production(2018): 3.4 million MT Limestone Reserves: 34 years	Location: Junín Clinker Capacity: 1.9 million MT Cement Capacity: 2.8 million MT Clinker Production(2018): 1.6 million MT Cement Production(2018): 1.7 million MT Limestone Reserves: 156 years
	

Distribution and Services

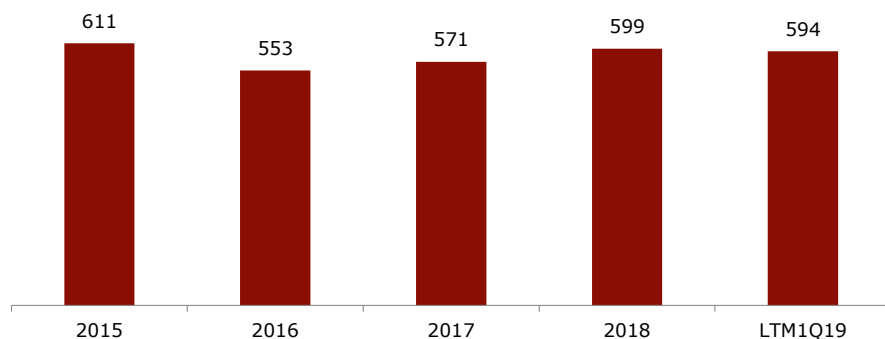




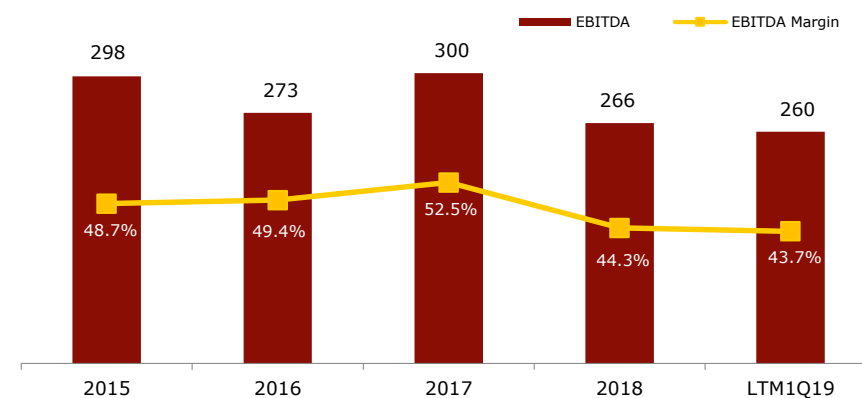
2. Consistently delivering strong financial results...

Separate financial performance

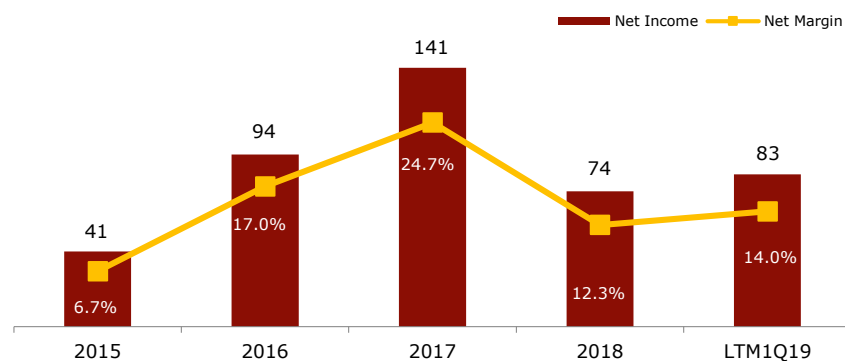
Revenues
(USD Millions)



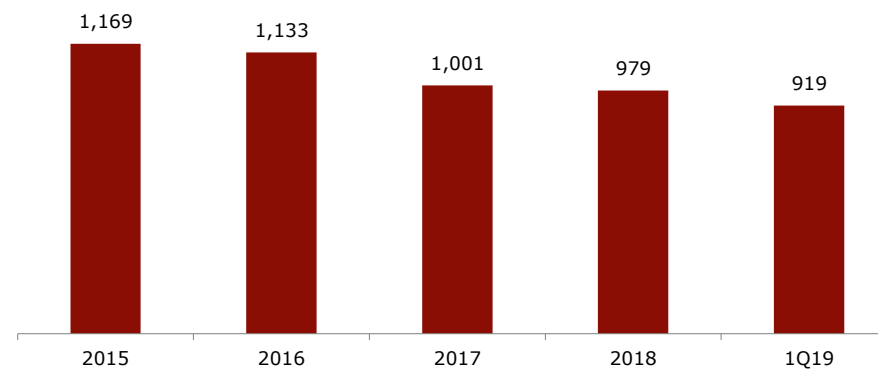
EBITDA and EBITDA Margin
(USD Millions and %)



Net Income & Net Margin
(USD Millions and %)



Net Debt
(USD Millions)



4. *Unicon & Concremax*



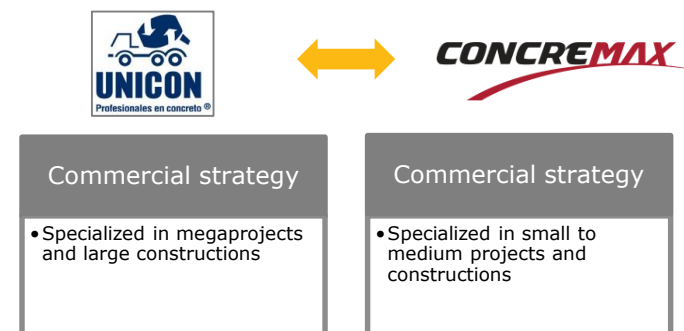
3. UNICON & CONCREMAX

Concrete Segment Overview

- UNACEM's concrete segment consists of two companies Unión de Concreteras S.A. (UNICON) and CONCREMAX S.A.(former Firth), forming the largest concrete group in Peru
- UNICON was founded in May 1996
- In 2011, UNICON acquired 100% of Firth shares. On November 2015, Firth changed its legal name and brand to CONCREMAX.
- On July 2017, UNICON acquired 100% of stake in Hormigonera Quito, today UNICON Ecuador, for USD 13 million
- On May 2018, UNICON acquired 100% stake in Hormigones Independencia, today UNICON Chile, for USD 22.2 million

Market Positioning

- UNICON and CONCREMAX have **62.0% of market share (74% in the Peruvian Central region)** in the concrete segment (2018)



Financial Snapshot – LTM 1Q2019 (USD MM)

Total Assets	281
Revenue	395
EBITDA	34
EBITDA Margin	9%

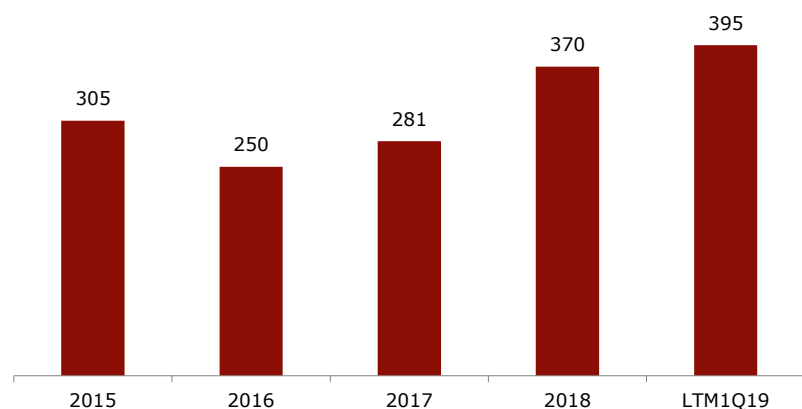
Includes Unicon and subsidiaries

Assets and Capacity in Peru

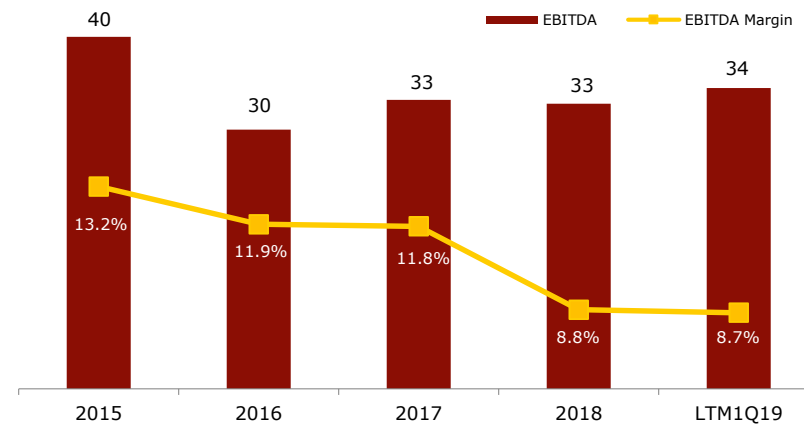
Installed Capacity	9.2 (million m³ per year)
Concrete Plants	58
Facilities in Lima	13
Facilities in the rest of Peru	22
Mixer Trucks	519

3. Positioned to deliver strong cash flows...

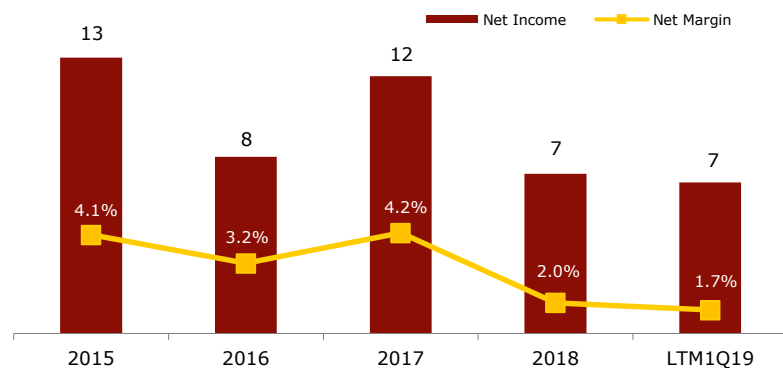
Revenues
(USD Millions)



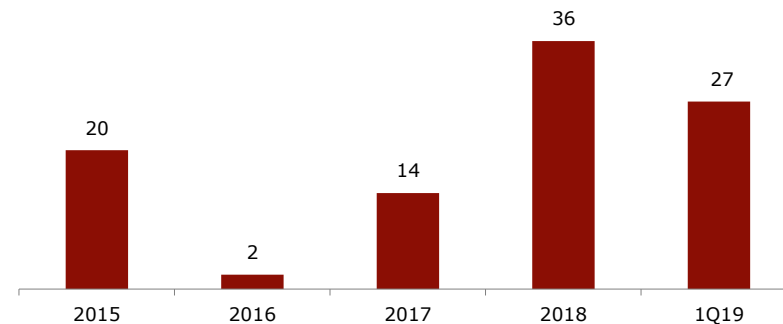
EBITDA and EBITDA Margin
(USD Millions and %)



Net Income & Net Margin
(USD Millions and %)



Net Debt
(USD Millions)



5. Celepsa



4. Celepsa

Company description

- UNACEM stand-alone is one of the company's main customers, Celepsa has a portfolio of 13 additional customers
- The company's assets are the hydroelectric plant "El Platanal" which generates 220 MW and Hidro Marañon (18 MW) currently under construction
- In November 2014, Celepsa acquired Hidro Eléctrica Marañon S.R.L., 8 MW Hydroelectric power plant with an 88 MW PPA, Hidromarañon started operations in 1S17
- CELEPSA's strategy is to develop a renewable, efficient and competitive portfolio of electricity generation
- 100% of its production is sold through PPAs

Financial Snapshot – LTM1Q2019 (USD MM)

Total Assets	358
Revenue	69
EBITDA	33
EBITDA Margin	47%

Hydroelectric Power Plant

El Platanal

Location: Lima
 Generation Capacity: 220 MW



Hidro Marañon

Location : Huánuco
 Generation Capacity: 18 MW



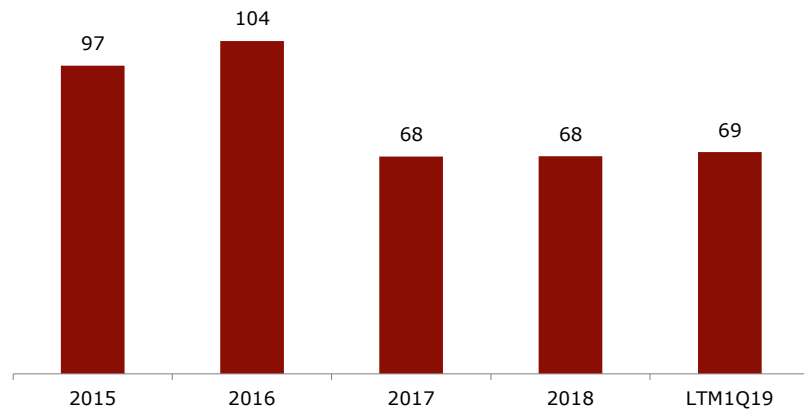
Company structure



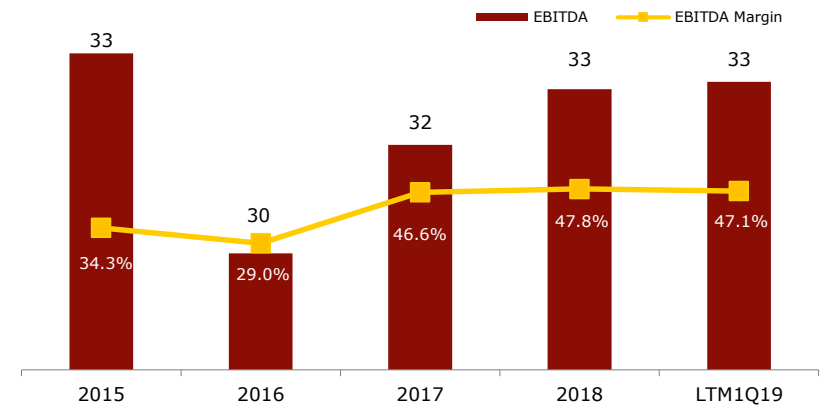
On March, 2018, Hidromarañon SRL changed its legal name to Celepsa Renovables SRL

4. Keeping its competitiveness in the energy sector ...

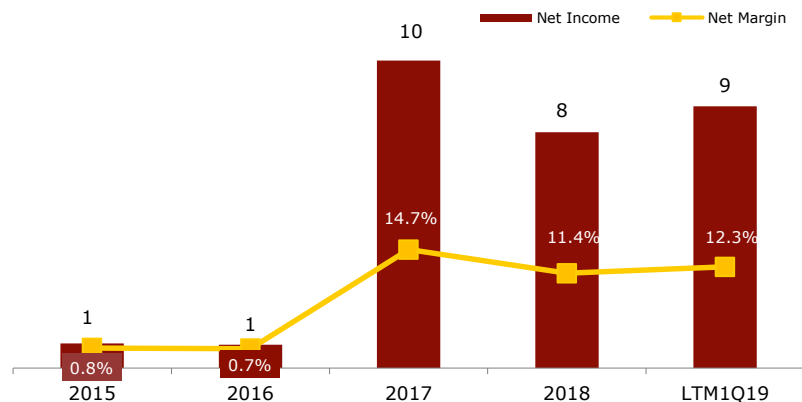
Revenues
(USD Millions)



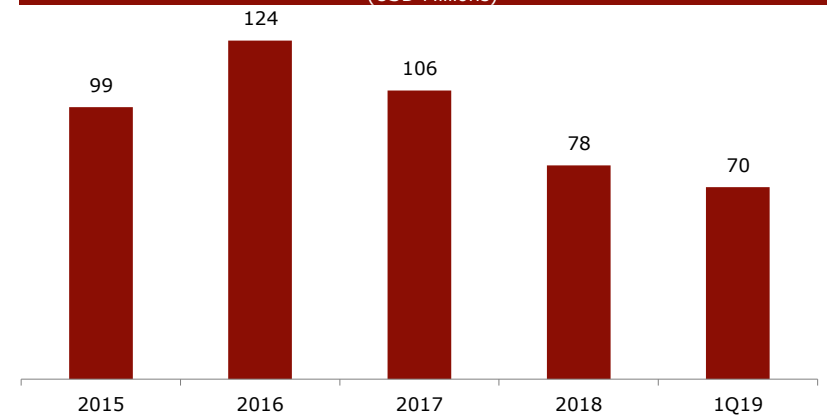
EBITDA and EBITDA Margin
(USD Millions and %)



Net Income & Net Margin
(USD Millions and %)



Net Debt
(USD Millions)



6. Skanon / Drake



5. Skanon / Drake

Company Description

- Drake UNACEM's start up subsidiary located in Arizona, USA, with state-of-the-art facilities
- There are six main competitors in the market in Arizona. Drake holds the 3rd largest market share.
- UNACEM took advantage of the low prices during the crisis to build Drake Cement
- Drake has a strong growth potential as the United States recovers from the crisis
- The company's mission is to be recognized as the leading and most respected provider of construction materials
- In 2018 Drake's cement dispatches were 17% higher than 2017

Financial Overview – LTM 1Q2019 (USD MM)

Total Assets	401
Revenue	127
EBITDA	16
EBITDA Margin	12%

Products and Brands

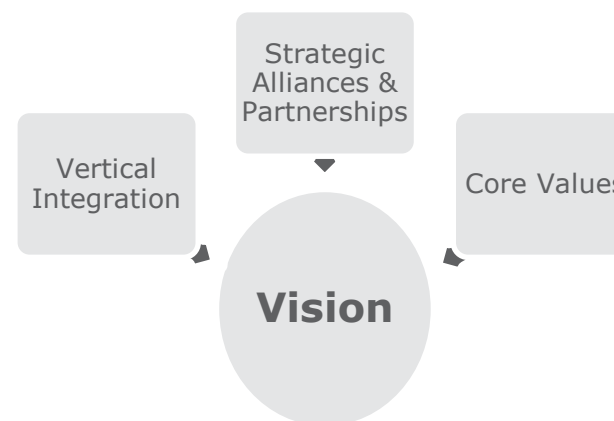


- ASTM C 150 Type II/V (LA)
- Clinker Type II/V
- Special cement



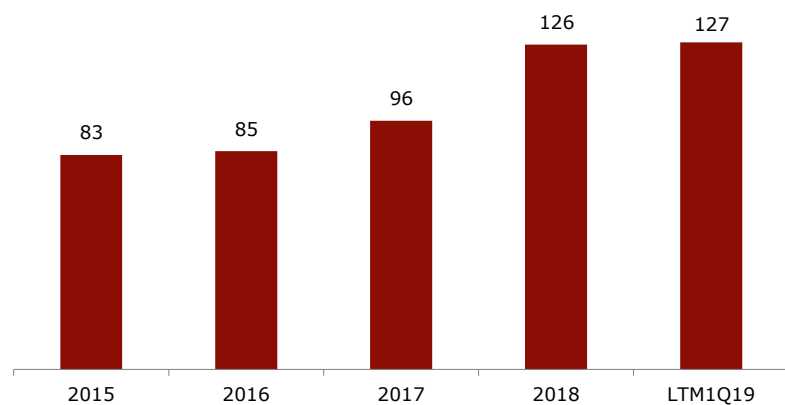
- ABC (Aggregate Base Course)
- Crushed rock
- Concrete and mortar sand
- Recycled concrete and asphalt

Business Strategic Plan

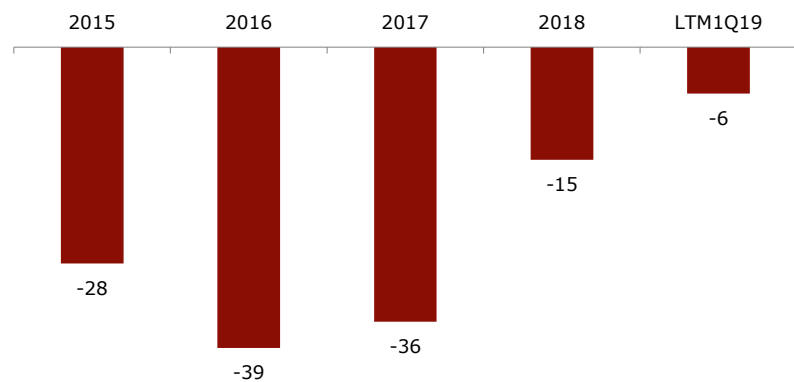


5. Successful turnaround story ...

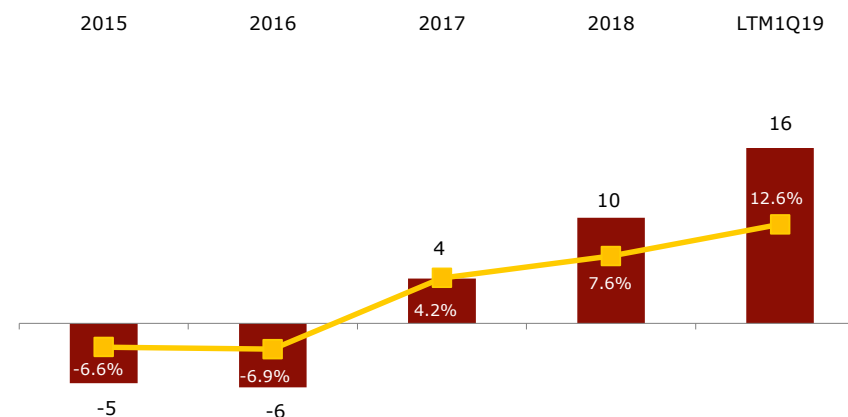
Revenues
(USD Millions)



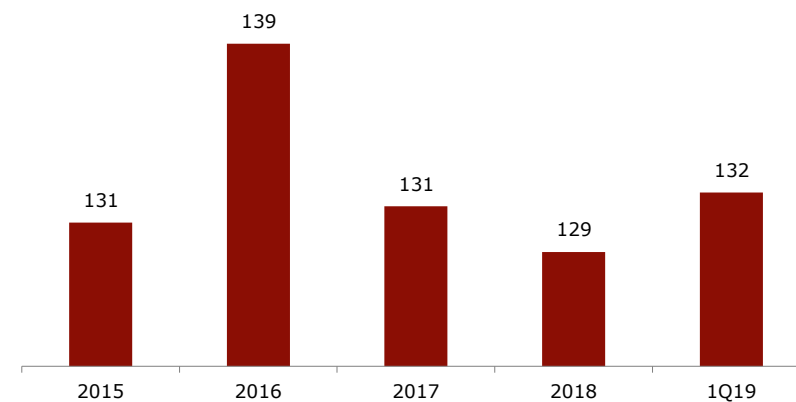
Income before taxes
(USD Millions)



EBITDA and EBITDA Margin
(USD Millions and %)



Net Debt
(USD Millions)



7. UNACEM Ecuador



6. UNACEM Ecuador

Company Description

- UNACEM Ecuador was acquired during 2014, consolidating and closing the transaction by mid November 2014 with all regulatory permits
- The Company has the widest product portfolio in the market, tailored for the construction sector
- UNACEM Ecuador is a fully integrated company with high performance assets
- UNACEM Ecuador has a prime logistical operation with 100% bags delivered door-to-door
- Excellence in stakeholder relationship
- The plant is currently operating at 75% capacity

Operations

Otavaló

2 Lines: 1 Kiln SPH and 1 Kiln AS precalciner
 Location: Imbabura (100km North of Quito)
 Clinker Capacity: 1.0 million MT
 Cement Capacity: 1.5 million MT
 Production (2018): 1.2 million MT



Financial Overview – LTM 1Q2019 (USD MM)

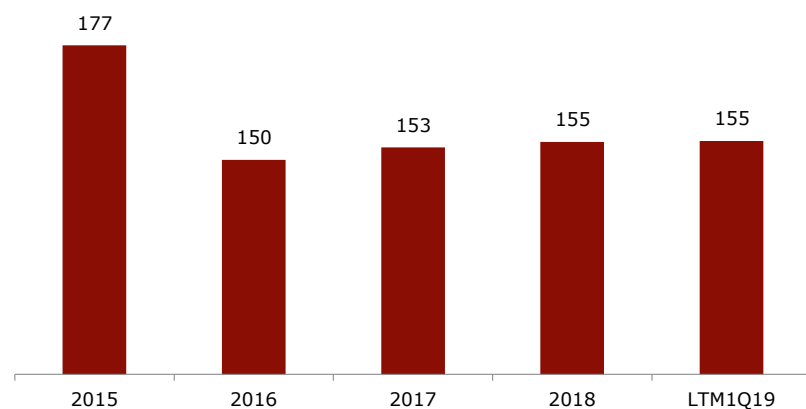
Total Assets	222
Revenue	155
EBITDA	62
EBITDA Margin	40%

Ownership structure

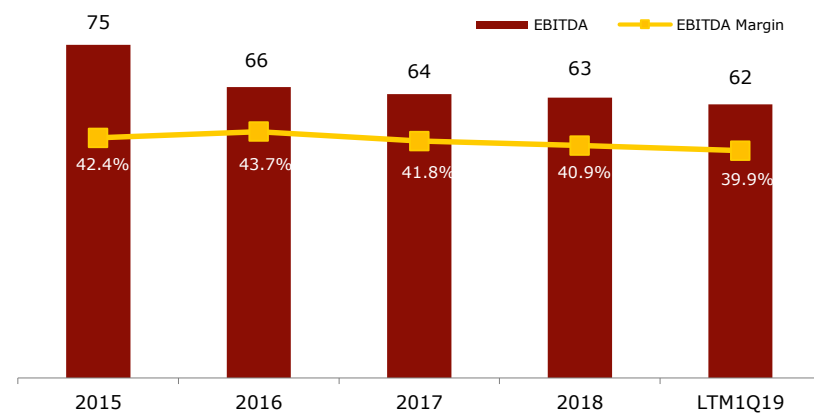


6. Delivering solid margins ...

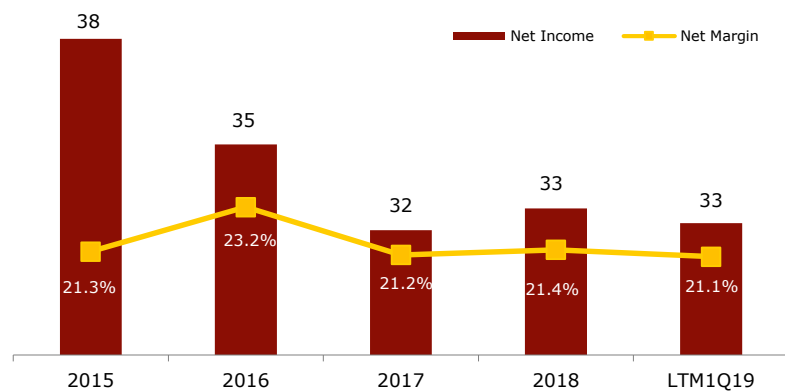
Revenues
(USD Millions)



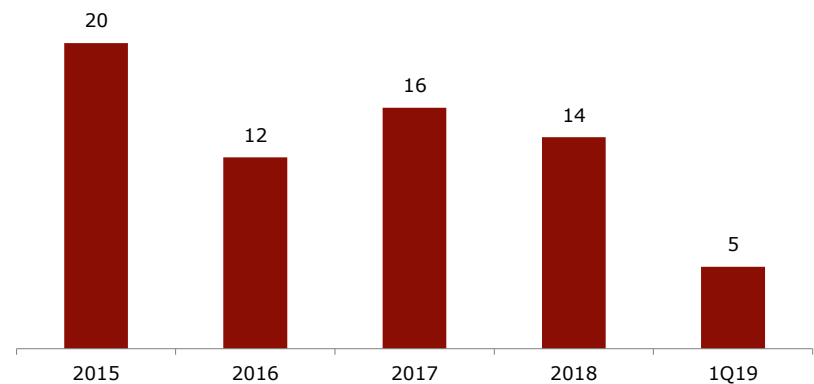
EBITDA and EBITDA Margin
(USD Millions and %)



Net Income & Net Margin
(USD Millions and %)



Net Debt
(USD Millions)



8. Preansa



7. PREANSA Peru & Chile

Company Description

- Prefabricados Andinos Perú S.A.C. (PREANSA Perú) is a subsidiary of UNACEM which mainly produces prestressed industrialized concrete structures
- The business has a strong growth potential and already has tripled sales in the past 3 years
- PREANSA Peru was founded in 2007 with UNACEM holding 50% of ownership
- In January 2014, UNACEM acquired 51% of ownership of Preansa Chile.
- PREANSA Colombia started operations in July 2016.
- PREANSA has presence in Peru, Chile and Colombia

Production Capacity

	Peru		Chile
Pillars	90 m/day	Pillars	60 m/day
Industrial Belts	400 m/day	Industrial Belts	300 m/day
Prestressed light beams	100 m/day	Prestressed light beams	120 m/day
Prestressed heavy beams	220 m/day	Prestressed heavy beams	60 m/day
Mezzanine Elements	140 m/day	Mezzanine Elements	300 m/day
		Wall panel	80 m/day

Financial Overview – LTM1Q2019 (USD MM)

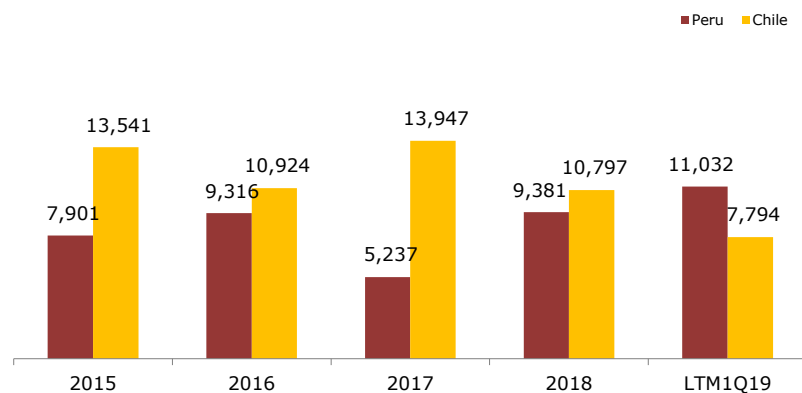
	Peru		Chile
Total Assets	21	Total Assets	21
Revenue	11	Revenue	8
EBITDA	3	EBITDA	-0.1
EBITDA Margin	25%	EBITDA Margin	-1%

Ownership structure

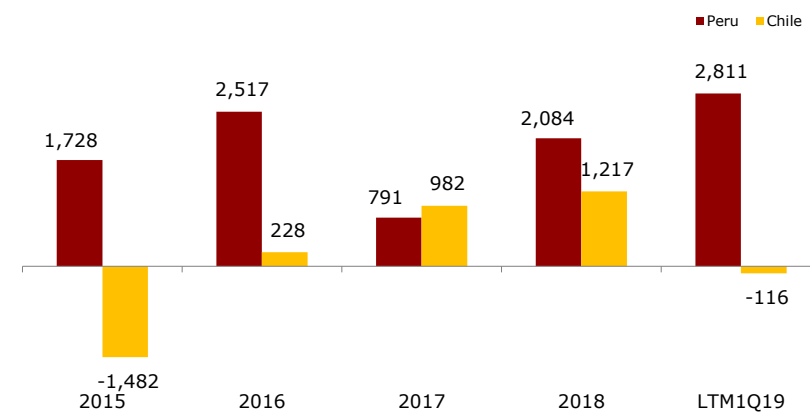


7. Building a high potential operation in the region ...

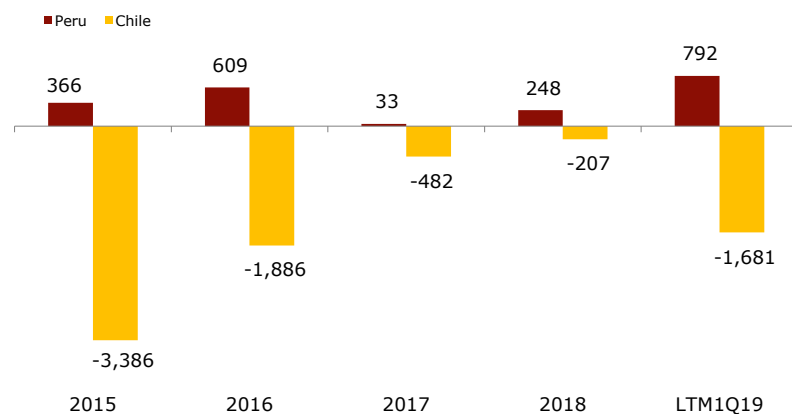
Revenues
(USD Thousands)



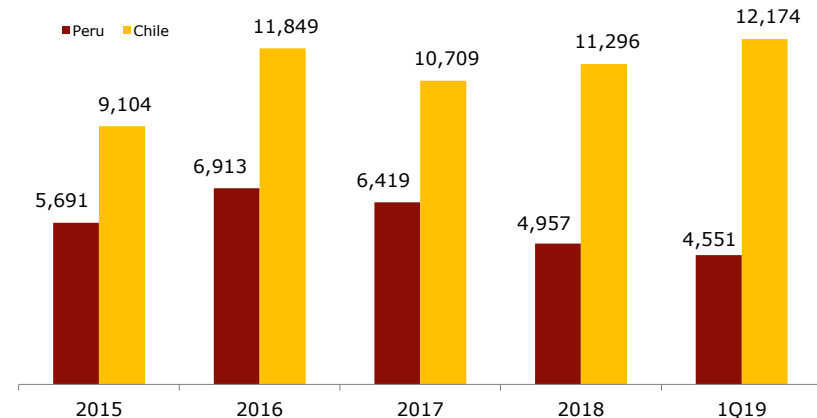
EBITDA
(USD Thousands)



Net Income
(USD Thousands)



Net Debt
(USD Thousands)



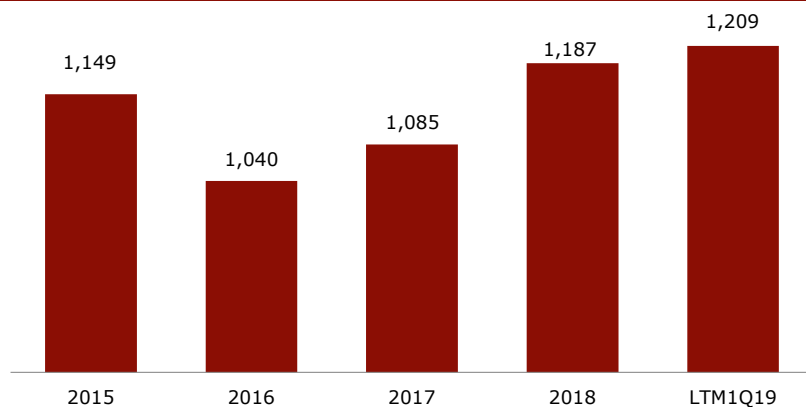
9. Consolidated Financial Highlights



8. Optimistic about opportunities to come ...

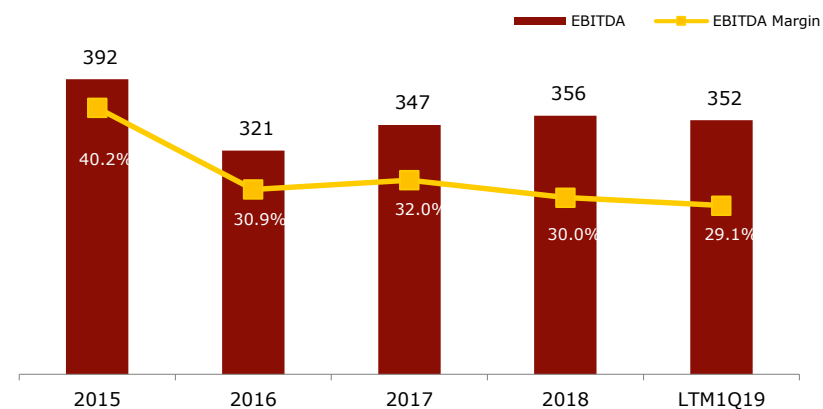
Revenues

(USD Millions)



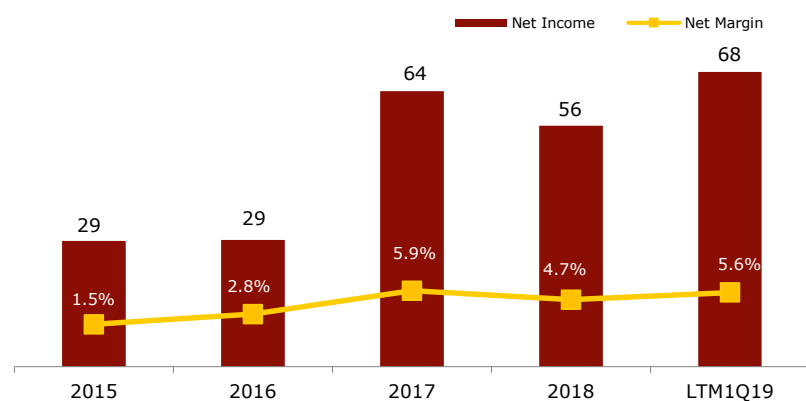
EBITDA and EBITDA Margin

(USD Millions and %)



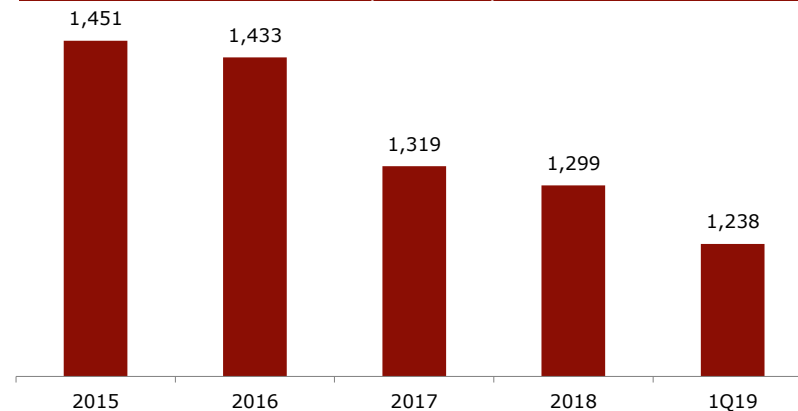
Net Income & Net Margin

(USD Millions and %)



Net Debt

(USD Millions)

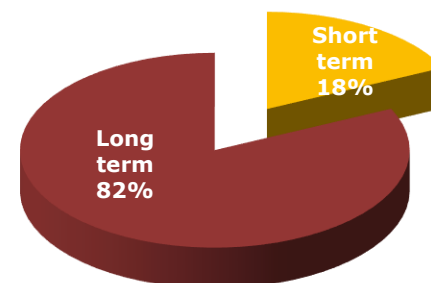


8. Consolidated Debt Profile

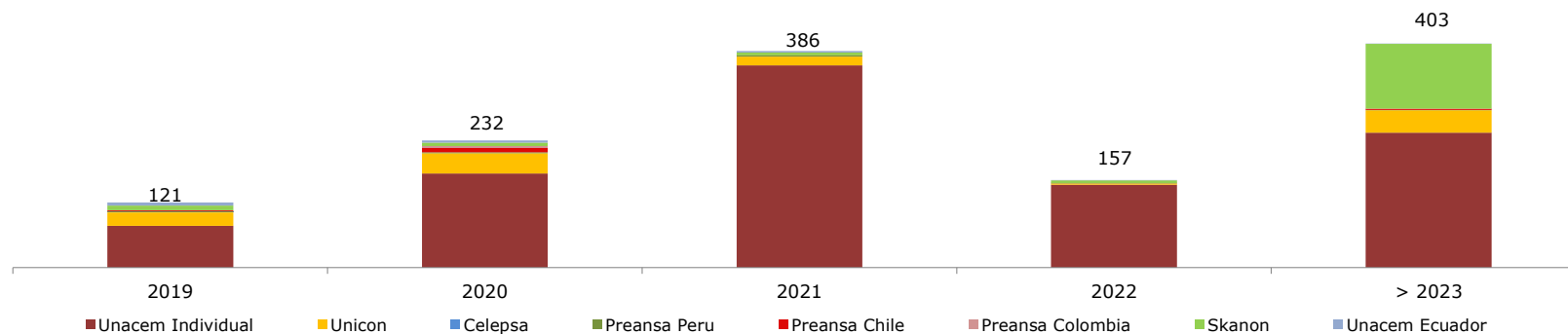
FX Distribution as of 1Q19
(USD Millions)



Maturity Profile
(As of 1Q19)



New Amortization Schedule
(USD Millions)



* after the Partial Call of USD 400 million of the Senior Notes

Bank of America 
Merrill Lynch

Emerging Markets Debt and Equity Conference

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