

 **CREDICORPcapital**

**INVESTOR
CONFERENCE**
2019 **LIMA - PERÚ**

September 25 – 26 th
Westin Hotel | Lima | Peru



Atocongo Plant, Lima

Agenda

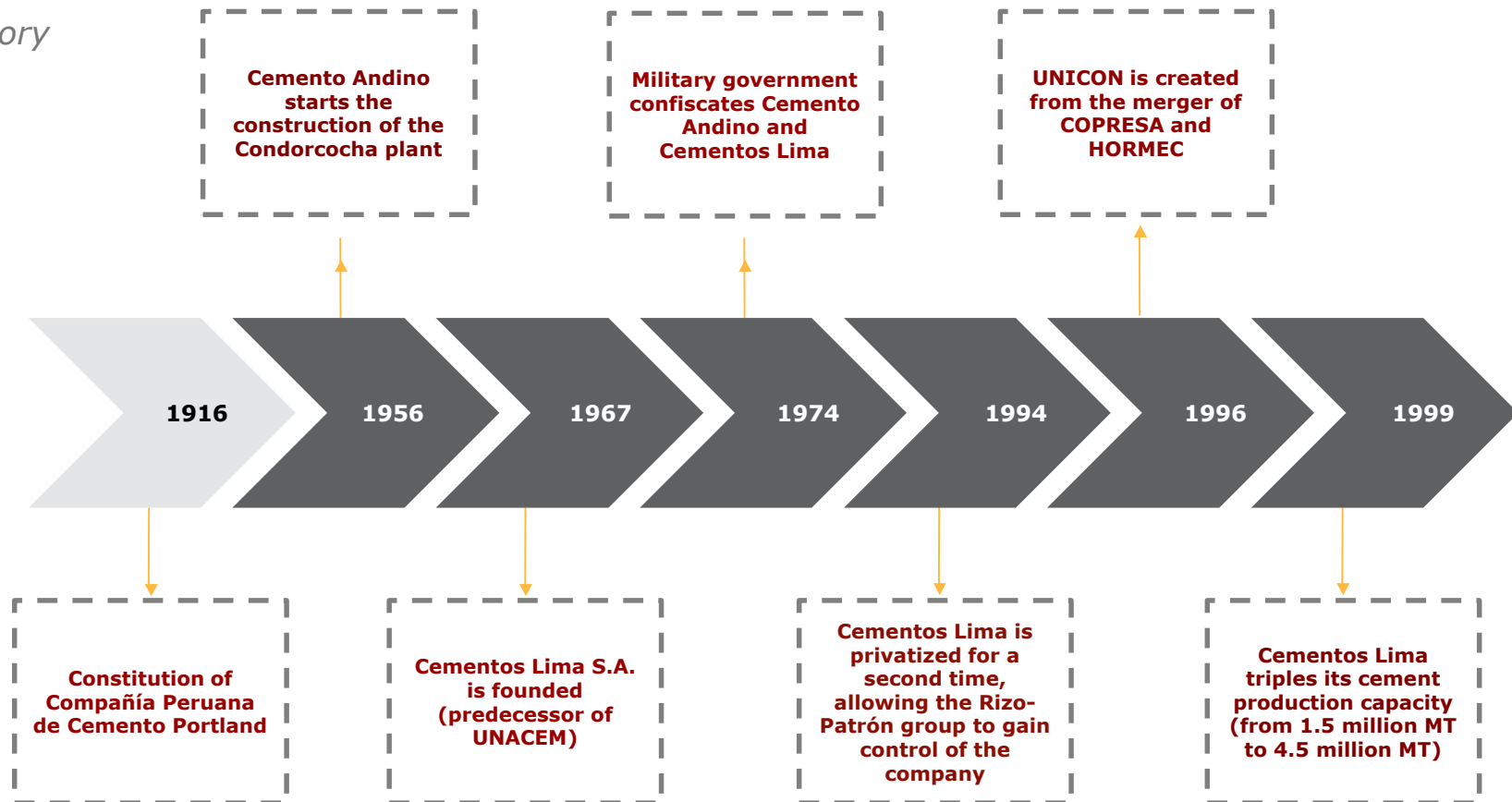
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1. Overview



1. Overview

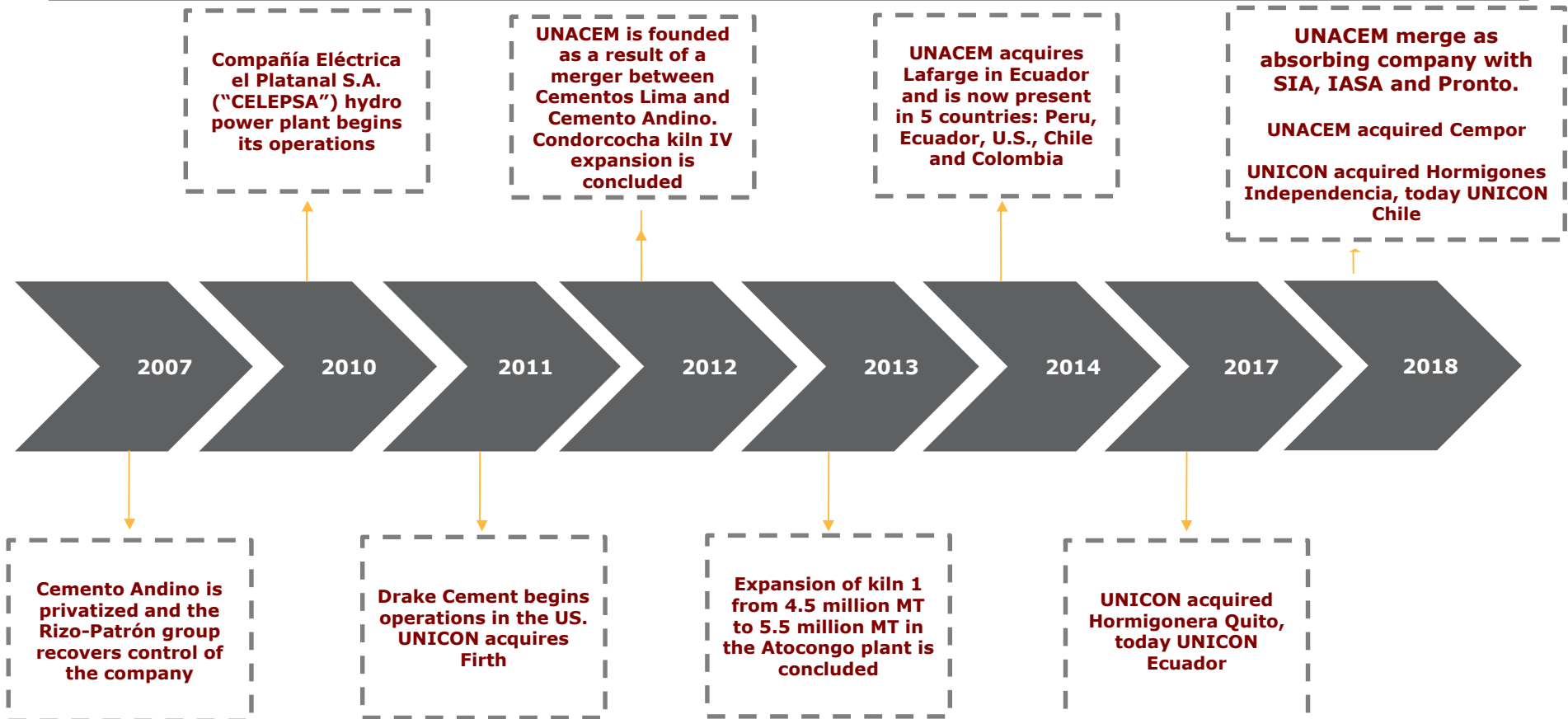
History



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



Asociación UNACEM's mission is to align and execute UNACEM's strategy of Corporate Social Responsibility.

For 15 years, **Asociación Unacem** has worked to achieve sustainable development in our areas of influence, in close collaboration and constant communication with our stakeholders. We have established multisector alliances with national and international bodies to optimize the impact of our social investment and responsibility programs.

UNACEM's Stakeholders



How do we do it?

We incorporate the value creation approach to our business strategy, through the identification and management of the economic, social and environmental impacts based on the principles of the **UN Global Compact and the SDG**

Private Social Investment is one of our strategies to developed new programs, in alliances with public and private actors, civil society organizations and international aid agencies. E.g. **International aid agencies invest US \$ 5.3 per US \$ 1.0 invested by Asociación UNACEM.**



SOCIAL INFRASTRUCTURE



- ✓ 29,655 people benefited from 63 community works, thanks to 28,278 bags of cement donated. Participation of 1,086 residents who provided unskilled labor.
- ✓ Aid for 12 educational institutions, thanks to 3,606 bags of cement donated to benefit 6,800 students
- ✓ Support for 28 community works implemented by the local government
- ✓ 5,081.40 m² of cement paving stones for streets, sidewalks, and ramps in the district of La Unión Leticia.
- ✓ Improvement of pedestrian and vehicular access areas on Jr. Junín in La Unión Leticia, Tarma, Junín: construction of 3,400 m² of pavement and sidewalks (OxI)

- ✓ 29,957 preventive care appointments with medical and educational services as part of family health campaigns.
- ✓ 3 health establishments were implemented using educational and stimulation materials for psych prophylaxis, prenatal stimulation, and early stimulation services. Benefits 650 expectant mothers and 550 children per year.
- ✓ 427 children between the ages of 6 months and 5 years benefited from anemia screening and treatment actions.
- ✓ 100 senior citizens benefited from medical checkups, workshops, physical therapy sessions, experience sharing sessions, play activities, and other actions in the district of La Unión Leticia

HEALTH



- ✓ 2,756 students took part in 121 art and sports workshops over the course of the year, through Art, Culture, and Sports program.
- ✓ 209 students and 23 teacher from 9 primary schools in La Unión Leticia strengthened their skills and teaching abilities, using information and communications technology (ICT) to improve classroom teaching processes, thanks to the "Inclusión Digital" program
- ✓ 407 young people and adults from southern Lima received training in specialized areas such as buffet service and patisserie, beauty and cosmetics, handicrafts, screen printing, and electronics. Furthermore, 12 entrepreneurs received specialized business advice.

EDUCATION



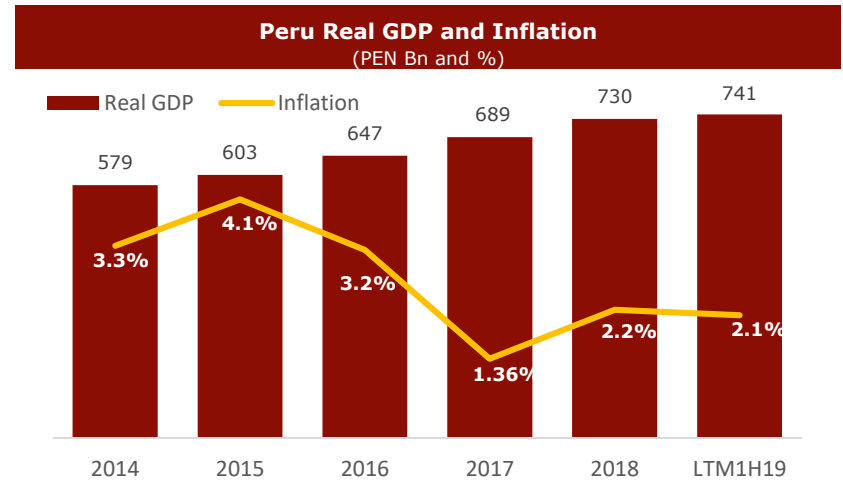
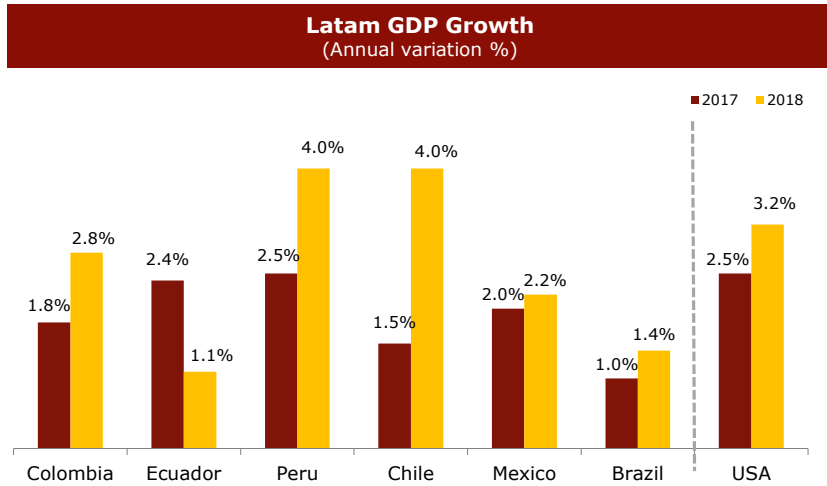


- ✓ We trained 40 environmental leaders on the internal institutional strengthening of the Zonal Environmental Committees (CAZ), as well as comprehensive solid waste management, the preparation of compost, and other topics
- ✓ 27 public schools in the districts of Tarma participated in the Comprehensive Environmental Education Program (PEAI) based on the MINEDU strategy in Tarma
- ✓ We carried out 16 tree-planting campaigns covering a total of 3,221 m² in our areas of influence in the districts of Villa María del Triunfo and Villa El Salvador, to the benefit of 10,303 people.
- ✓ 74 teachers obtained a training certificate that counts as credit toward their teaching license, as part of an agreement with the UGEL Tarma.

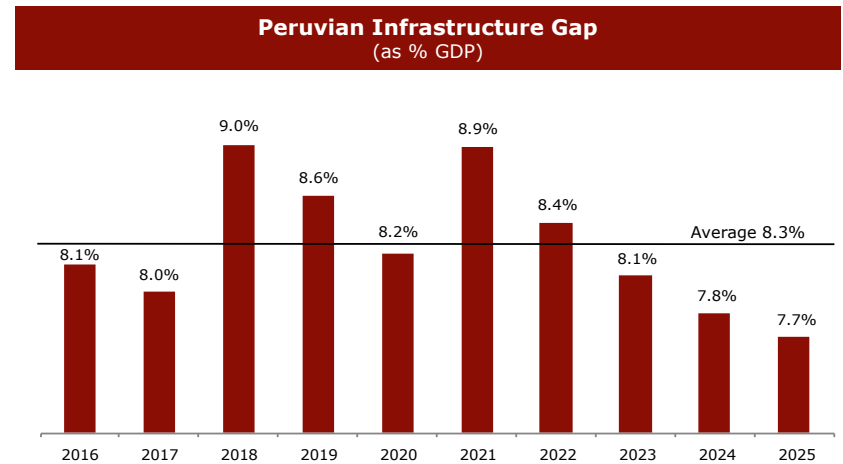
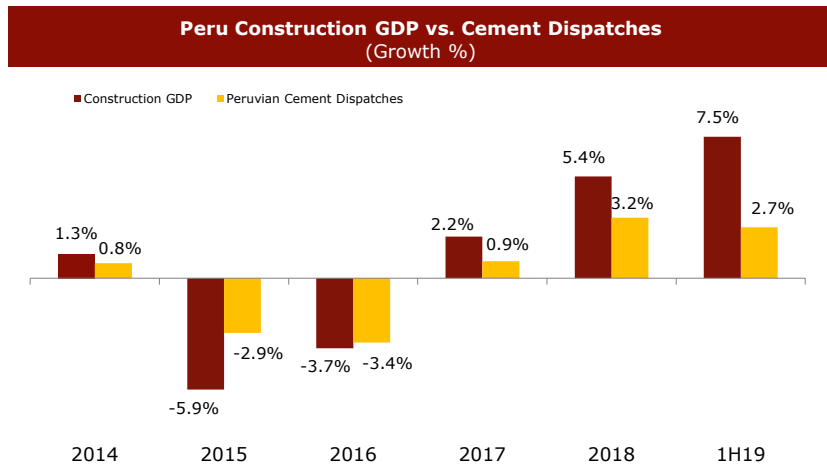
- ✓ We benefited 31,998 residents through our support of 72 local initiatives.
- ✓ We promoted the creation of the Round Table for the Fight against Poverty in Southern Lima, with the participation of representatives from San Juan de Miraflores, Villa María del Triunfo, Villa El Salvador, Lurín, Pachacámac, and San Bartolo.
- ✓ We helped build the capacities of 165 leaders from 46 social organizations through workshops and technical assistance
- ✓ We provided technical assistance and workshops to water and sanitation management boards and users' commissions, with the participation of 90 leaders in Condorcocha



1. Solid macroeconomic fundamentals



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



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 1,500 MM
Muelle Norte - Etapas 1 y 2 - Callao Port	USD 370 MM
San Martín Port	USD 260 MM
Mineral Terminal - Callao Port	USD 150 MM
Pisco Airport Expansion	USD 107 MM
TOTAL	USD 2,387 MM



ROADS

Red Vial 4	USD 380 MM
Rutas Nuevas de Lima	USD 590 MM
Amp. Red Vial 5	USD 100 MM
Amp. Red Vial 6	USD 200 MM
TOTAL	USD 1,270 MM



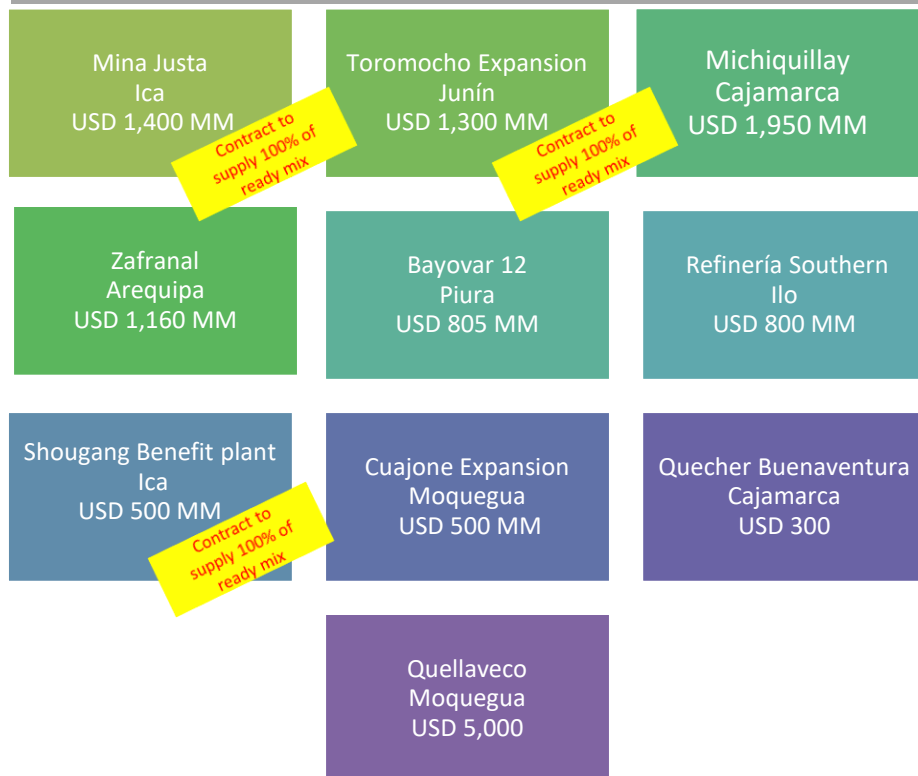
WATER AND SANITATION

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



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)



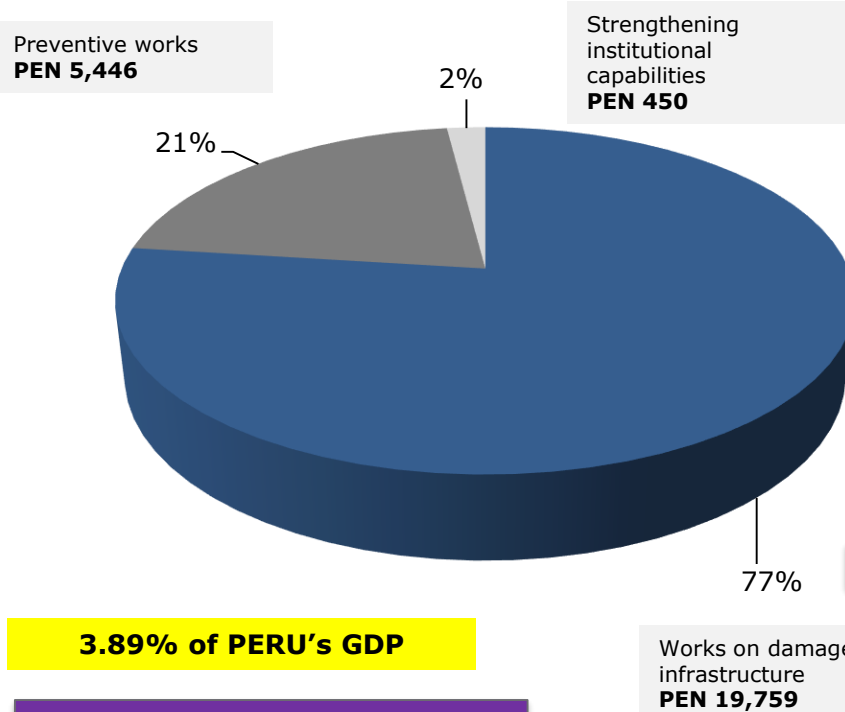
More than **USD 3,200 million** of mining projects announced in UNACEM's area of influence

MAJOR PUBLIC PROJECTS FOR TENDERING IN 2018 (USD MM)



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

1°

PIURA:
PEN 7,541 MM

2°

LA LIBERTAD:
PEN 4,286 MM

3°

ANCASH +
LIMA:
PEN 5,696 MM

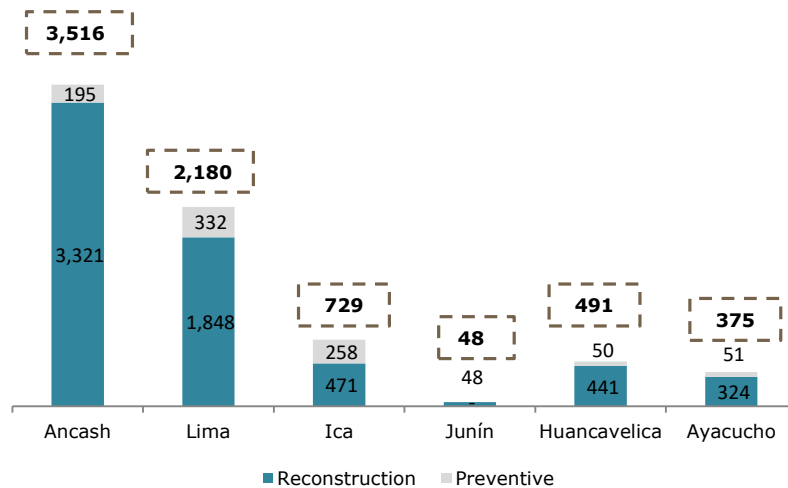
Investment on damaged infrastructure by Sector

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

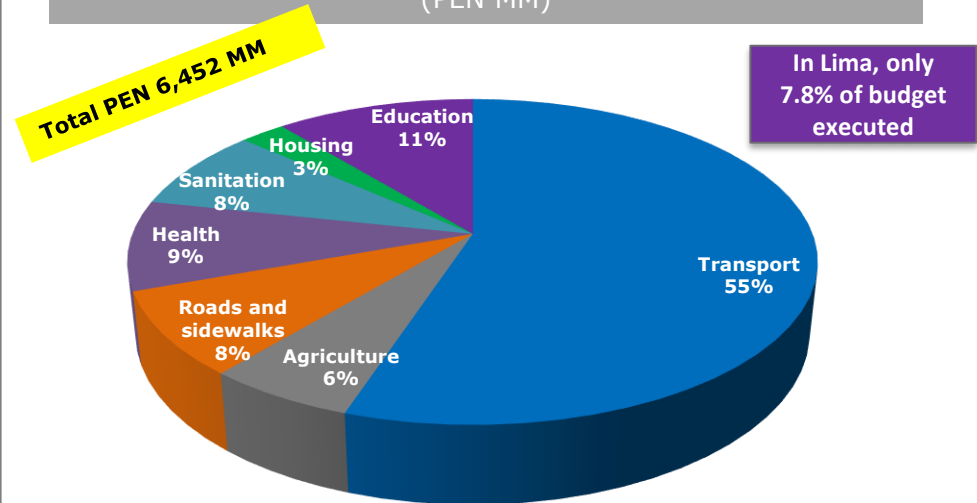
Reconstruction represents an important potential for dispatches of cement, ready mix and industrialized concrete structures for UNACEM and its subsidiaries in the coming years ... **28.6% of the reconstruction budget is allocated in UNACEM's area of influence**

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

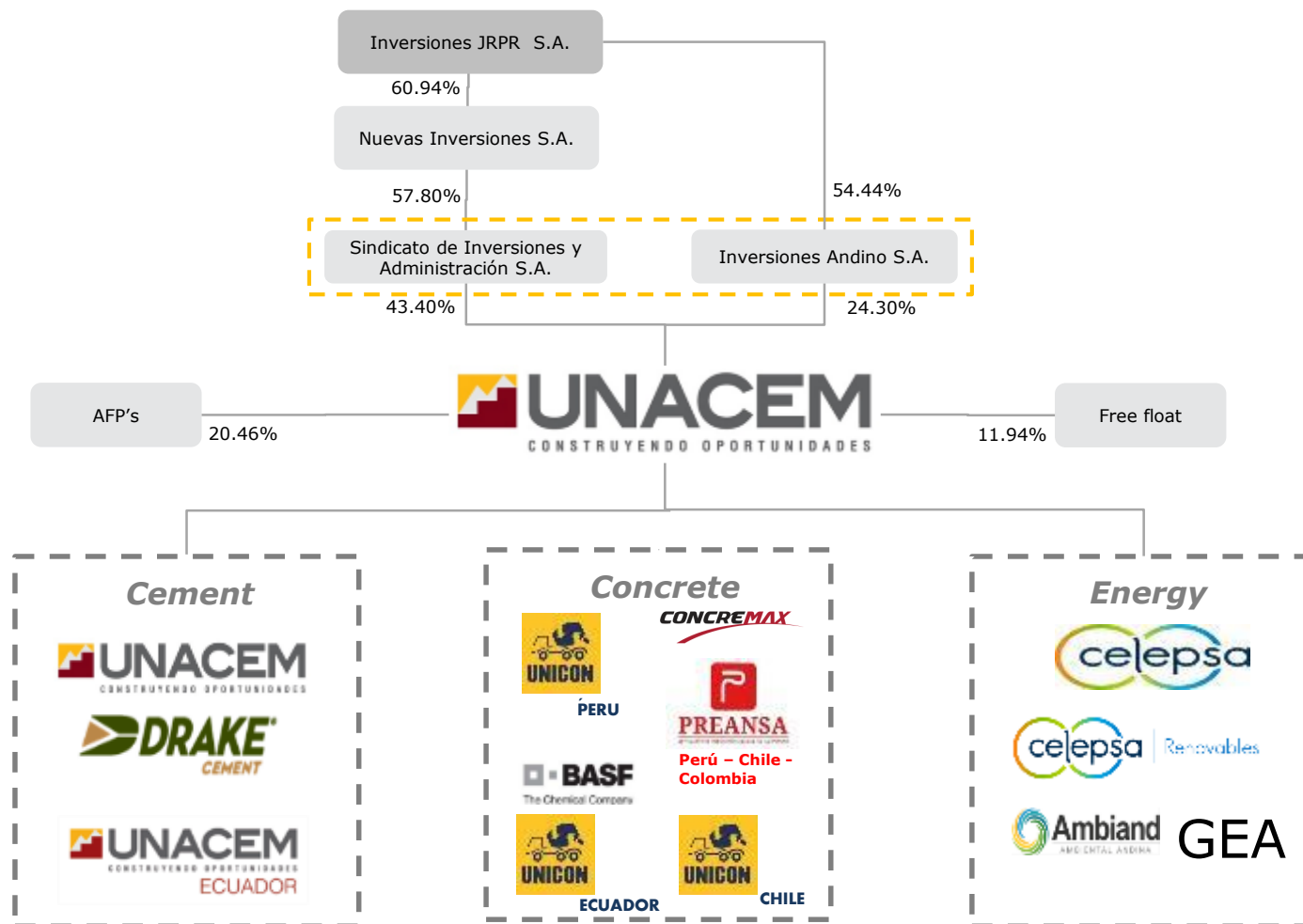


Atocongo Plant - Lima

2.1. Merger of SIA, IASA and Pronto into UNACEM

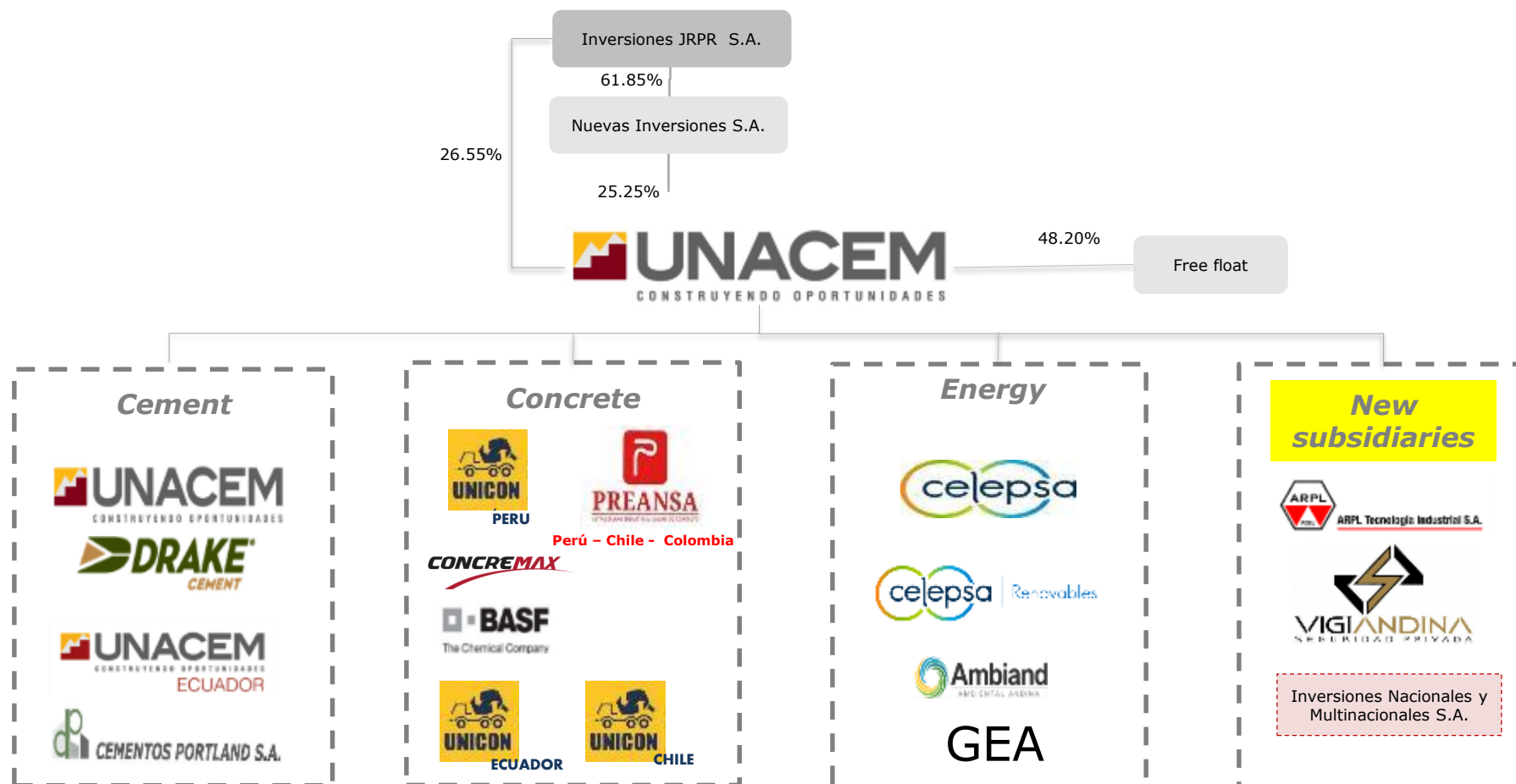


UNACEM structure – Pre merger



UNACEM S.A.A. is listed in the Lima Stock Exchange (BVL) with a Market Cap of USD 1,195 million, as of September 24th, 2019.
 FX Rate: PEN 3.3466 - 1,818,127,611 Common shares Post - merger

UNACEM structure – Post merger



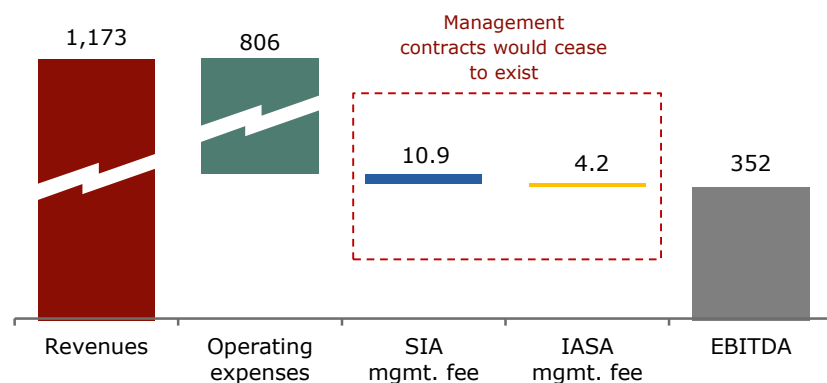
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Transaction rationale

Key objectives of the Transaction

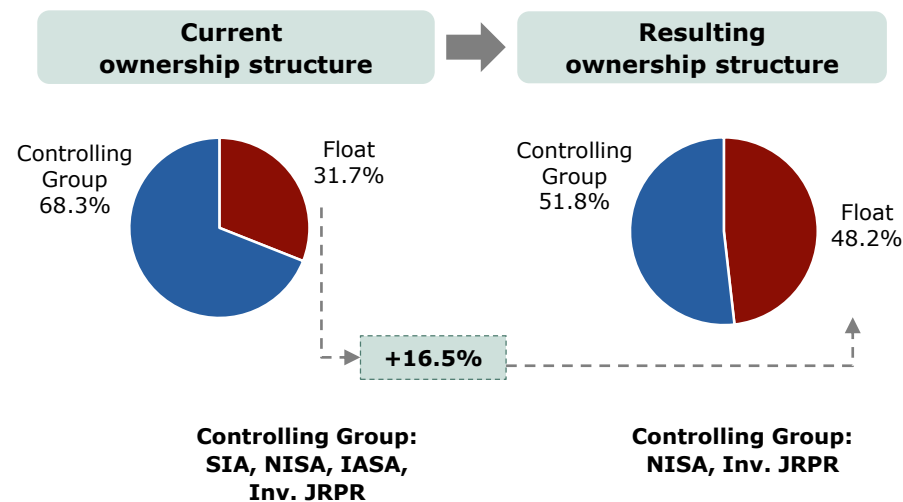
- ✓ **Simplification** of UNACEM's shareholder structure
- ✓ **Increase UNACEM's EBITDA and Cash Flows**, potentially improving its leverage ratios
- ✓ **Consolidation** at UNACEM of the knowledge, strategy, experiences, specialization, among other expertise developed, and operations managed, by the 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



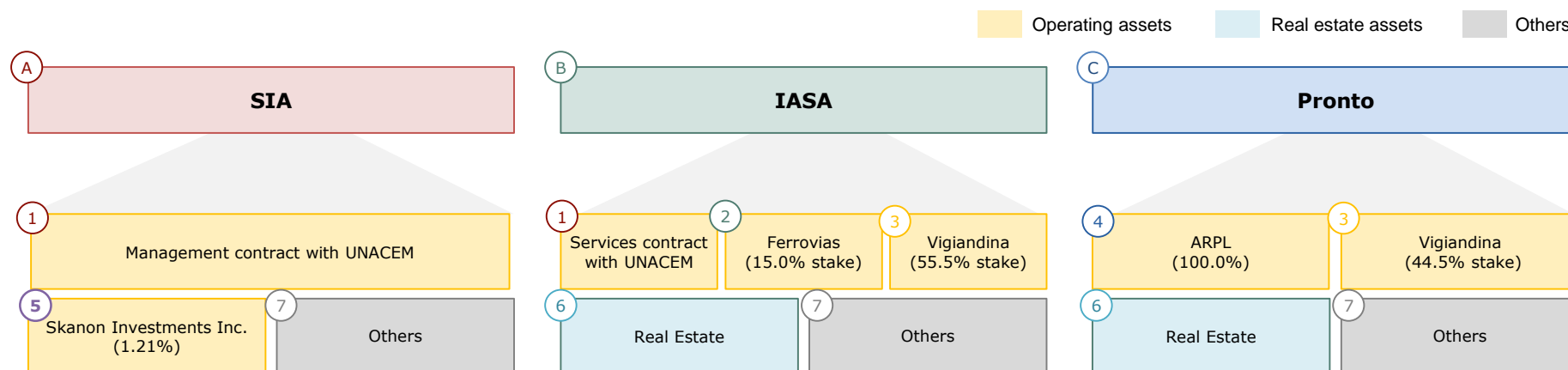
Transaction would also allow UNACEM to capture ARPL and Vigiandina's EBITDA in its consolidated financial statements

Increase share of public float



Assets merged into Unacem in the Transaction

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



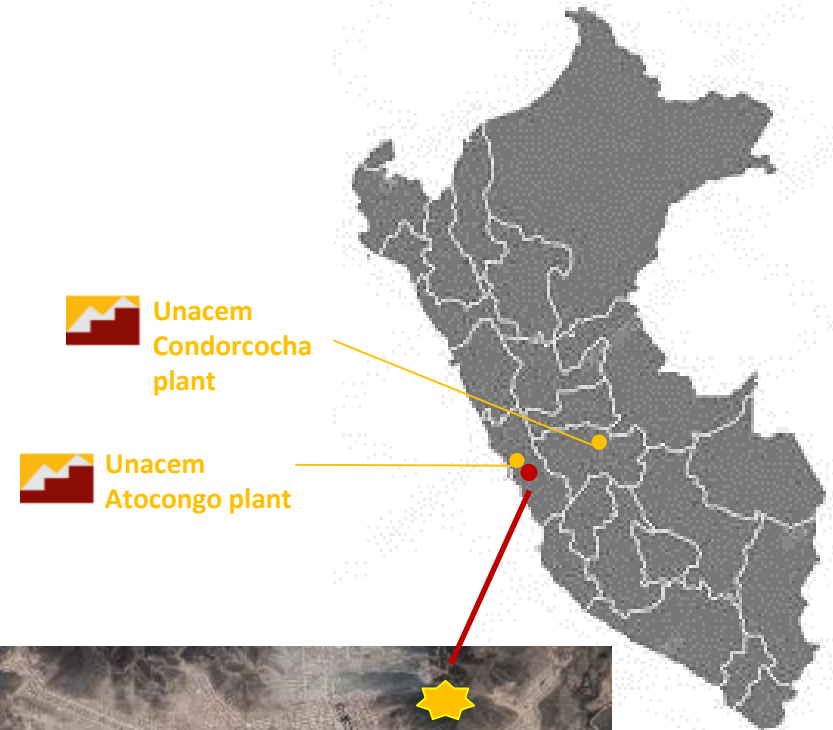
- ① **SIA and IASA's management contracts with UNACEM** – contracts ceased to exist on January 1st, 2019
- ② **Ferrovias Central Andina S.A** (15.0% stake), an operational company that owns a railway concession in Peru
- ③ **Vigilancia Andina S.A** (100.0% stake), an operational company that provides 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
- **Investment:** 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



Refinancing up to USD 230 million at UNACEM Separated level

Transaction Rationale

- 1 Mitigate FX volatility**
 - ✓ Converting USD debt into PEN debt
- 2 Competitive financial cost**
 - ✓ Very competitive cost in PEN
- 3 Extend 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 2026

Bank loans to be executed

On August 23, 2019 UNACEM Board of Directors approved bank loans up to USD 230 million for the refinancing of existing liabilities in US dollars with 3 banks.

Transaction will be executed in the following months.

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

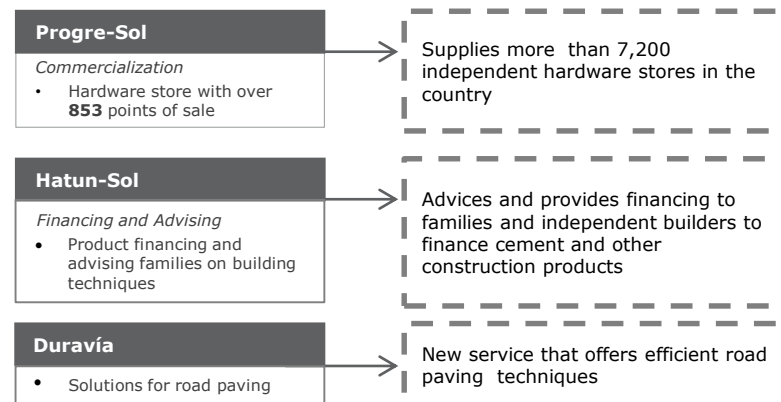
Financial Snapshot 2018 and 1H2019 (USD MM)

	2018	LTM1H2019
Total Assets	2,606	2,653
Revenues	599	597
EBITDA	264	253
EBITDA Margin	44%	42%
Local Ratings	Class: AAA APOYO: AA	

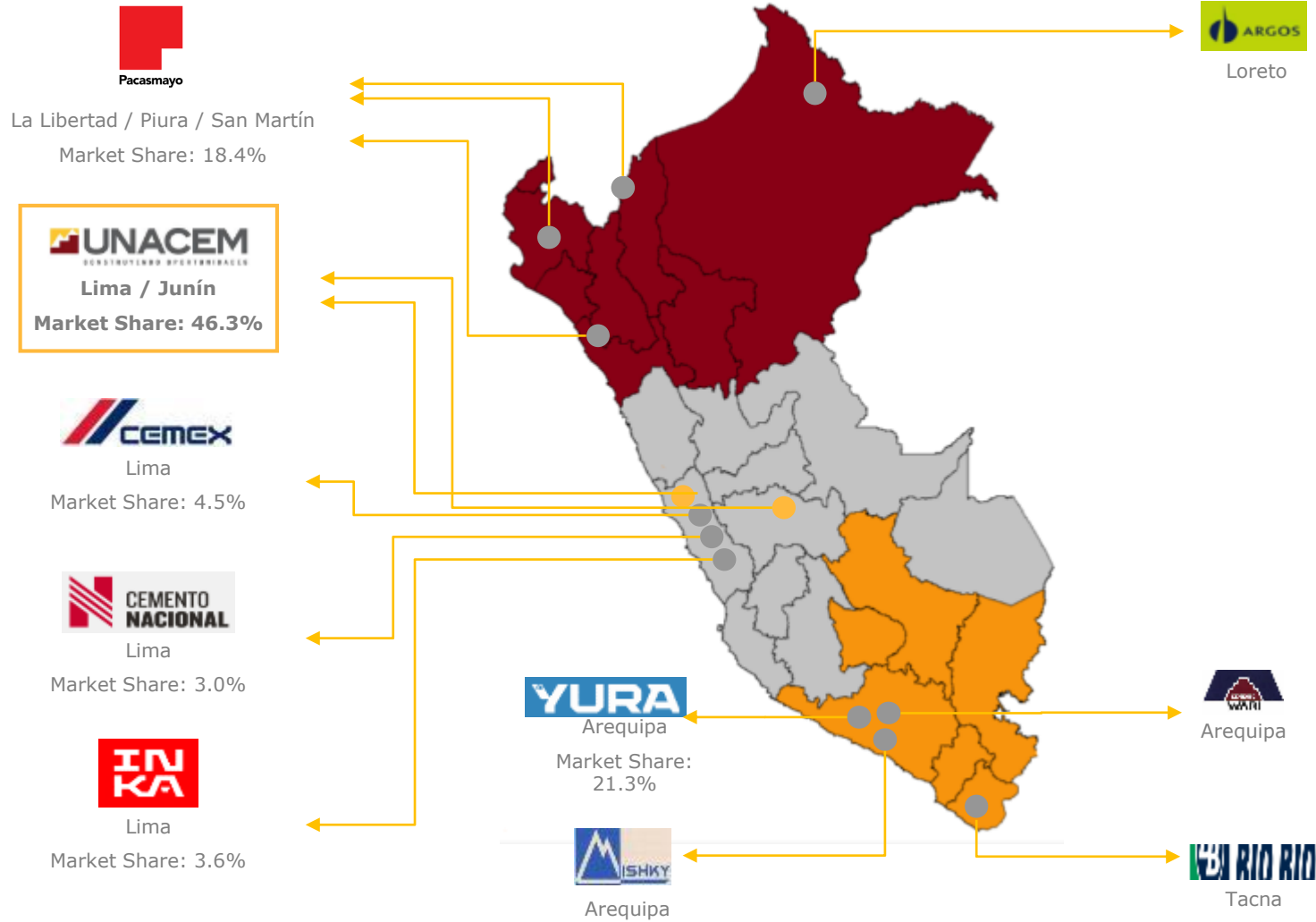
Cement Plants

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



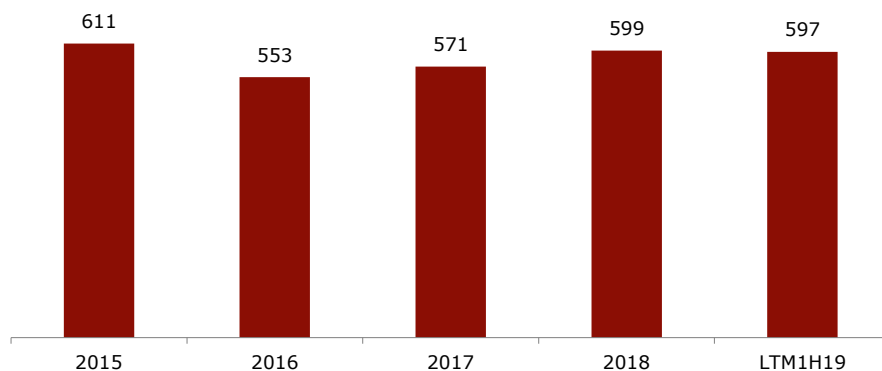
UNACEM is the market leader of cement in Peru



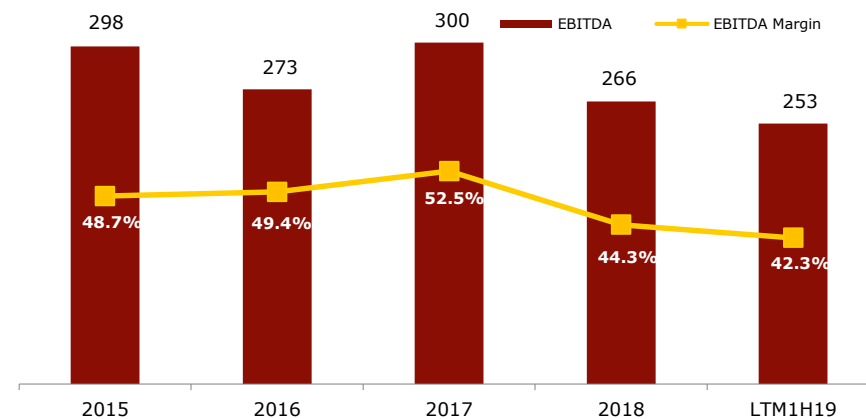
2. Consistently delivering strong financial results...

Separate financial performance

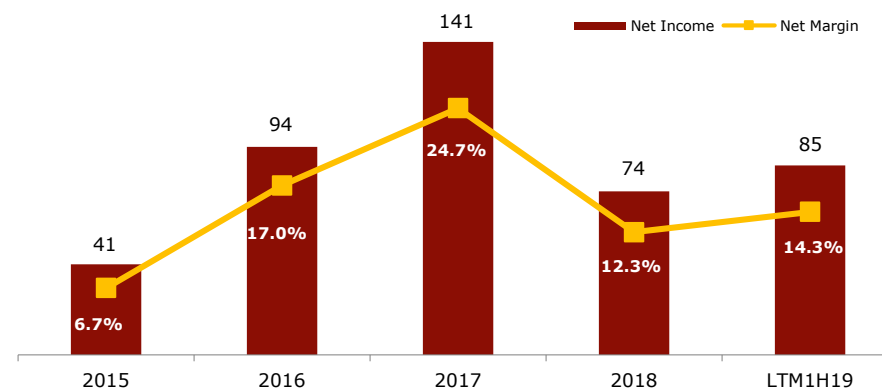
Revenues
(USD Millions)



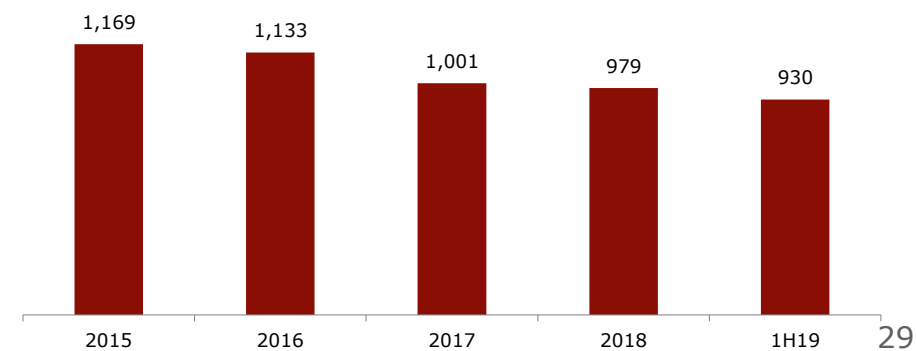
EBITDA and EBITDA Margin
(USD Millions and %)



Net Income & Net Margin
(USD Millions and %)



Net Debt
(USD Millions)



4. *Unicon & Concremax*



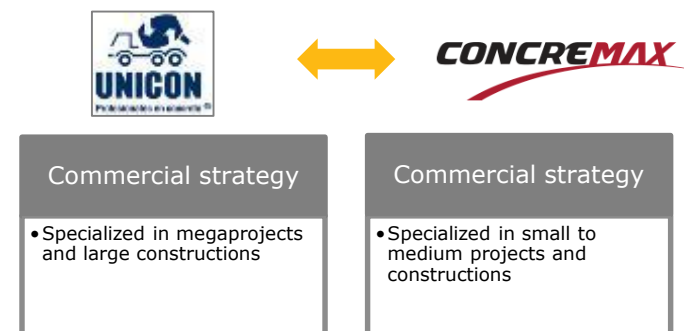
3. UNICON & CONCREMAX

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 (70% in the Peruvian Central region)** in the concrete segment as of 1H19



Financial Snapshot – LTM 1H2019 (USD MM)

Total Assets	290
Revenue	413
EBITDA	37
EBITDA Margin	9%

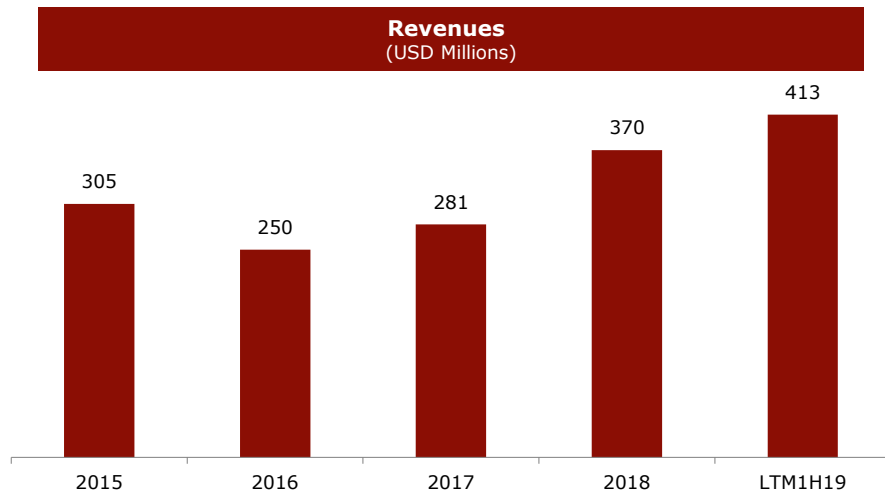
Includes Unicon and subsidiaries

Assets and Capacity in Peru

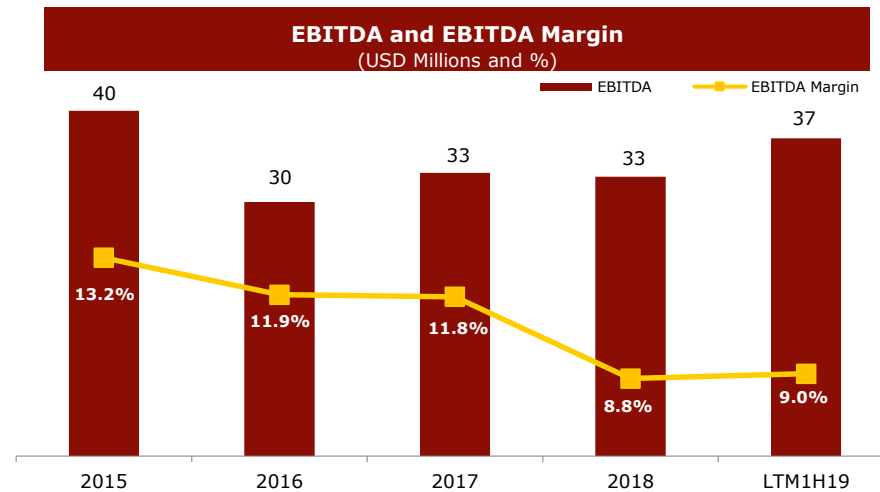
Installed Capacity	9.2 (million m³ per year)
Concrete Plants	58
Facilities in Lima	13
Facilities in the rest of Peru	22
Mixer Trucks	519

3. Positioned to deliver strong cash flows...

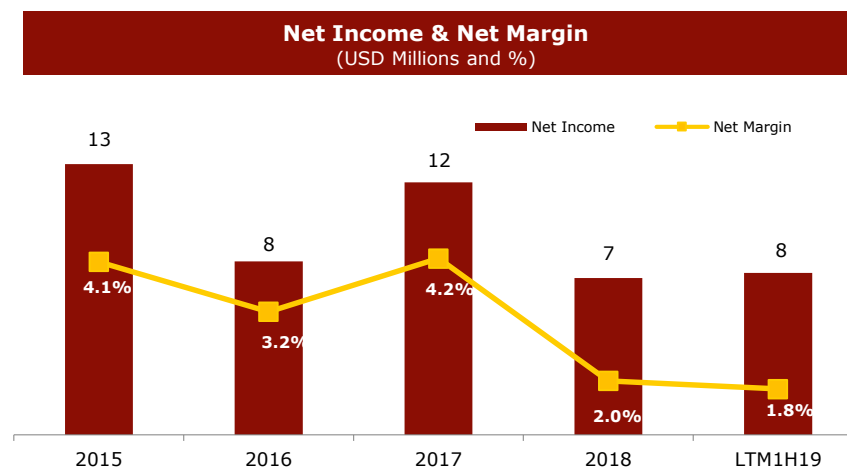
Revenues
(USD Millions)



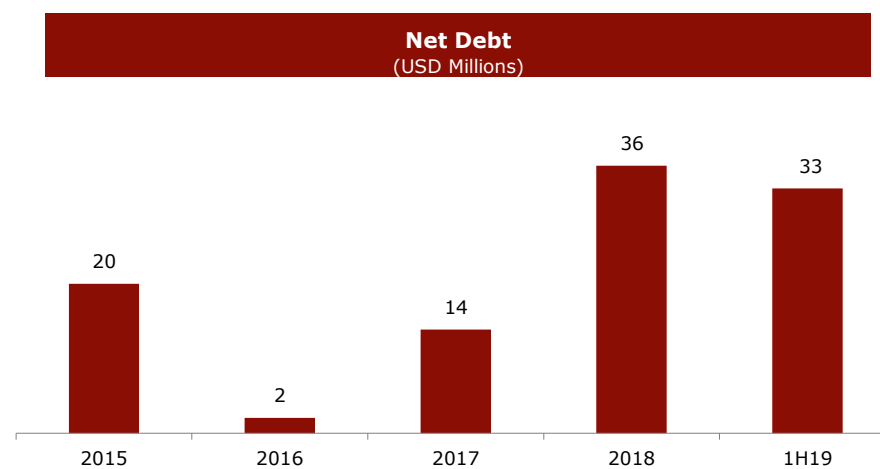
EBITDA and EBITDA Margin
(USD Millions and %)



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)
- In November 2014, Celepsa acquired Hidro Eléctrica Marañon S.R.L., 18 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 – LTM1H2019 (USD MM)

Total Assets	347
Revenue	72
EBITDA	35
EBITDA Margin	49%

Hydroelectric Power Plant

El Platanal

Location: Lima
 Generation Capacity: 220 MW



Hidro Marañon

Location : Huánuco
 Generation Capacity: 18 MW



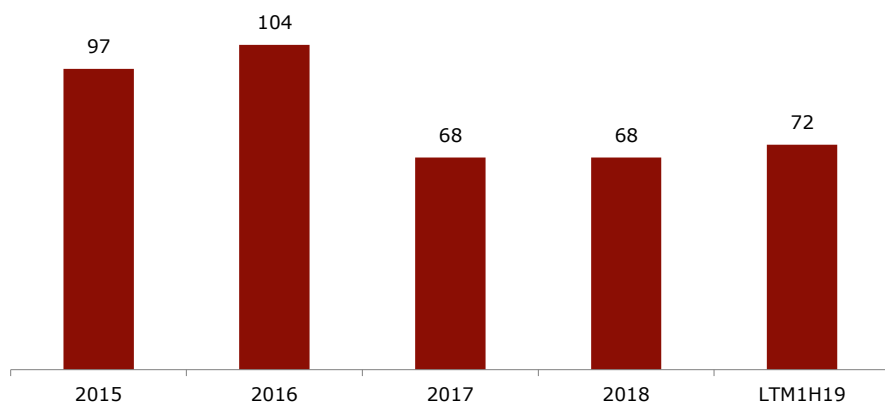
Company structure



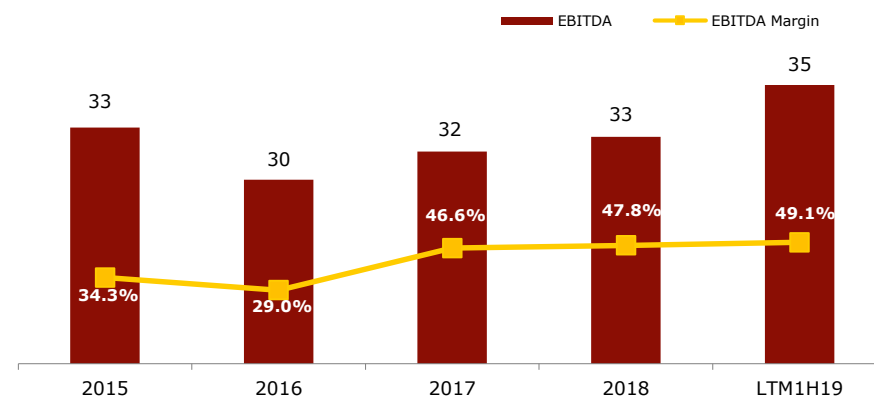
On March, 2018, Hidromarañon SRL changed its legal name to Celepsa Renovables SRL

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

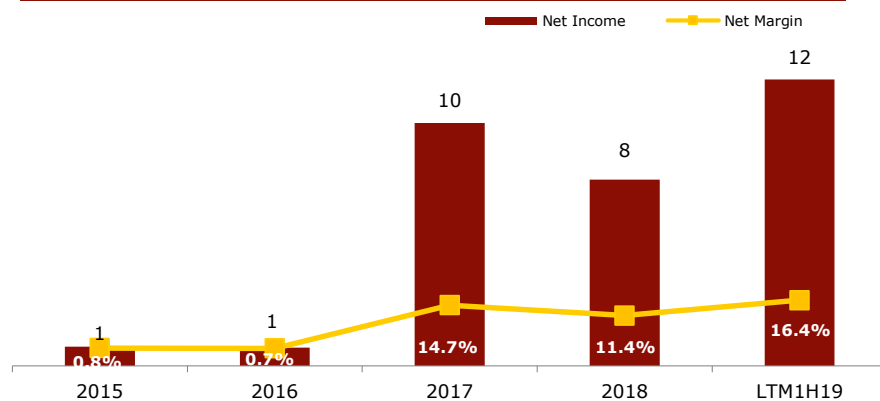
Revenues
(USD Millions)



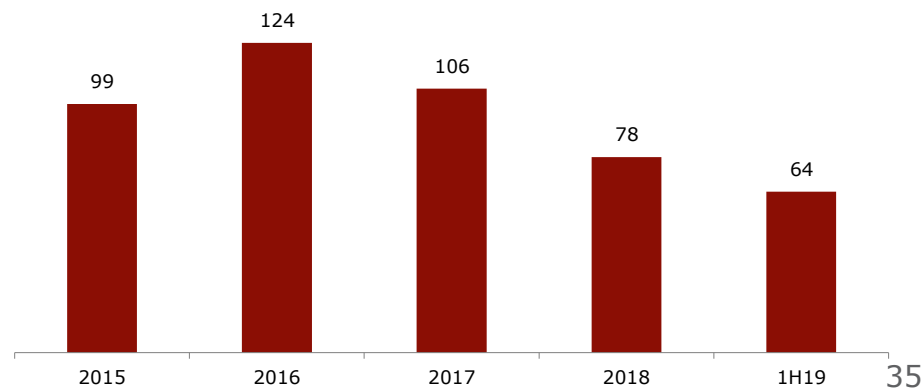
EBITDA and EBITDA Margin
(USD Millions and %)



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 three main competitors in the market in Arizona.
- 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
- As of 1H2019 Skanon revenues were 9% higher than in 1H2018

Products and Brands



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

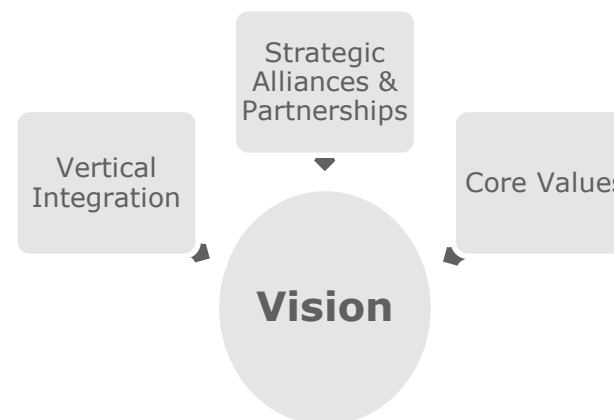


- ABC (Aggregate Base Course)
- Crushed rock
- Concrete and mortar sand
- Recycled concrete and asphalt

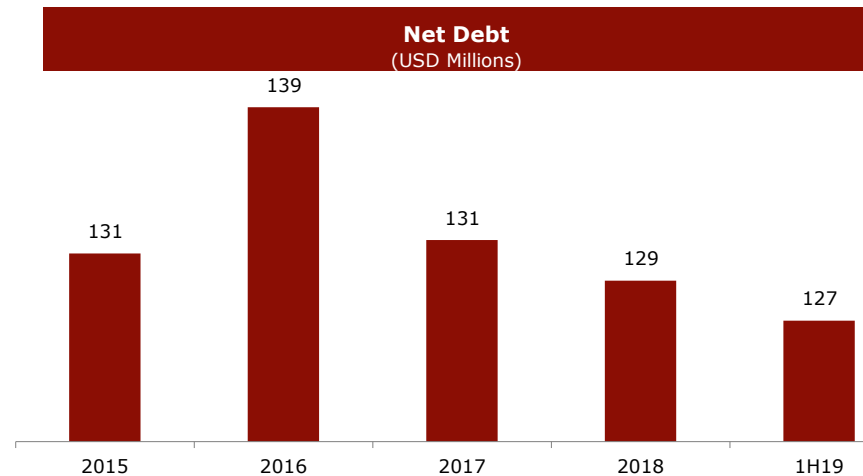
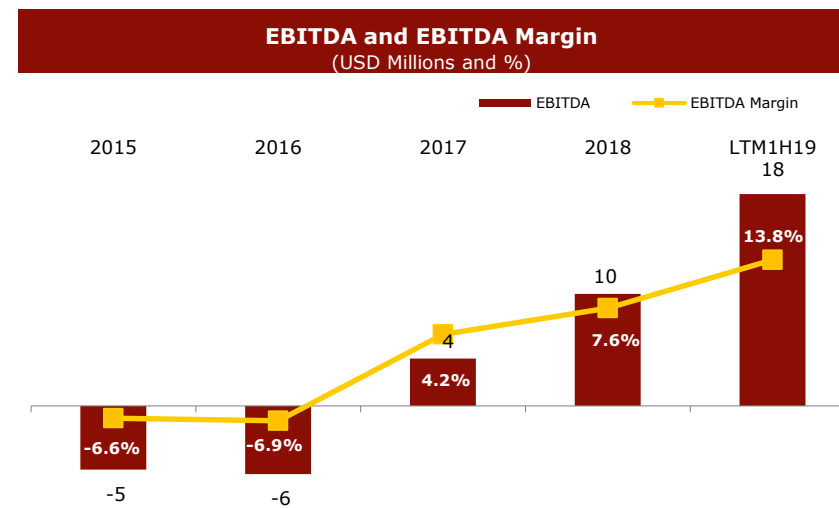
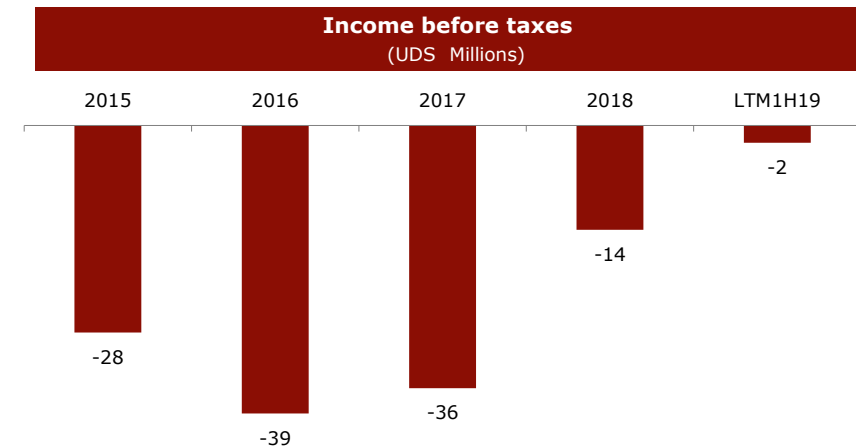
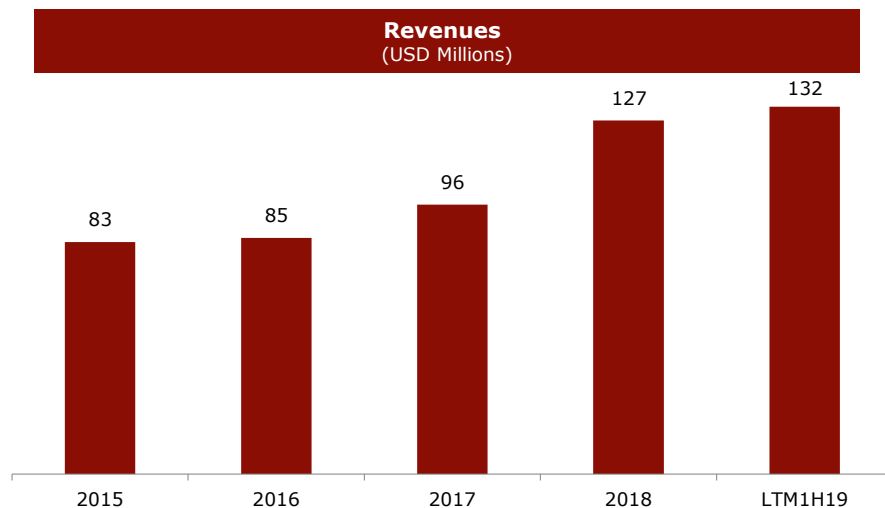
Financial Overview – LTM 1H2019 (USD MM)

Total Assets	401
Revenue	132
EBITDA	18
EBITDA Margin	14%

Business Strategic Plan



5. Successful turnaround story ...



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 80% 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 1H2019 (USD MM)

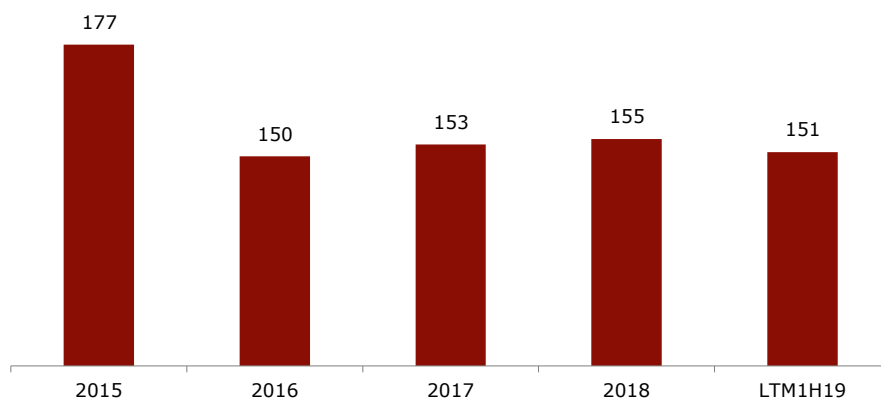
Total Assets	210
Revenue	151
EBITDA	60
EBITDA Margin	40%

Ownership structure

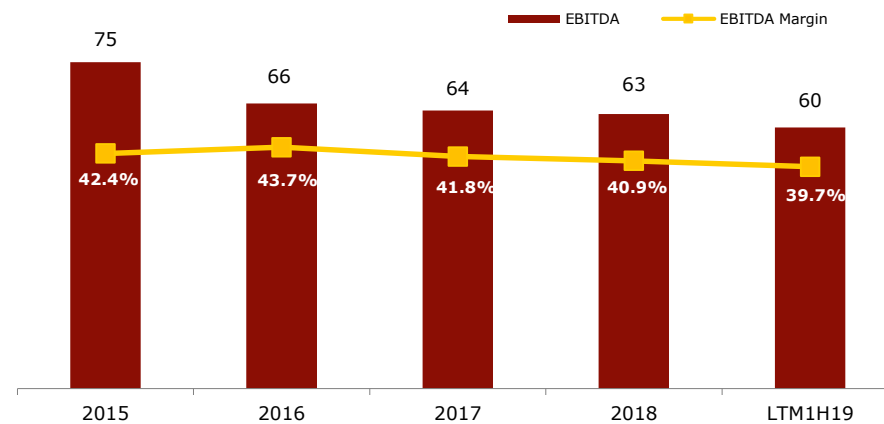


6. Delivering solid margins ...

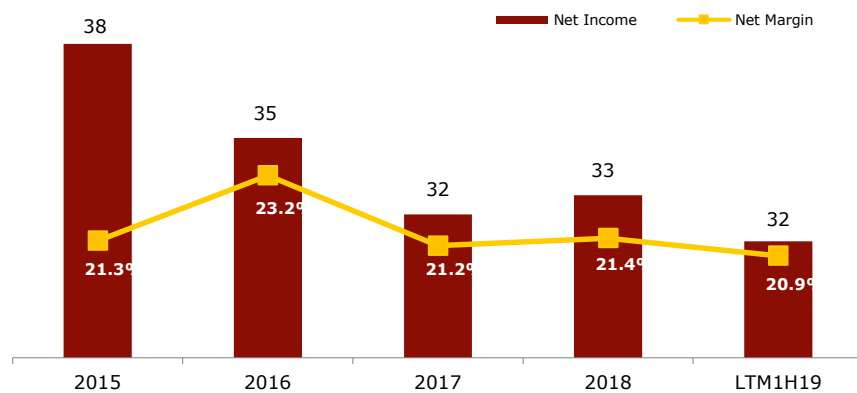
Revenues
(USD Millions)



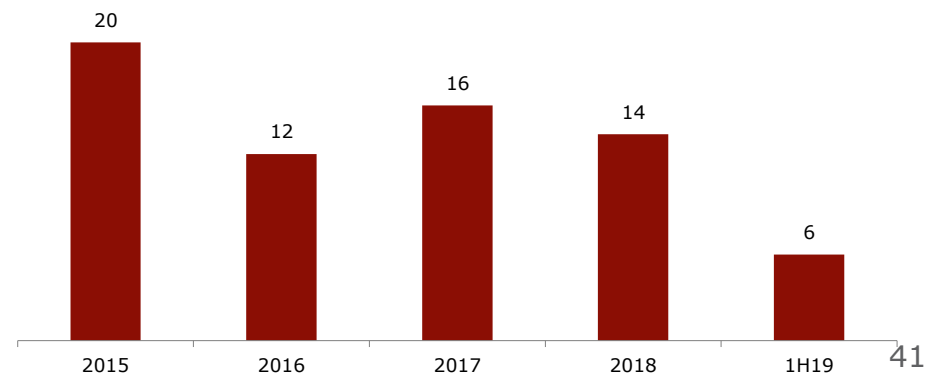
EBITDA and EBITDA Margin
(USD Millions and %)



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 – LTM1H2019 (USD MM)

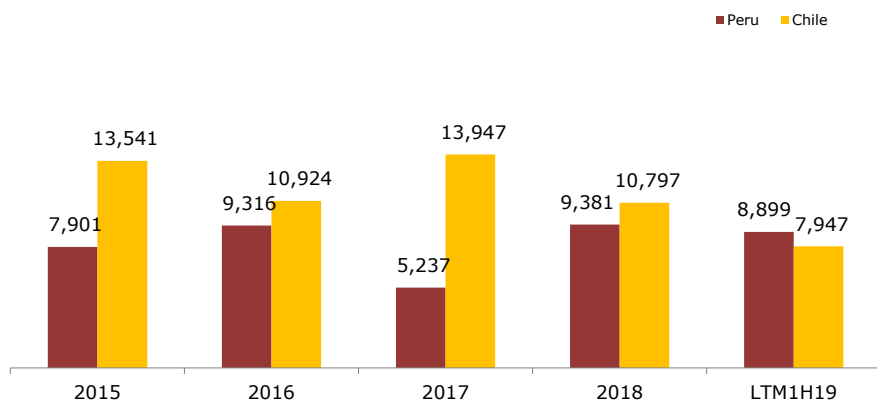
	Peru		Chile
Total Assets	24	Total Assets	20
Revenue	9	Revenue	8
EBITDA	2	EBITDA	1
EBITDA Margin	32%	EBITDA Margin	16%

Ownership structure

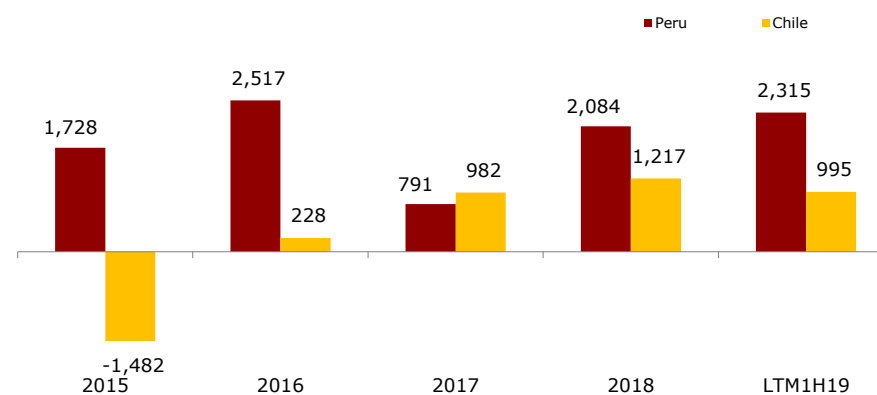


7. Building a high potential operation in the region ...

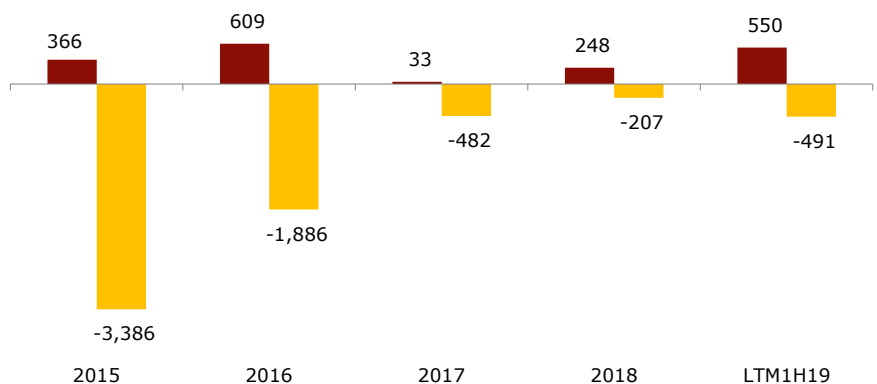
Revenues
(USD Thousands)



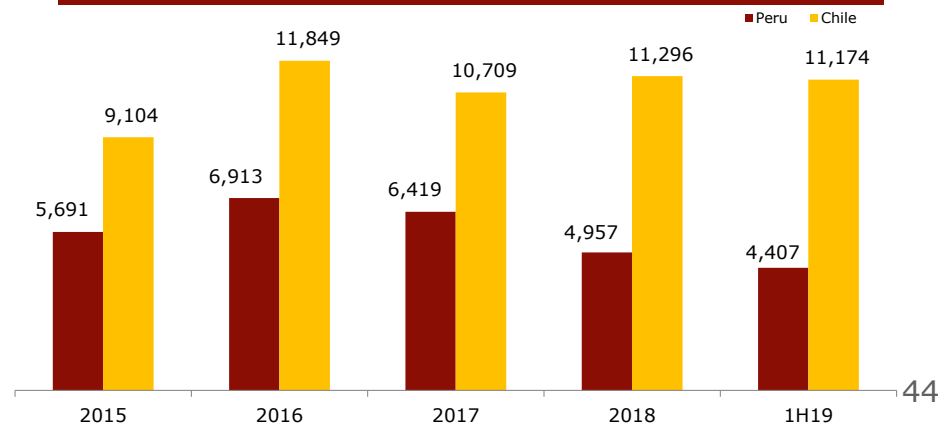
EBITDA
(USD Thousands)



Net Income
(USD Thousands)



Net Debt
(USD Thousands)



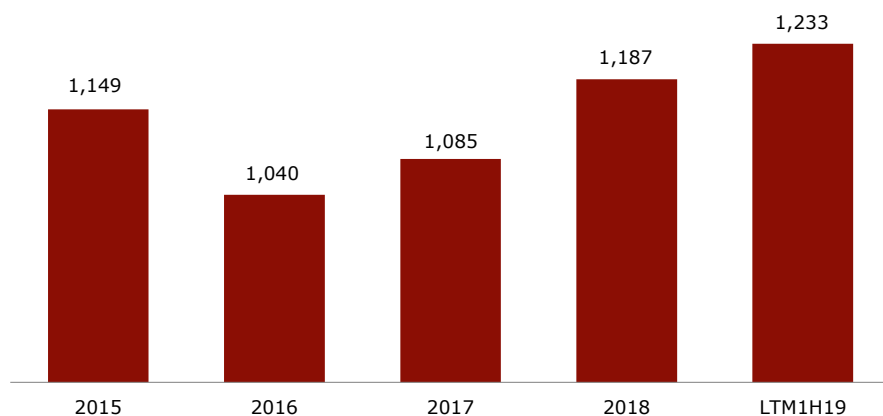
9. Consolidated Financial Highlights



8. Optimistic about opportunities to come ...

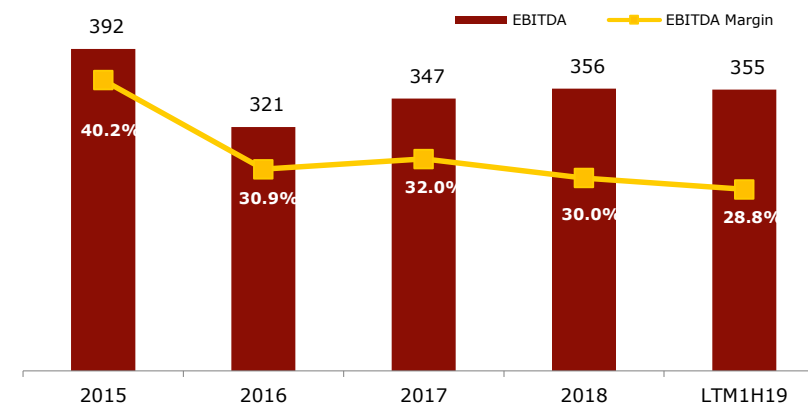
Revenues

(USD Millions)



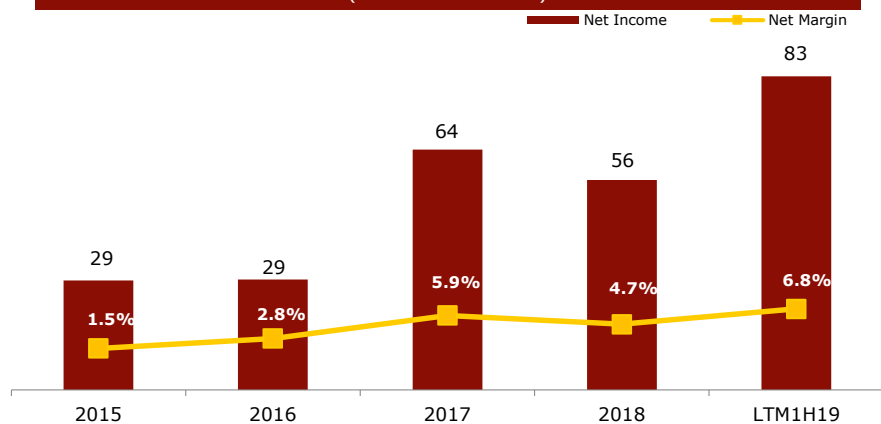
EBITDA and EBITDA Margin

(USD Millions and %)



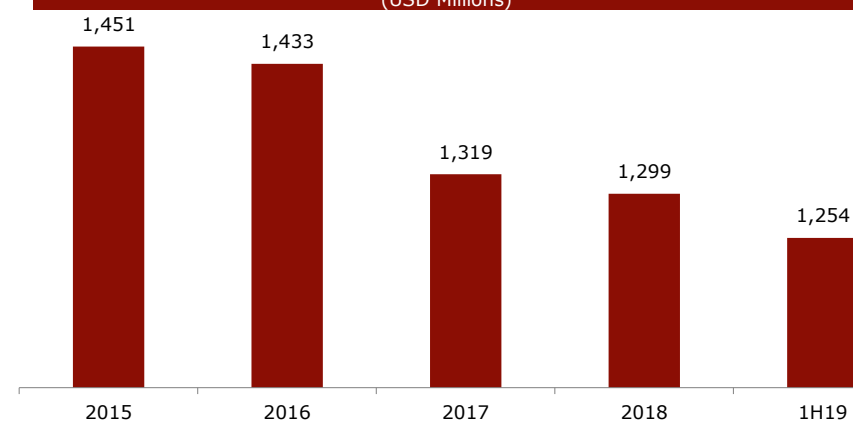
Net Income & Net Margin

(USD Millions and %)



Net Debt

(USD Millions)

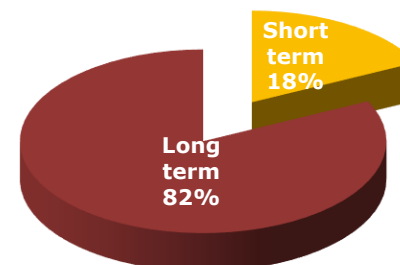


8. Consolidated Debt Profile

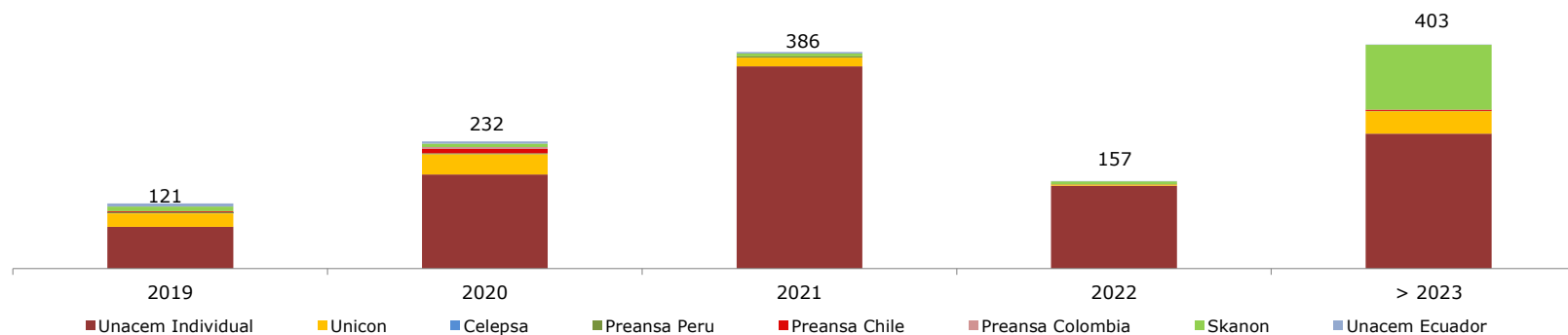
FX Distribution as of 1H19
(USD Millions)



Maturity Profile
(As of 1H19)



New Amortization Schedule
(USD Millions)



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

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