

Research Update:

UNACEM Corp. S.A.A. Outlook Revised To Stable From Negative On Easing Liquidity Pressures; 'BB-' Rating Affirmed

January 30, 2026

Rating Action Overview

- Peru-based building materials company UNACEM Corp. S.A.A. recently refinanced the debt it used to fund the acquisition of Tehachapi's assets, which, in our view, alleviates liquidity pressures for the next 12 months.
- We expect UNACEM to post adjusted EBITDA above Peruvian nuevo sol (PEN) 1.8 billion in 2026, which should help maintain credit metrics commensurate with the rating, despite its substantial capital expenditure plan.
- As a result, on Jan. 30, 2026, S&P Global Ratings revised its outlook on UNACEM to stable from negative and affirmed its 'BB-' issuer credit rating.
- The stable outlook indicates our expectation that UNACEM will post adjusted net debt to EBITDA close to 3.0x and free operating cash flow to debt of about 4% by year-end 2026. We also expect UNACEM will keep rolling over short-term debt maturities thanks to its established bank relationships.

Rating Action Rationale

The outlook revision on UNACEM reflects our expectation that liquidity strains will ease over the next 12 months. Recently, UNACEM completed the refinancing of the bank loan used to acquire Tehachapi's assets by issuing two series of municipal bonds for \$360 million with a maturity of 20 years. In our view, this has helped UNACEM to alleviate liquidity pressures as Tehachapi's loan had a bullet maturity in October 2026. We now expect UNACEM to benefit from a more comfortable debt maturity profile, with an average life of about six years, from about 3.5 years previously.

Nevertheless, in our view, the company's upcoming debt maturities and capital expenditure (capex) investment plan are high in relation to its cash balance and expected funds from operation. This limits the company's ability to absorb high-impact, low-probability events without

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refinancing, even with its ability to reduce capital spending and postpone dividend payments if necessary.

On the other hand, we continue to believe that UNACEM maintains a solid credit standing in capital markets and sound relationships with banks, as evidenced by its access to financing from several creditors. To consider revising our liquidity assessment to a stronger category, we would look for the company to sustain liquidity sources exceeding uses by more than 1.2x, even with long-lead time committed capital expenditures.

We expect UNACEM to keep steady operating and financial performance over the next 12 months. Modest economic growth, easing financing conditions, and steady infrastructure projects across UNACEM's markets should support revenue growth above 4% over the next 12 months. We expect the Latin American market to continue accounting for about 80% of the company's earnings--in particular, 64%-65% from the Peruvian market--and the remaining 20% from the U.S. Moreover, sales volume growth, stable inflation, and average price increases should help the company to modestly increase EBITDA margins to about 25% in 2026.

Risks to our base-case scenario include domestic political risks in Peru, elevated construction costs across the company's markets, and global geopolitical tensions. In our view, these factors could undermine investments and economic activity, which, in turn, could result in lower demand for building materials and ultimately weaken UNACEM's financial and liquidity positions.

We expect UNACEM to modestly reduce leverage and maintain credit metrics consistent with the current rating over the next 12 months. We expect capital expenditure (capex) to remain elevated in 2026, at approximately PEN900 million-PEN1.0 billion, as the company continues to make investments supporting its long-term sustainability targets and some asset investments, such as the new lime plant. We expect UNACEM to primarily fund these investments with internally generated cash flow.

Consequently, we believe the company has the flexibility to postpone or reduce investments, if necessary, aligning with cash flow generation. We forecast adjusted net debt to EBITDA, free operating cash flow to debt, and EBITDA interest coverage of approximately 3.0x, 4%, and 5.6x, respectively, by year-end 2026.

Outlook

The stable outlook reflects our view that UNACEM will keep steady operating and financial performance in the next 12 months. We forecast the company's consolidated revenue will rise nearly 5% and profitability will gradually improve considering stable inflation and sales volume growth. We estimate UNACEM's adjusted net debt to EBITDA will be close to 3.0x by year-end 2026, while its free operating cash flow to debt will remain close to 4% owing to its significant capex plan.

Additionally, we expect UNACEM to keep rolling over its upcoming debt maturities thanks to its established relationships with banks.

Downside scenario

We could downgrade UNACEM in the next 12 months if the company's financial performance deteriorates or if it faces significant liquidity strains. The latter could result from an unexpected

decline in construction activity across its markets, or its capex plan and shareholder compensation requiring substantial use of debt or cash.

We would lower the rating if:

- Although unlikely in the next 12 months, its adjusted net debt to EBITDA is above 3.0x and its EBITDA interest coverage is below 3.0x, or if its adjusted net debt to EBITDA is above 4.0x; or
- Upcoming debt maturities or weaker cash flow generation pressures its liquidity, and the company does not show a clear remediation plan.

Upside scenario

We could upgrade UNACEM in the next 12-18 months if:

- UNACEM's liquidity improves materially, with sources exceeding uses by more than 1.2x on a consistent basis, even with long-lead time committed capital expenditures; or
- The company's adjusted net debt to EBITDA quickly decreases and stays well below 3.0x and its free operating cash flow to debt is well above 15% on a consistent basis.

Company Description

UNACEM is the leading building materials company in Peru, producing and selling cement, clinker, concrete, and energy. The company also has operations in the U.S., Ecuador, Chile, and Colombia with ready-mix concrete and precast industrialized concrete structure operations. Celepsa, UNACEM's energy division, which accounts for about 11% of consolidated revenues, operates two hydroelectric plants and one thermal plant. UNACEM was founded in 1916 and is based in Lima, Peru.

Our Base-Case Scenario

Assumptions

- Modest GDP growth in UNACEM's key markets in Latin America in 2025 and 2026: 3.1% and 2.9%, respectively, in Peru; 1.2% and 1.7% in Ecuador; and 2.5% and 2.3% in Chile.
- U.S. GDP growth of 2.0% in 2025 and 2.0% in 2026.
- Average exchange rate of PEN3.6 per \$1 in 2025 and PEN3.53 per \$1 in 2026, from PEN3.8 per \$1 in 2024. The appreciation of the Peruvian sol against dollar could result in lower income, because part of it is dollar denominated.
- Relatively stable inflation in UNACEM's key markets, which should support demand for building materials products.
- Consumer price index in 2025 and 2026 at 1.6%-2.0% in Peru, 2.7%-2.6% in the U.S., and 4.4%-3.7% in Chile.
- UNACEM's consolidated revenue to rise about 5%-6% in 2025 and 2026, based on cement sales volume growth of about 3%-4%, concrete sales volume growth of about 2%-3%, and higher prices in local currencies.
- Income from the energy division to increase by about 15%-16% in 2025 and about 6%-7% in 2026, reflecting the incorporation of new customers.

- EBITDA margin of 23%-25%, benefiting from easing inflation, average price increases, and positive sales volume.
- Capex of about PEN900 million-PEN1.0 billion per year, considering maintenance and investments required to meet internal sustainability goals. Major fixed asset investments include the sulfur dioxide emission reduction system at one kiln and the construction of the new lime plant and clinker storage yards in Perú. It also includes investments in machinery and mixer trucks. We believe the investment plan will be subject to the company's internal cash flow generation, so the company has flexibility to postpone part of it if necessary.
- Annual dividends of PEN135 million in 2025 and PEN137 million in 2026.

Key metrics

UNACEM Corp. S.A.A.--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026
(Mil. PEN)	2021a	2022a	2023a	2024a	2025e	2026f
Revenue	5,066	5,979	6,376	6,855	7,231	7,610
EBITDA	1,579	1,578	1,493	1,662	1,701	1,897
Funds from operations (FFO)	1,218	1,164	840	974	1,012	1,191
Capital expenditure (capex)	347	436	529	585	936	953
Free operating cash flow (FOCF)	685	480	110	360	208	229
Adjusted ratios						
Debt/EBITDA (x)	2.3	2.2	3.6	3.4	3.3	3.0
FFO/debt (%)	33.9	33.6	15.4	17.4	18.1	21.1
EBITDA interest coverage (x)	8.3	8.1	5.9	4.5	5.0	5.6
FOCF/debt (%)	19.1	13.9	2.0	6.4	3.7	4.1
DCF/debt (%)	15.2	4.5	(2.4)	0.5	0.1	0.4
Annual revenue growth (%)	41.7	18.0	6.6	7.5	5.5	5.2
EBITDA margin (%)	31.2	26.4	23.4	24.3	23.5	24.9

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. PEN--Peruvian nuevo sol. UNACEM's 2024 adjusted debt is about PEN5.6 billion and mainly consists of PEN5.4 billion of reported gross debt, plus PEN265 million of lease liabilities, less PEN360 million in accessible cash, plus PEN44 million of asset-retirement obligations, plus PEN18 million of postretirement obligations, plus PEN145 million in deferred compensation from the acquisition of Termochilca. The 2023 figures do not consider full-year consolidation results of Tehachapi and Termochilca assets

Liquidity

We continue to view UNACEM's liquidity as less than adequate. We expect sources over uses of liquidity to be just below 1.2x, even considering maintenance capex. In our view, short-term debt maturities in relation to cash limit the company's ability to absorb high-impact, low-probability events without refinancing, despite its ability to reduce its capital spending and postpone dividend payments if necessary.

On the other hand, UNACEM maintains good credit standing in capital markets and sound relationships with banks, as seen in its access to financing from various creditors.

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none">• Cash and cash equivalents of PEN333 million as of Sept. 30, 2025.• FFO of about PEN1.15 billion for the next 12 months.	<ul style="list-style-type: none">• Pro forma short-term debt maturities of PEN920 million, considering the refinancing of the bank loan that was taken out to acquire Tehachapi assets.• Working capital requirement of about PEN75 million for the next 12 months, including intrayear.• Maintenance capex of about PEN225 million for the next 12 months.• Dividends under stress scenario of about PEN25 million.

Covenants

As of September 2025, UNACEM was in compliance with all of its financial maintenance covenants.

On a consolidated basis, UNACEM must maintain:

- A maximum debt-to-equity ratio of 1.5x;
- A minimum debt service coverage ratio of 1.20x; and
- A maximum gross debt-to-EBITDA ratio of 3.75x.

We expect the company to comply with its covenants in the next 12 months, with headroom above 15% on forecasted EBITDA.

Rating Component Scores

Rating Component Scores

Component	
Foreign currency issuer credit rating	BB-/Stable/--
Local currency issuer credit rating	BB-/Stable/--
Business risk	Fair
Country risk	Moderately high risk
Industry risk	Intermediate risk
Competitive position	Fair
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bb
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Less than adequate
Management and governance	Neutral
Comparable rating analysis	Neutral
Stand-alone credit profile	bb-

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Industry Credit Outlook 2026: Building Materials - Green shoots of recovery in some markets and regions](#), Jan. 14, 2026
- [Tear Sheet: UNACEM Corp. S.A.A.](#), Aug. 26, 2025

- [Research Update: UNACEM Corp. S.A.A. Downgraded To 'BB-' On Weaker Credit Metrics And Tighter Liquidity; Outlook Negative](#), Oct. 31, 2024

Ratings List

Ratings List

Ratings Affirmed; Outlook Action

	To	From
UNACEM Corp. S.A.A.		
Issuer Credit Rating	BB-/Stable/--	BB-/Negative/--

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