

# NEWSLETTER

## 2Q15

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## UNACEM S.A.A. AND SUBSIDIARIES CONSOLIDATED

### I. EXECUTIVE SUMMARY

- ▶ Consolidated Revenues as of 1H15 were PEN 1,831 million, 28% higher than 1H14. Excluding UNACEM Ecuador, consolidated Revenues were 9% higher than 1H14.
- ▶ Consolidated EBITDA as of 1H15 was PEN 650 million, 41% higher than 1H14. Consolidated EBITDA excluding UNACEM Ecuador was 19% higher than 1H15.
- ▶ The Net Profit fell 50% explained by Exchange Rate losses for the period.

The most important figures for the Quarter are shown below:

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

	1H14	1H15	LTM 1H15	Var. % 1H15 - 1H14
Net Revenues	1,433	1,831	3,494	28%
EBITDA	460	650	1,316	41%
EBITDA Margin	32%	35%	38%	---
Net Income	133	66	232	-50%
Net Margin	9%	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
2014	I	1,541	1,357	1,354	2,763
	II	1,210	1,401	1,376	2,704
	<b>I-II</b>	<b>2,751</b>	<b>2,758</b>	<b>2,730</b>	<b>5,468</b>
	III	1,566	1,452	1,467	2,918
	IV	1,635	1,508	1,504	3,039
	<b>I-IV</b>	<b>5,951</b>	<b>5,718</b>	<b>5,701</b>	<b>11,424</b>
2015	I	1,343	1,369	1,357	2,664
	II	1,234	1,343	1,340	2,609
	<b>I-II</b>	<b>2,577</b>	<b>2,712</b>	<b>2,698</b>	<b>5,273</b>
<b>Variation</b>					
15-II/14-II		2.0%	-4.1%	-2.6%	-3.5%
15-I-II/14-I-II		-6.3%	-1.6%	-1.2%	-3.6%

Source: Company Research, ASOCEM, SUNAT.

■ **Production**

Clinker production of UNACEM in Peru during the first half of the year totaled 2.6 million tons, 6% lower than 2014. This decrease is due to a scheduled annual shutdown of Kiln 2 in Atocongo for maintenance. It should be noted that we keep clinker stock in order to meet market demand.

Cement production of UNACEM in Peru decreased by 1.6% as of 1H15 with respect to the 1H14, reaching a total production of 2.7 million tons. This result is due to market dynamics.

As of the first half of 2015, the combined utilization rate of clinker production was 77% and for cement production was 71%, of installed capacity.

### ■ Peruvian Domestic Market

Local cement dispatches during the first half of the year totaled 2.7 million tons, 1.2% lower than the same period of 2014 of 2.7 million tons. This figure includes internal dispatches within UNACEM. Total dispatches in 2Q15 decreased 2.6% compared 2Q14.

Total cement dispatches in the Peruvian market reached 5.3 million tons, approximately, as estimated by UNACEM.

Consequently, UNACEM's market share in the Peruvian market was 51.1%, higher than the 49.9% market share reached in 1H14.

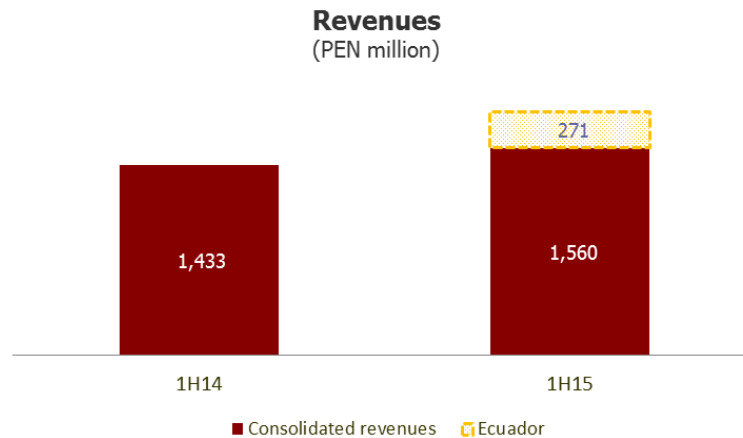
### ■ Exports and Port Operations

During the 1H15, 9 shipments of clinker exports were carried out, with a total volume of 242,147 tons. This volume was 68% higher than the volume exported during 1H14. Note that during 1Q14 no export operations were carried out.

Port operations increased by 37% compared with to 1H14; the total volume handled was 590,863 tons. This is due to increased clinker exports, as explained in the previous paragraph, and to gypsum, coal and grains shipments handled by our Conchan pier.

### III. UNACEM AND SUBSIDIARIES CONSOLIDATED - FINANCIAL RESULTS

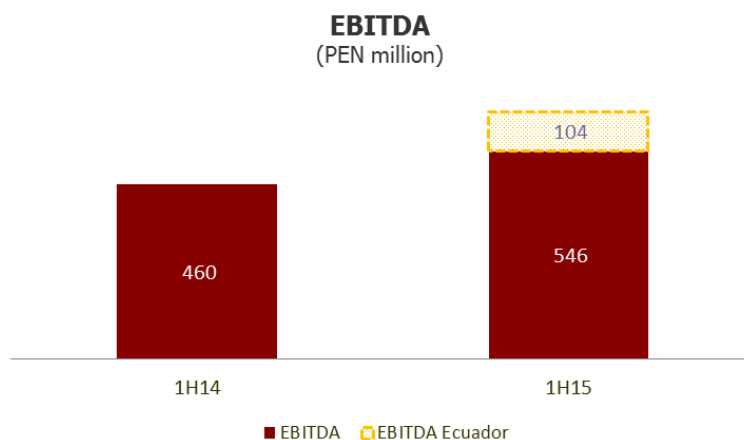
- Consolidated revenues



Consolidated Revenues as 1H15 were PEN 1,831 million, 28% higher than 1H14.

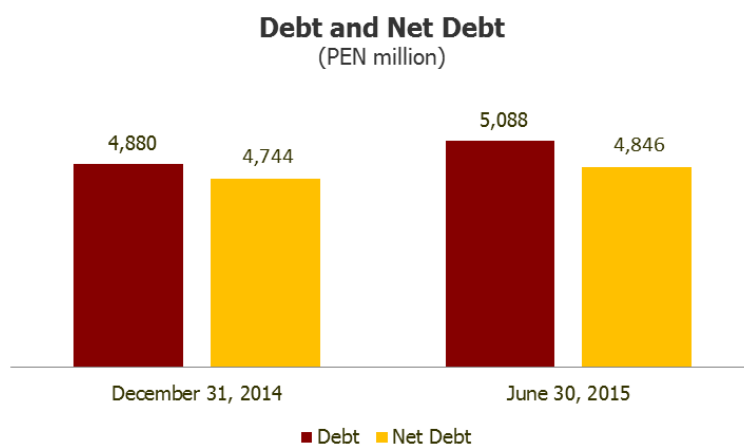
This significant increase is explained by the incorporation of UNACEM Ecuador in our consolidated figures, coupled with an increase in revenues from UNACEM stand-alone which were 9.5% higher, due higher average price despite lower volume sold of 1.6% vis-à-vis 1H14.

■ EBITDA



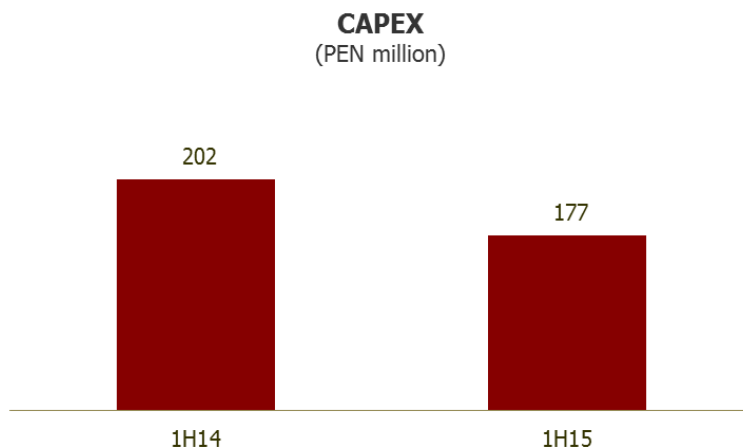
As of 1H15, EBITDA was PEN 650 million, 41% higher than 1H14. This increase is explained by the consolidation of UNACEM Ecuador and to improvements in our Operating Results in Peru and UNICON.

■ Debt



As of June 30<sup>th</sup>, 2015, Net Debt/EBITDA ratio was 4.0x and Proforma Net Debt/EBITDA ratio was 3.7x, including 12 months from Ecuador. Our Debt in PEN experience a slight increase due to FX effect.

■ CAPEX



As of 1H15, CAPEX amounted to PEN 177 million, 12% lower than 1H14. Of the total figure, the main disbursements correspond to UNACEM’s stand-alone investments for ongoing projects such as Mill N°8, Bagging Line N°5 and Carpapata III Hydroelectric Power plant, located in Condorcocha. Additionally, Celepsa is developing the Hidro Marañon power plant and Preansa started the construction of its plant in Colombia.

**IV. MAJOR SUBSIDIARIES AND AFFILIATES**

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

■ UNICON Consolidated

**UNICON Consolidated**

		1H14	1H15	Var. %
Volume of ready mix	(millions of m3)	1.36	1.37	1%
Revenues	(PEN million)	469	487	4%

*Includes Firth and all business units of UNICON*

During the 1H15, UNICON´s revenues rose by 4% compared 1H14 due to higher volumes sold and higher average price of the product mix.

■ Celepsa

		<b>Celepsa</b>		
		<b>1H14</b>	<b>1H15</b>	<b>Var. %</b>
Sales of energy	(MWh)	592	767	30%
Revenues	(PEN million)	136	168	24%

Celepsa´s sales recorded a 30% increase as of 1H15 compared to the same period of 2014. On the other hand, its operating profit decreased 20% due energy purchases that affected its margins.

■ UNACEM Ecuador

		<b>UNACEM Ecuador</b>		
		<b>1H14</b>	<b>1H15</b>	<b>Var. %</b>
Sales of cement	(in million tons)	0.700	0.673	-4%
Revenues	(PEN million)	251	272	8%

UNACEM Ecuador volume sold fell by 4% as of 1H15 with respect to 1H14. However, due to operational efficiency, EBITDA recorded an increase of 9% at the close of 1H15.



## V. SHARES AND BONDS

**UNACEMC1**

Shares	Number	1,646,503,430
Market capitalization	PEN million	4,050
Current quote	PEN	2.460
Minimum quote	PEN	2.170
Maximum quote	LTM	3.390
<b>Return</b>		<b>-25.5%</b>

Source: Bloomberg.

UNACEM 2021 5 7/8 Corp	June 30	Since Issuance	
	2015	Min.	Max
Price	101.35	99.00	103.60
Yield	5.62%	6.05%	5.25%

Source: Bloomberg.

## VI. SIGNIFICANT EVENTS

- ▶ According to the dividend policy adopted at the General Shareholders' Meeting held on March 31<sup>st</sup> 2015, the Board of Directors' meeting held on April 17<sup>th</sup> 2015, declared a cash dividend of PEN 0,013 per common share, a total of PEN 21,404,544 that was paid on May 20<sup>th</sup>, 2015.
- ▶ At the Board meeting held on July 18<sup>th</sup>, 2015, it was agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on August 24<sup>th</sup>, 2015. This dividend will add to PEN 21,404,544 and will be charged to the Retained Earnings FY 2008.

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](http://www.unacem.com/ir)

If you wish to contact the Invertor Relation team of UNACEM or you have any request, please send us an email at: [ir@unacem.com](mailto:ir@unacem.com)