

NEWSLETTER

2Q16

UNACEM S.A.A. AND SUBSIDIARIES CONSOLIDATED

I. EXECUTIVE SUMMARY

- ▶ Consolidated revenues in the 2Q16 were PEN 870 million, 3.4% lower than consolidated revenues in the 2Q15.
- ▶ Consolidated EBITDA in the 2Q16 was PEN 329 million, 4.5% higher than consolidated EBITDA in the 2Q15.
- ▶ The consolidated net profit during 2Q16 rose PEN 79 million versus PEN 38 million reached on 2Q15, explained mostly by FX impact.

The most important figures for the quarter are shown below:

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

	2Q15	2Q16	Var. %	Jun-15 LTM	Jun-16 LTM	Var. %
Net Revenues	901	870	-3.4%	3,494	3,556	1.8%
EBITDA	315	329	4.5%	1,225	1,218	-0.6%
EBITDA Margin	35%	38%	---	35%	34%	---
Net Income	38	79	106.1%	221	151	-31.7%
Net Margin	4%	9%	---	6%	4%	---

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
2015	I	1,343	1,369	1,357	2,664
	II	1,234	1,343	1,340	2,614
	I-II	2,577	2,712	2,698	5,278
	III	1,320	1,429	1,428	2,839
	IV	1,619	1,424	1,420	3,064
	I-IV	5,516	5,565	5,546	11,181
2016	I	1,341	1,267	1,258	2,676
	II	876	1,269	1,265	2,697
	I-IV	2,217	2,536	2,523	5,373
Variation					
	16-I-II/15-I-II	-14.0%	-6.5%	-6.5%	1.8%
	16-II/15-II	-29.0%	-5.5%	-5.6%	3.2%
	16-II/16-I	-34.7%	0.1%	0.6%	0.8%

Source: UNACEM, ASOCEM, SUNAT.

■ **Production**

UNACEM’s clinker production in Peru during 2Q16 totaled 876 thousand tons, figure 29.0% lower than the production recorded in the 2Q15. With respect to 1Q16, clinker production was 34.7% lower; this decrease was due to annual scheduled maintenance on Kiln 2 at the Atocongo plant and Kiln 3 at the Condorcocha plant.

Cement production in Peru in the 2Q16 rose 1.3 million tons, a 5.5% decrease with respect to the same period of 2015, in line with clinker production and weak demand in the local market.

Considering the production of both plants the combined utilization rate, as of June 30th, 2016, was 66.2% of clinker and 61.1% of cement.

■ **Peruvian Domestic Market**

UNACEM's local cement dispatches during the second quarter of the year totaled 1.3 million tons, figure 5.6% lower than that of 2Q15. This decrease was due to the delay in the execution of important infrastructure projects and the lower activity of the sector in our area of influence.

During the second quarter of 2016, total cement dispatches in the Peruvian market reached 2.7 million tons, approximately, according to UNACEM's market research. This demand includes national producer's dispatches and an estimate of imported cement entering the country.

Consequently, UNACEM's market share in the Peruvian market was 47% similar to the one recorded during 1Q16; however, lower than the 51% of market share reached on 2Q15.

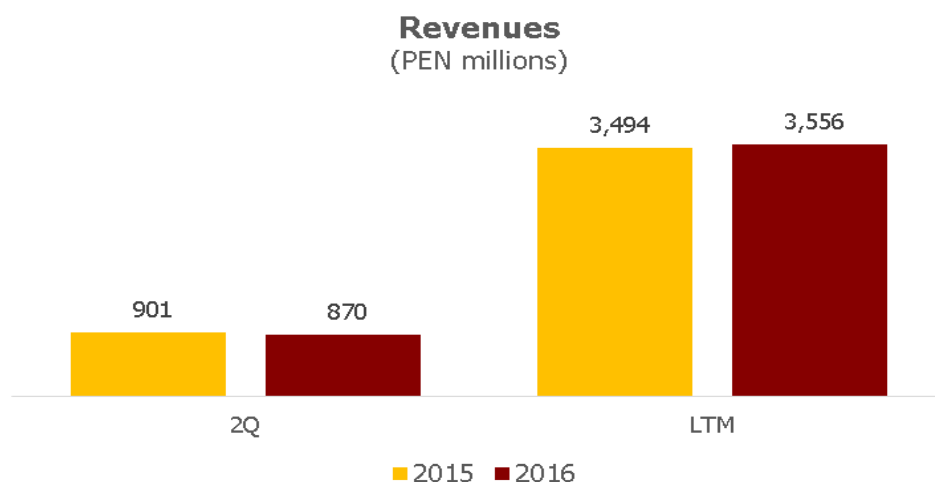
■ **Exports and Port Operations**

During the 2Q16, the total volume of exported clinker through our Conchan pier was 41 thousand tons, 58% lower than the volume exported on 2Q15. This decrease is explained by the global oversupply of the product and lower prices, particularly from Asia.

In addition, the tonnage of bulk solids operated by the Conchan pier during the quarter was 115 thousand tons, a 59.4% decrease compared to the same period of the previous year. During the second quarter, in addition to the clinker exports, coal shipments were unloaded in the Conchan pier.

III. UNACEM AND SUBSIDIARIES CONSOLIDATED - FINANCIAL RESULTS

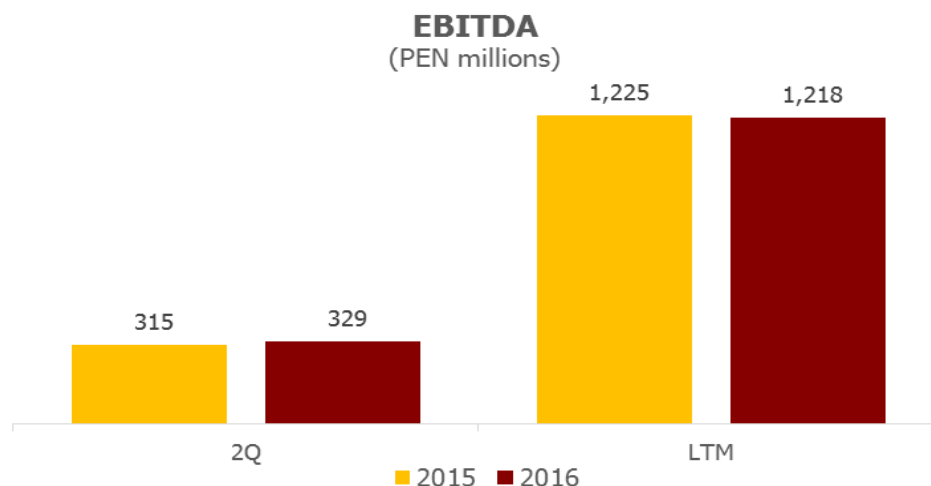
- Consolidated revenues



Consolidated revenues in the 2Q16 were PEN 870 million, 3.4% lower than the 2Q15.

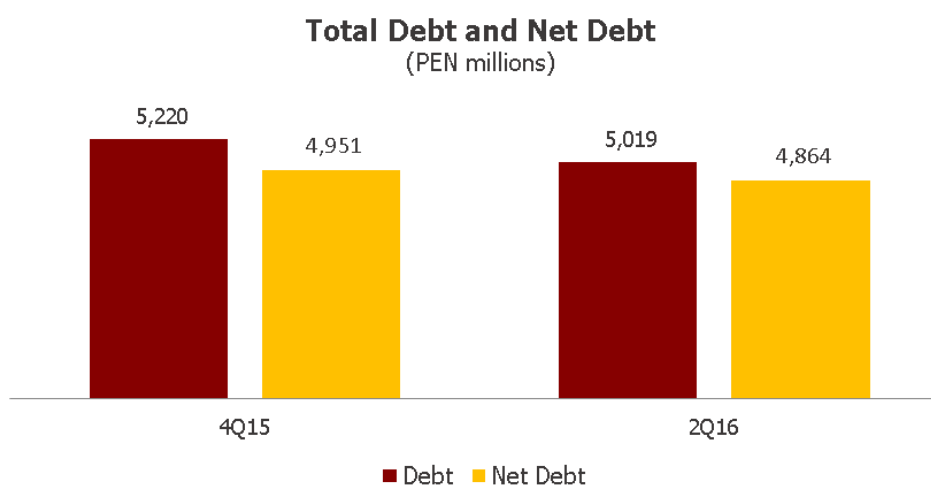
This decrease is explained by the contraction of the cement volumes sold in Peru and Ecuador, despite higher average prices.

■ EBITDA



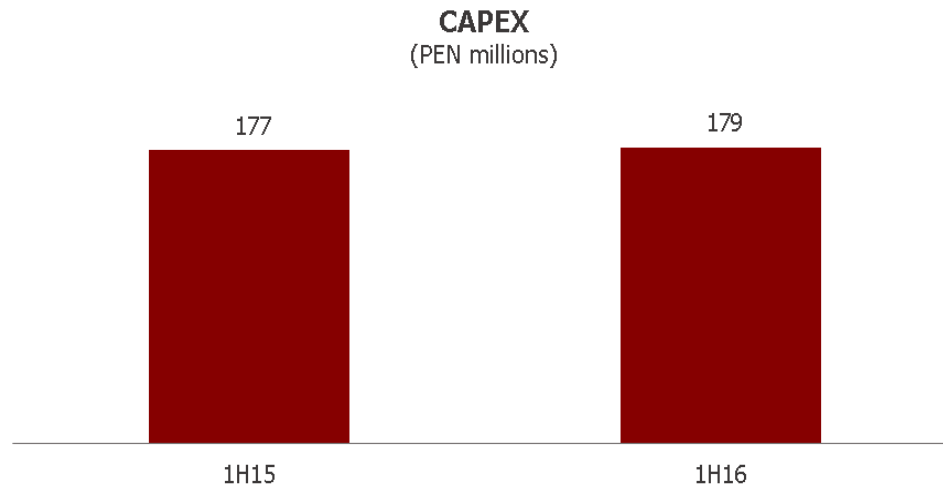
EBITDA in the 2Q16 was PEN 329 million, a figure 4.5% higher than that of 2Q15.

■ Debt



As of June 30th, 2016, Net Debt/EBITDA ratio was 4.0x. Our Debt in PEN recorded a decrease due to scheduled amortizations and a lower FX rate.

■ CAPEX



As of June 30th, 2016, CAPEX totaled PEN 179 million, a similar figure than in the same period of 2015, which recorded PEN 177 million. Of the total figure, the main disbursements correspond to UNACEM’s stand-alone investments in Carpapata III Hydroelectric Power plant, located in Condorcocha. Additionally, we considered Celepsa’s work in progress on the development of the Hidro Marañon power plant, the conclusion of the mill separator in Drake’s cement plant and the construction of Preansa’s facility in Colombia.

IV. MAJOR SUBSIDIARIES AND AFFILIATES

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

- UNICON Consolidated

UNICON Consolidated

		2Q15	2Q16	Var. %
Volume of ready mix	(thousands of m3)	691	715	3%
Revenues	(PEN million)	242	219	-10%

Includes Concremax and all business units of UNICON

UNICON's revenues in the 2Q16 decreased by 10% compared to the same period of 2015, net from higher volumes sold during the quarter, which reached 715 thousand m³, and lower average prices.

- Celepsa

Celepsa

		2Q15	2Q16	Var. %
Sales of energy	(GWh)	333	395	18%
Revenues	(PEN million)	76	80	6%

Celepsa's energy sales recorded an 18% increase in the 2Q16 compared to the same period of 2015, due to higher demand from our contracted clients.

■ UNACEM Ecuador

UNACEM Ecuador

		2Q15	2Q16	Var. %
Sales of cement	(in thousand tons)	345	282	-18%
Sales	(PEN million)	140	121	-14%

UNACEM Ecuador’s volume sold fell by 18% with respect to 2Q15 due to a slowdown of the economy and the construction sector, and a cut on the public budget explained by the impact of international oil prices.

V. SHARES AND BONDS

UNACEMC1

Shares	Number	1,646,503,430
Market capitalization	PEN million	4,166
Current quote	PEN	2.530
Minimum quote	LTM / PEN	1.300
Maximum quote	LTM / PEN	2.940
Return LTM	2Q16	2.4%

Source: Bloomberg as of 06.30.2016

UNACEM 2021 5 7/8 Corp	June 30	Since Issuance	
	2016	Min.	Max
Price	101.35	94.05	103.60
Yield	5.58%	5.12%	7.16%

Source: Bloomberg as of 06.30.2016.

VI. SIGNIFICANT EVENTS

- ▶ The Board agreed on April 29th, 2016, to pay a cash dividend of PEN 0.013 per ordinary share, to be paid from July 1st, 2016. This dividend added PEN 21,404,544 and was charged to Retained Earnings FY 2009.
- ▶ On June 17th, 2016, the Board of Directors, as agreed by the Annual Shareholder's Meeting, designated Messrs. Paredes, Zaldivar, Burga y Asociados – member of Ernst & Young, for the FY 2016 Financial Statements audit.
- ▶ At the Board meeting held on July 22th, 2016, it was agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on August 26th, 2016. This dividend will be PEN 21,404,544 and will be charged to Retained Earnings FY 2009.

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