

NEWSLETTER

3Q16

UNACEM S.A.A. AND SUBSIDIARIES CONSOLIDATED

I. EXECUTIVE SUMMARY

- ▶ Consolidated revenues in the 3Q16 were PEN 858 million, 6.8% lower than consolidated revenues in the 3Q15.
- ▶ Consolidated EBITDA in the 3Q16 was PEN 269 million, 12.4% lower than consolidated EBITDA in the 3Q15.
- ▶ During 3Q16 a consolidated loss of PEN 16 million was recorded versus a PEN 40 million net income reached on 3Q15.

The most important figures for the quarter are shown below:

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

	3Q15	3Q16	Var. %	Sep-15 LTM	Sep-16 LTM	Var. %
Net Revenues	921	858	-6.8%	3,630	3,494	-3.8%
EBITDA	307	269	-12.4%	1,300	1,180	-9.3%
EBITDA Margin	33%	31%	---	36%	34%	---
Net Income	40	-16	-140.3%	241	96	-60.3%
Net Margin	4%	-2%	---	7%	3%	---

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
	III	1,320	1,429	1,428	2,839
	I-III	3,898	4,141	4,126	8,117
	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	2,682
	III	1,098	1,290	1,285	2,738
	I-III	3,315	3,827	3,808	8,096
Variation					
	16-I-III/15-I-III	-14.9%	-7.6%	-7.7%	-0.3%
	16-III/15-III	-16.8%	-9.7%	-10.1%	-3.5%
	16-III/16-II	25.4%	1.7%	1.6%	2.1%

Source: UNACEM, ASOCEM, SUNAT.

■ Production

UNACEM's clinker production in Peru during 3Q16 totaled 1.1 million tons, figure 16.8% lower than the production recorded in 3Q15. With respect to 2Q16, clinker production was 25.4% higher. Production as of 3Q16 decreased 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 3Q16 rose 1.3 million tons, a 9.7% decrease with respect to the same period of 2015, in line with lower clinker production and weak demand in the local market.

Considering the production of both plants, the combined utilization rate, as of September 30th, 2016, was 66.0% of clinker and 61.5% of cement.

■ **Peruvian Domestic Market**

UNACEM's local cement dispatches during the third quarter of the year totaled 1.3 million tons, figure 10.1% lower than that of 3Q15. This decrease was due to the delay in the execution of important infrastructure projects and the lower activity of the construction sector in our area of influence.

During the third quarter of 2016, total cement dispatches in the Peruvian market reached ~2.7 million tons, according to UNACEM's market research. This demand includes national producer's dispatches and an estimation of imported cement dispatched.

Consequently, UNACEM's market share in the Peruvian market was 47%, similar to the one recorded during 2Q16; however, lower than the 50.3% of market share reached on 3Q15.

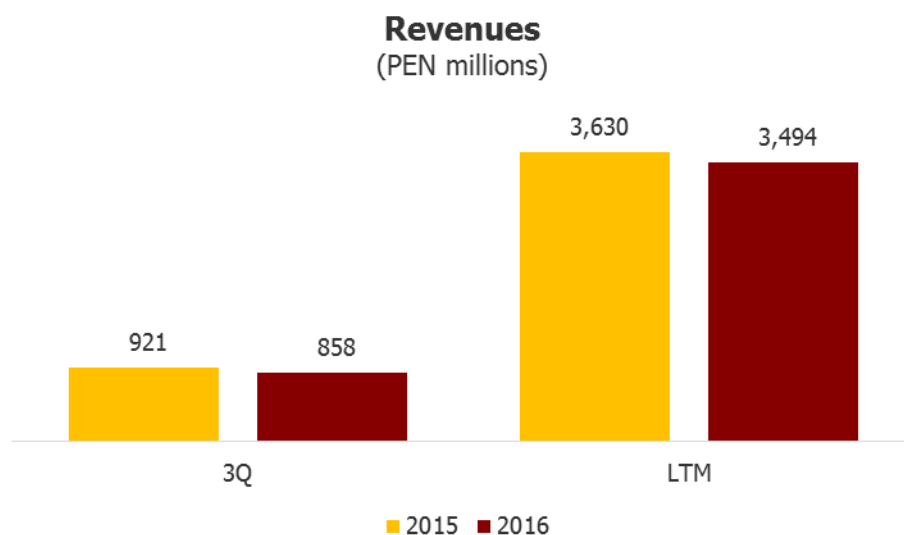
■ **Exports and Port Operations**

During the 3Q16, the total volume of exported clinker through our Conchan pier was 21 thousand tons, 20% lower than the volume exported on 3Q15. 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 87 thousand tons, a 49.4% decrease compared to the same period of the previous year. During the third quarter, in addition to the clinker exports, gypsum shipments were unloaded in the Conchan pier.

III. UNACEM AND SUBSIDIARIES CONSOLIDATED - FINANCIAL RESULTS

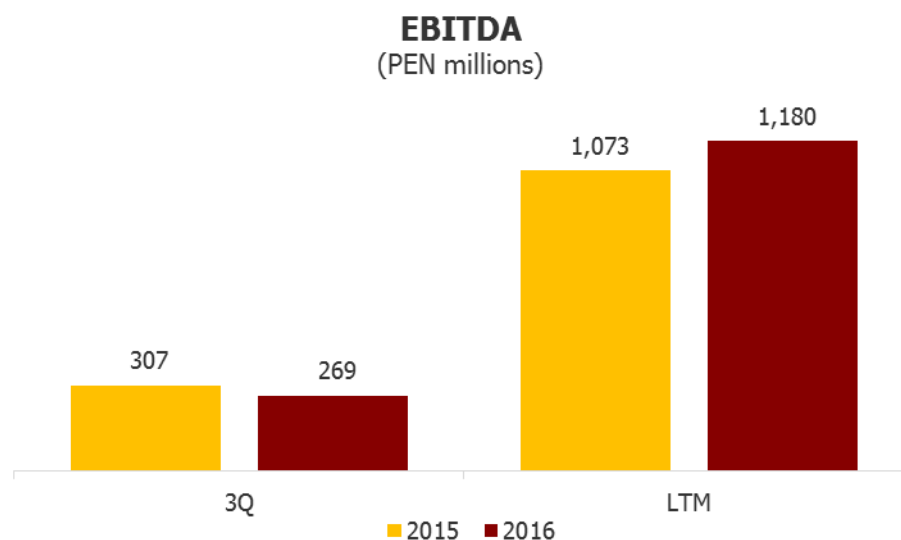
- Consolidated revenues



Consolidated revenues in the 3Q16 were PEN 858 million, 6.8% lower than the 3Q15.

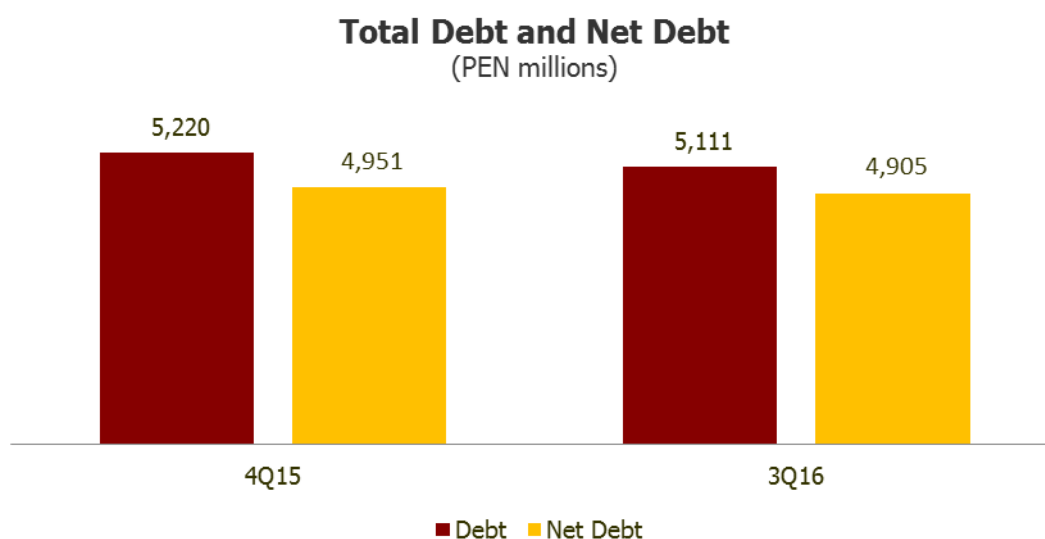
This decrease is explained by the contraction of the cement volumes sold in Peru and Ecuador, despite higher average prices. Likewise, we experienced lower ready mix dispatches in Peru.

■ EBITDA



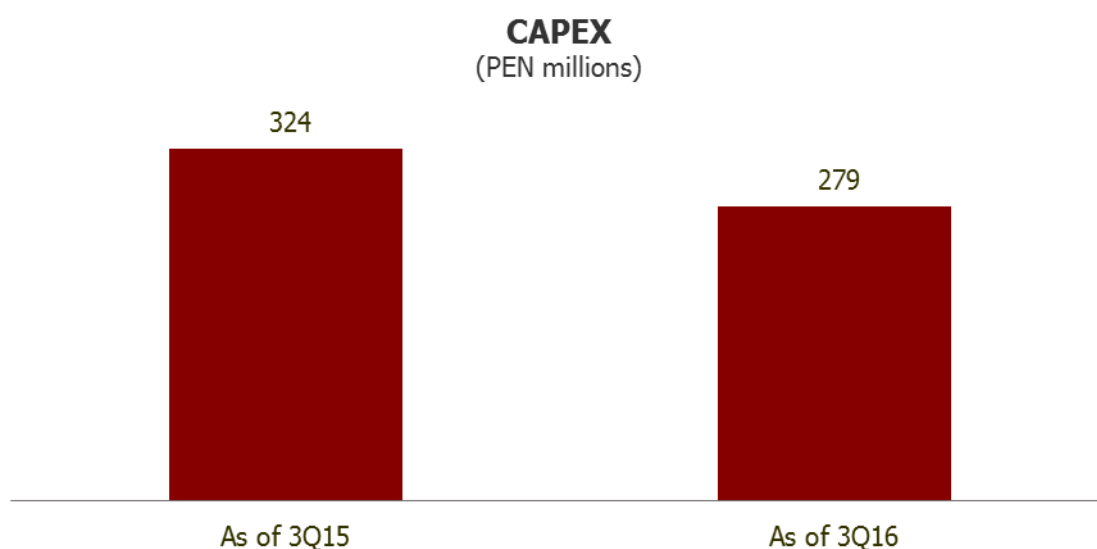
EBITDA in the 3Q16 was PEN 269 million, a figure 12.4% lower than that of 3Q15. EBITDA margin during 3Q16 was 31.3%, lower than the 33.4% of the 3Q15.

■ Debt



As of September 30th, 2016, Net Debt/EBITDA ratio was 4.1x. Our Debt in PEN recorded a decrease due to scheduled amortizations, despite a devaluation in local currency. During this period, Celepsa refinanced USD 77.5 million of short term amortizations for an amortizing 5-year facility.

■ CAPEX



As of September 30th, 2016, CAPEX totaled PEN 279 million, 14% lower than in the same period of 2015, which recorded PEN 324 million. Of the total figure, the main disbursements correspond to UNACEM’s stand-alone investments in Carpapata III Hydroelectric Power Plant, located near the Condorcocha Plant. Additionally, we considered Celepsa’s work in progress on the development of the Hidro Marañon Hydroelectric 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

		3Q15	3Q16	Var. %
Volume of ready mix	(thousands of m3)	750	699	-7%
Revenues	(PEN million)	244	209	-15%

Includes Concremax and all business units of UNICON

UNICON's revenues in the 3Q16 decreased by 15% compared to the same period of 2015, and lower ready mix volumes sold during the quarter, which reached 699 thousand m³, with lower average prices.

- Celepsa

Celepsa

		3Q15	3Q16	Var. %
Sales of energy	(GWh)	305	401	31%
Revenues	(PEN million)	70	82	17%

Celepsa's energy sales recorded a 31% increase in the 3Q16 compared to the same period of 2015, due to higher demand from our contracted clients.

■ UNACEM Ecuador

UNACEM Ecuador

		3Q15	3Q16	Var. %
Sales of cement	(in thousand tons)	367	306	-17%
Sales	(PEN million)	151	133	-12%

UNACEM Ecuador’s volume sold fell by 17% with respect to 3Q15 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	4,281
Current quote	PEN	2.600
Minimum quote	LTM / PEN	1.300
Maximum quote	LTM / PEN	2.950
Return LTM	3Q16	53.0%

Source: Bloomberg as of 09.30.2016

UNACEM 2021 5 7/8 Corp	Sep. 30 2016	Since Issuance Min.	Max
Price	104.99	94.05	106.13
Yield	4.76%	4.52%	7.16%

Source: Bloomberg as of 09.30.2016.

VI. SIGNIFICANT EVENTS

- ▶ The Board agreed on July 22nd, 2016, to pay a cash dividend of PEN 0.013 per ordinary share, to be paid from August 26th, 2016. This dividend added PEN 21,404,544 and was charged to Retained Earnings FY 2009.
- ▶ On October 3rd 2016, Standard & Poor's confirmed its 'BB+' corporate credit and issue-level ratings on Union Andina de Cementos S.A.A. and Subsidiaries (UNACEM). The outlook on the corporate credit rating change to negative.
- ▶ At the Board meeting held on October 28th, 2016, it was agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on December 5th, 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