

NEWSLETTER

1Q17

UNACEM S.A.A. AND SUBSIDIARIES CONSOLIDATED

I. EXECUTIVE SUMMARY

- ▶ Consolidated revenues in 1Q17 were PEN 838 million, 2.0% lower than consolidated revenues in 1Q16. However, Cost of Goods Sold net from depreciation for 1Q17 were PEN 422 million, 5.8% lower than the PEN 448 million recorded in 1Q16.
- ▶ Consolidated EBITDA in the 1Q17 was PEN 290 million, 0.9% higher than consolidated EBITDA in the 1Q16, explained mostly by FX volatility that implied higher COGS and SG&A.
- ▶ Net profit during the period accounted for PEN 117 million, lower by 8.2% than that registered in the 1Q16, due to higher depreciation expenses at Unacem stand-alone.

The most important figures for the quarter are shown below:

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

	1Q16	1Q17	Var. %	Mar-16 LTM	Mar-17. LTM	Var. %
Net Revenues	855	838	-2.0%	3,587	3,492	-2.6%
EBITDA	288	290	0.9%	1,204	1,087	-9.7%
EBITDA Margin	33.7%	34.7%	---	33.6%	31.1%	---
Net Income	128	117	-8.2%	105	89	-16.0%
Net Margin	14.9%	14.0%	---	2.9%	2.5%	---

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
2016	I	1,341	1,267	1,258	2,676
	II	876	1,269	1,265	2,680
	III	1,098	1,290	1,285	2,736
	IV	1,435	1,311	1,301	2,760
	I-IV	4,750	5,138	5,109	10,852
2017	I	1,156	1,219	1,206	2,614
	I	1,156	1,219	1,206	2,614
Variation					
	17-I/16-I	-13.8%	-3.8%	-4.1%	-2.3%
	17-I/16-IV	-19.4%	-7.0%	-7.3%	-5.3%

Source: UNACEM, ASOCEM, SUNAT.

■ Production

UNACEM's clinker production in Peru during 1Q17 accounted for 1.2 million tons, 13.8% lower than the production recorded in 1Q16. With respect to 4Q16, clinker production was 19.4% lower. Clinker production decreased due to a scheduled stoppage of Kiln 2 at the Atocongo plant which aims at reducing the current clinker stock. It should re-start its normal operations once demand picks up.

Cement production in UNACEM Peru in the 1Q17 was 1.2 million tons, a 3.8% decrease with respect to the same period of 2016, in line with lower clinker production and weak demand in the local market.

Considering the production of both plants, the combined utilization rate during 1Q17 was 69% on clinker and 59% on cement.

■ Peruvian Domestic Market

UNACEM's local cement dispatches during the first quarter of the year totaled 1.2 million tons, figure 4.1% lower than that of 1Q16. 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, and the impact of the heavy rains and flooding which affected our dispatches mostly at the Condorcocha plant.

During the first quarter of 2017, total cement dispatches in the Peruvian market reached ~2.6 million tons, according to UNACEM's market research from several sources. This demand includes national producer's dispatches and an estimation of imported cement dispatched.

Therefore, UNACEM's market share in the Peruvian market was 46%, lower to the one recorded during 4Q16 (47%).

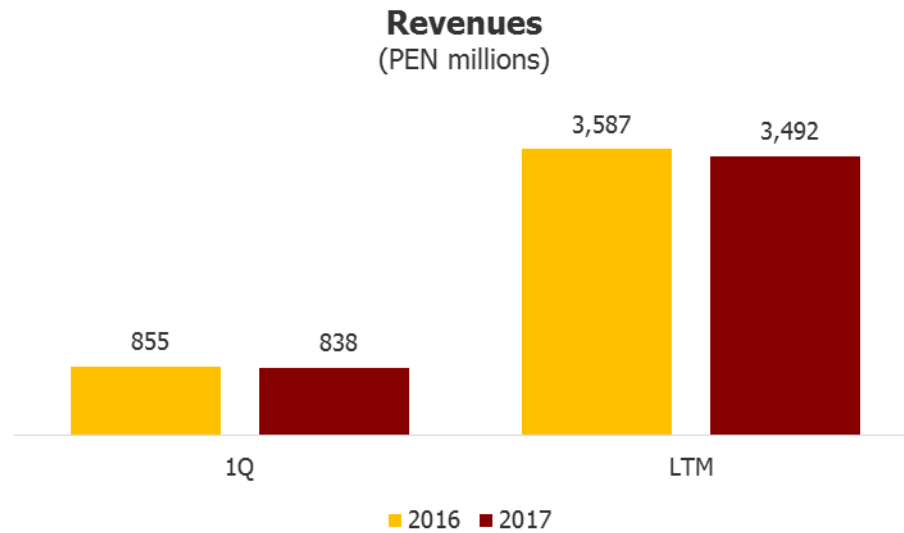
■ Exports and Port Operations

During the 1Q17, total exported clinker through our Conchan pier was 20,000 tons, 30,000 tons lower than the volume exported on 1Q16, due to the high competition on the international market

Additionally, the tonnage of bulk solids operated by the Conchan pier during the quarter was 70,000 tons, a 31.4% decrease compared to the same period of the previous year, explained by lower unloaded shipments of coal in the Conchan pier during the period.

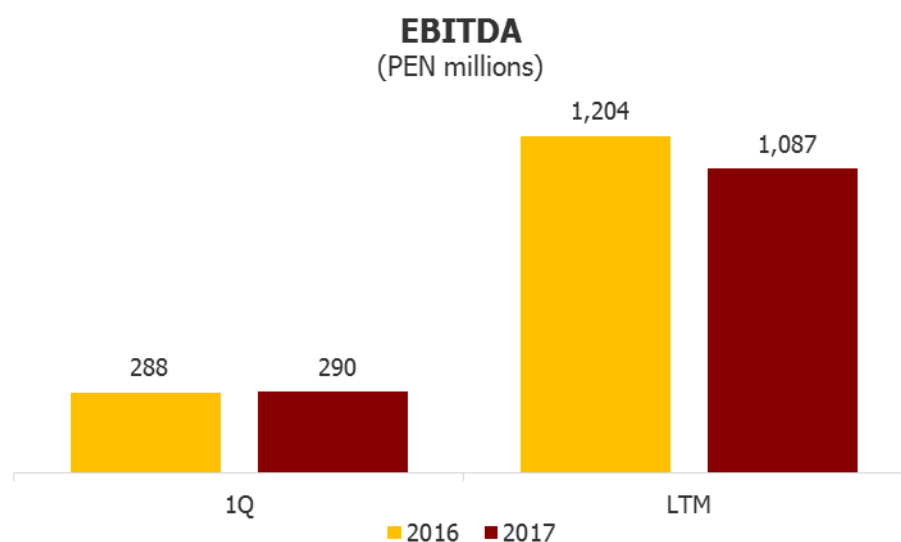
III. UNACEM AND SUBSIDIARIES CONSOLIDATED - FINANCIAL RESULTS

- Consolidated revenues



Consolidated revenues in the 1Q17 were PEN 838 million, 2.0% lower than in the 1Q16. This decrease is explained by lower cement volumes in Peru (net of higher average prices), lower energy volumes sold by Celepsa, and FX conversion from USD to PEN from our subsidiaries reporting in foreign currency.

■ EBITDA

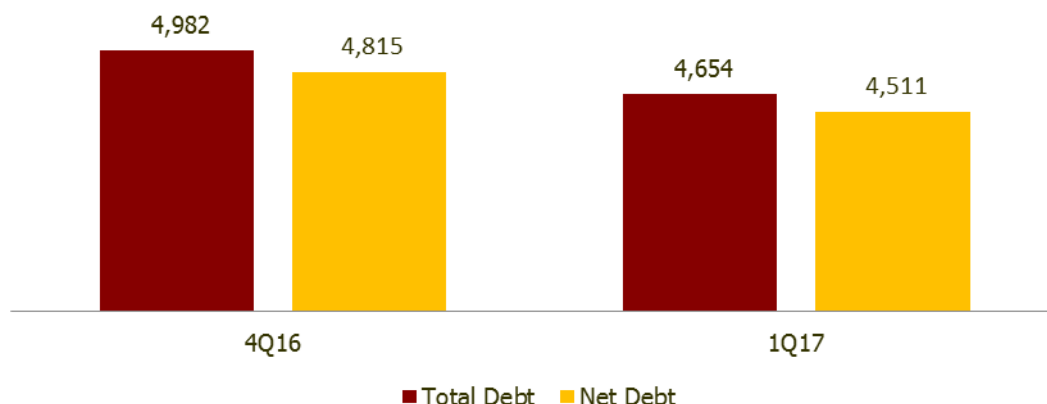


EBITDA in the 1Q17 was PEN 290 million, a figure 0.9% higher than that of 1Q16. EBITDA margin during 1Q17 was 34.7%.

LTM EBITDA was 9.7% lower than the one recorded during the previous period, due to lower cement and ready mix sold in Peru, lower volumes in Ecuador, higher cost of energy bought in the spot market by Celepsa, and FX volatility that implied higher COGS and SG&A due to worker’s profits sharing and management and board fees.

■ Debt

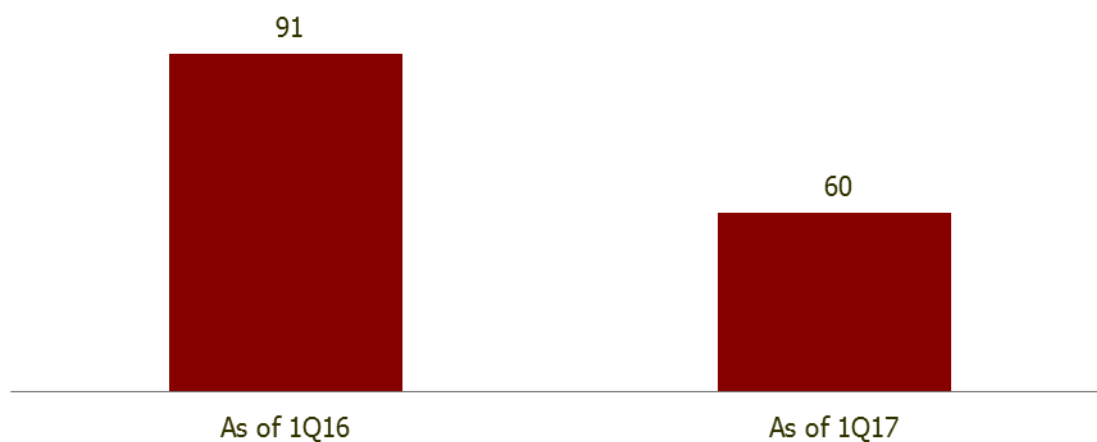
Total Debt and Net Debt
(PEN millions)



As of March 31st, 2017, Net Debt/EBITDA ratio was 4.1x, lower than the 4.3x reported at the end of 2016. Our Debt in PEN recorded an important decrease due to scheduled amortizations. During this period, UNACEM stand-alone refinanced PEN 260 million of short term debt for a 3-year bullet facility.

■ CAPEX

CAPEX
(PEN millions)



As of March 31st, 2017, CAPEX totaled PEN 60 million, 34.1% lower than in March 31st, 2016, which recorded PEN 91 million. The main disbursement corresponds to Celepsa’s work in progress on the development of the Hidro Marañon Hydroelectric Power Plant which will be concluded during the 2Q17; the balance corresponds to minors projects in the rest of the companies of the group.

IV. MAJOR SUBSIDIARIES AND AFFILIATES

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

- UNICON Consolidated

		UNICON Consolidated		
		1Q16	1Q17	Var. %
Volume of ready mix	(thousands of m3)	624	636	2%
Revenues	(PEN million)	187	209	11%

Includes Concremax and all business units of UNICON

UNICON’s revenues in the 1Q17 increased by 11% compared to the same period of 2016 with an increase in the ready mix volume that totaled 636 thousand m³ with higher average prices. This performance was explained mainly by dispatches to some important clients such as Line 2 of the Lima Metro and the Toromocho expansion project.

■ Celepsa

		Celepsa		
		1Q16	1Q17	Var. %
Sales of energy	(GWh)	445	368	-17%
Revenues	(PEN million)	95	80	-16%

Celepsa's energy sales recorded a 16% decrease in the 1Q17 compared to the same period of 2016, due to lower demand from our contracted clients, including Unacem stand-alone among others.

■ UNACEM Ecuador

		UNACEM Ecuador		
		1Q16	1Q17	Var. %
Sales of cement	(in thousand tons)	276	289	5%
Sales	(PEN million)	123	120	-3%

UNACEM Ecuador's volume sold during the quarter rose by 5% with respect to 1Q16. Revenues in PEN were 2.7% lower than in 1Q16 due to the FX conversion effect despite USD revenues were 2.6% higher than the same period of the previous year.

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	1.890
Maximum quote	LTM / PEN	2.950
Return LTM	1Q17	15.6%

Source: Bloomberg as of 03.31.2017

UNACEM 2021 5 7/8 Corp	Mar. 31	Since Issuance	
	2017	Min.	Max
Price	104.13	94.05	106.13
Yield	4.86%	4.52%	7.16%

Source: Bloomberg as of 03.31.2017

VI. SIGNIFICANT EVENTS

- ▶ The Board agreed on January 27th, 2017, to pay a cash dividend of PEN 0.013 per ordinary share, to be paid on March 1st, 2017. This dividend total PEN 21,404,544 and was charged to Retained Earnings FY 2009.
- ▶ The General Shareholders Meeting held on March 23rd, 2017 approved the Annual Report and Audited Financial Statements of 2016 fiscal year and delegated in the Board the faculty to appoint 2017 external auditors.
- ▶ At the Board meeting held on April 28th, 2017, it was agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on June 1st, 2017. This dividend will total 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