

NEWSLETTER

3Q17

UNACEM S.A.A. AND SUBSIDIARIES CONSOLIDATED

I. EXECUTIVE SUMMARY

- ▶ Consolidated revenues during 3Q17 were PEN 919 million, 7.0% higher than consolidated revenues in 3Q16, due to higher cement and ready mix volumes sold in Peru, and higher cement volumes in Ecuador and the USA.
- ▶ Consolidated EBITDA in the 3Q17 was PEN 268 million, slightly lower (0.3)% than consolidated EBITDA in the 3Q16, mainly due to higher SG&A in Unacem stand-alone and Celepsa.
- ▶ Net profit during the period accounted for PEN 36 million, higher than the PEN 16 million loss registered in the 3Q16; due to lower FX losses during the period, passing from PEN 87 million in the 3Q16 to PEN 9 million in the 3Q17.

The most important figures for the quarter are shown below:

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

	3Q16	3Q17	Var. %	Sep-16 LTM	Sep-17 LTM	Var. %
Net Revenues	858	919	7.0%	3,494	3,540	1.3%
EBITDA	269	268	-0.3%	1,180	1,048	-11.2%
EBITDA Margin	31%	29%	---	34%	30%	---
Net Income	-16	36	225.0%	90	126	39.2%
Net Margin	-2%	4%	---	3%	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
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
	I-III	3,315	3,827	3,808	8,091
	IV	1,435	1,311	1,301	2,760
	I-IV	4,750	5,138	5,109	10,852
2017	I	1,156	1,209	1,206	2,598
	II	992	1,217	1,208	2,565
	III	844	1,288	1,290	2,721
	I-III	2,992	3,715	3,705	7,884
Variation					
17-I-III/16-I-III		-9.7%	-2.9%	-2.7%	-2.6%
17-III/16-III		-23.1%	-0.2%	0.4%	-0.5%
17-III/17-II		-14.9%	5.8%	6.8%	6.1%

Source: UNACEM, ASOCEM, SUNAT.

■ Production

UNACEM's clinker production in Peru during 3Q17 accounted for 844 thousand tons, 23.1% lower than the production recorded in 3Q16. With respect to 2Q17, clinker production was 14.9% lower. Clinker production decreased due to the stoppage of Kiln 2 at the Atocongo plant oriented to reducing the accumulated clinker stock; operations resumed in mid-September; and, the stoppage of Kiln 2 and 3 at the Condorcocha plant due to a scheduled maintenance.

Cement production in UNACEM Peru in the 3Q17 was 1.3 million tons, a similar figure than the one recorded in the 3Q16 (0.2%), in line with lower clinker production and weak demand in the local market. Compared to the 2Q17, cement production increase by 5.8% as a result of the pick-up in the local demand.

Considering the production of both plants, the combined utilization rate as of the 3Q17 was 59% on clinker and 60% on cement.

■ Peruvian Domestic Market

UNACEM's local cement dispatches during the third quarter of the year totaled 1.3 million tons, figure 0.4% higher than the same period of 2016. With respect to the first nine months of the year, cement dispatches decreased by 2.7% mainly explained by the contraction of the sector due to the delay in the execution of important infrastructure projects and the impact of Coastal El Niño phenomenon which affected our dispatches mostly at the Condorcocha plant.

During the third quarter of 2017, total cement dispatches in the Peruvian market reached ~2.7 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.

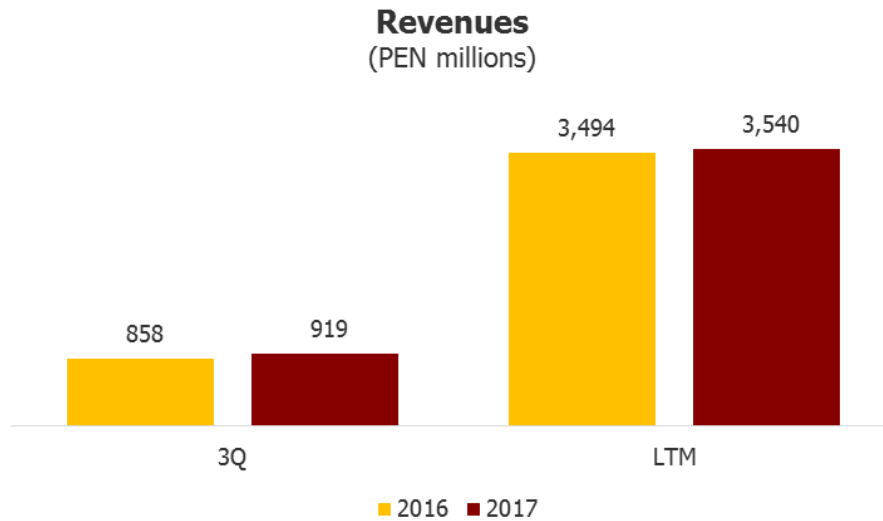
Therefore, UNACEM's market share in the Peruvian market was 47.4% during the third quarter, a similar figure than in the 3Q16 and higher than the 47.1% recorded during 2Q17.

■ Exports and Port Operations

During the 3Q17, the total tonnage of bulk solids operated by the Conchan pier was 333 thousand tons, a figure 246 thousand tons higher than the recorded in 3Q16. This is explained mainly by a higher volume of clinker exported during the quarter, which rose 174 thousand tons (22 thousand tons in 3Q16).

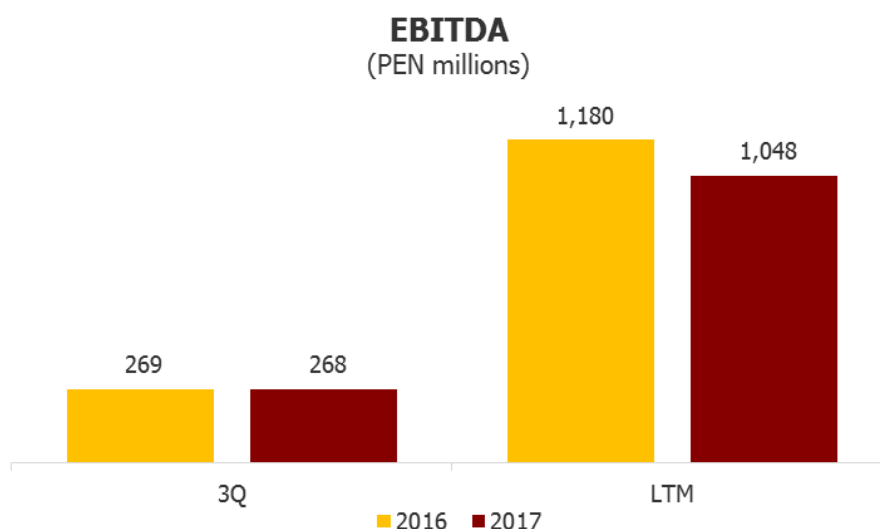
III. UNACEM AND SUBSIDIARIES CONSOLIDATED - FINANCIAL RESULTS

- Consolidated revenues



Consolidated revenues in the 3Q17 were PEN 919 million, 7.0% higher than in the 3Q16. This increase is explained by the recovery of cement and ready mix volumes in Peru, and higher cement volumes in Ecuador and the USA; all of this net from the FX conversion from USD to PEN from our subsidiaries reporting in foreign currency.

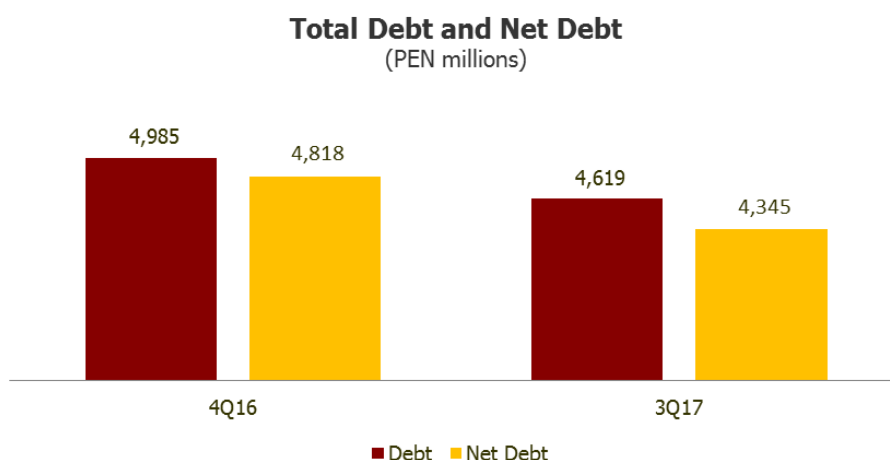
■ EBITDA



EBITDA in the 3Q17 was PEN 268 million, a similar figure (-0.3%) than that of 3Q16. EBITDA margin during 3Q17 was 29.2%.

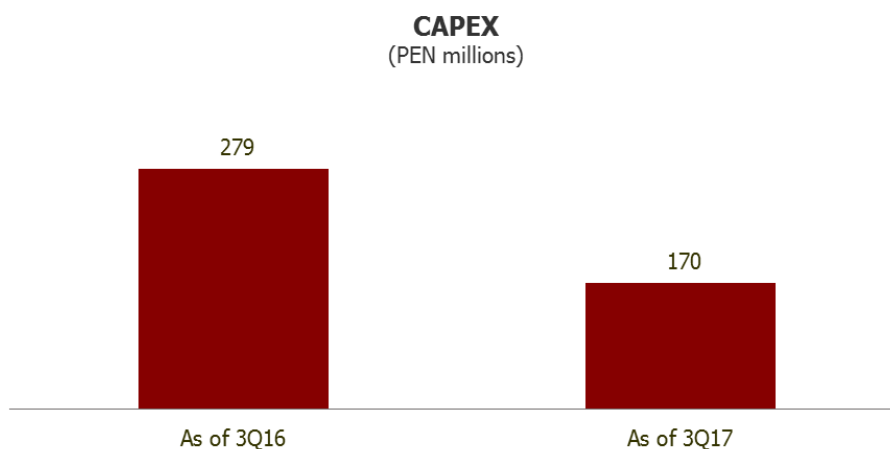
LTM EBTIDA was 11.2% lower than the one recorded during the previous period. This result is explained by lower cement and ready mix volumes sold in Peru during the first half of the year and higher costs of energy bought in the spot market by Celepsa. Additionally, the FX volatility implied higher COGS and SG&A due to worker’s profits sharing and, management and board fees, respectively. Finally, conversion from USD to PEN affected the revenues of our subsidiaries reporting in foreign currency.

■ Debt



As of September 30th, 2017, Net Debt/EBITDA ratio was 4.1x, lower than the 4.3x reported at the end of 2016. Our Debt in PEN recorded a decrease due to payments of scheduled amortizations.

■ CAPEX



As of September 30th, 2017, CAPEX totaled PEN 170 million, 39.1% lower than in September 30th, 2016, which recorded PEN 279 million. The main

disbursement corresponds to Celepsa’s conclusion of the Hidro Marañón Hydroelectric Power Plant which started operations in June 2017.

IV. MAJOR SUBSIDIARIES AND AFFILIATES

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

- UNICON Consolidated

UNICON Consolidated

		3Q16	3Q17	Var. %
Volume of ready mix	(thousands of m3)	699	661	-5%
Revenues	(PEN million)	209	219	5%

Includes Concremax and all business units of UNICON

UNICON’s revenues in the 3Q17 increased by 5% compared to the same period of 2016, despite lower ready mix volumes that totaled 661 thousand m³. This decrease was offset with higher average prices.

■ Celepsa

Celepsa

		3Q16	3Q17	Var. %
Sales of energy	(GWh)	401	318	-21%
Revenues	(PEN million)	82	69	-16%

Celepsa's energy sales recorded a 16% decrease in the 3Q17 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

		3Q16	3Q17	Var. %
Cement dispatches	(in thousand tons)	306	321	5%
Sales	(PEN million)	133	133	1%

UNACEM Ecuador's volume sold during the quarter rose by 5% with respect to 3Q16. Revenues in PEN maintain the same levels due to the FX conversion effect despite USD revenues were 4.4% higher than the same period of the previous year.

V. SHARES AND BONDS

UNACEMC1

Shares	Number	1,646,503,430
Market capitalization	PEN million	4,693
Current quote	PEN	2.850
Minimum quote	LTM / PEN	2.070
Maximum quote	LTM / PEN	2.900
Return LTM	3Q17	1.8%

Source: Bloomberg as of 09.30.2017

(*) Does not include dividends.

UNACEM 2021 5 7/8 Corp	Sep. 30	Since Issuance	
	2017	Min.	Max
Price	105.65	94.05	106.13
Yield	4.35%	4.32%	7.16%

Source: Bloomberg as of 09.30.2017

VI. SIGNIFICANT EVENTS

- ▶ On July 19th 2017, Unicon acquired 100% stake in Hormigonera Quito, Horquito Cia. in Ecuador for a total amount of USD 13 million.
- ▶ The Board agreed on July 21, 2017, to pay a cash dividend of PEN 0.013 per ordinary share, to be paid on August 24th, 2017. This dividend total PEN 21,404,544 and was charged to Retained Earnings FY 2009.
- ▶ At the Board meeting held on October 27, 2017, it was agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on November 30th, 2017. This dividend will total PEN 21,404,544 and will be charged to Retained Earnings FY 2011.

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