

NEWSLETTER

2Q17

UNACEM S.A.A. AND SUBSIDIARIES CONSOLIDATED

I. EXECUTIVE SUMMARY

- ▶ Consolidated revenues in 2Q17 were PEN 858 million, 1.4% lower than consolidated revenues in 2Q16, due to lower cement, ready mix and energy volumes. These results were partially offset with by higher volumes sold in our operations in Ecuador and the USA.
- ▶ Consolidated EBITDA in the 2Q17 was PEN 290 million, 11.9% lower than consolidated EBITDA in the 2Q16, for the reasons explained above.
- ▶ Net profit during the period accounted for PEN 64 million, lower by 19.0% than that registered in the 2Q16, 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)

	2Q16	2Q17	Var. %	Jun-16 LTM	Jun-17 LTM	Var. %
Net Revenues	870	858	-1.4%	3,556	3,480	-2.1%
EBITDA	329	290	-11.9%	1,218	1,048	-13.9%
EBITDA Margin	37.8%	33.8%	---	34.2%	30.1%	---
Net Income	79	64	-19.0%	146	74	-49.5%
Net Margin	9.0%	7.4%	---	4.1%	2.1%	---

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
	I-II	2,217	2,536	2,523	5,356
	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	1,209	1,206	2,598
	II	992	1,217	1,208	2,558
	I-II	2,148	2,427	2,415	5,156
Variation					
	17-I-II/16-I-II	-3.1%	-4.3%	-4.3%	-3.7%
	17-II/16-II	13.2%	-4.1%	-4.5%	-4.5%
	17-II/17-I	-14.2%	0.6%	0.2%	-1.6%

Source: UNACEM, ASOCEM, SUNAT.

■ Production

UNACEM's clinker production in Peru during 2Q17 accounted for 992 thousand tons, 13.2% higher than the production recorded in 2Q16. With respect to 1Q17, clinker production was 14.2% lower. Clinker production decreased due to the stoppage of Kiln 2 at the Atocongo plant, which aims at consuming the current clinker stock; and, the stoppage of Kiln 2 at the Condorcocha plant due to a scheduled maintenance.

Cement production in UNACEM Peru in the 2Q17 was 1.2 million tons, a 4.1% 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 as of the 2Q17 was 64% 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 4.5% lower than the same period of 2016. This decrease was 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 second 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.

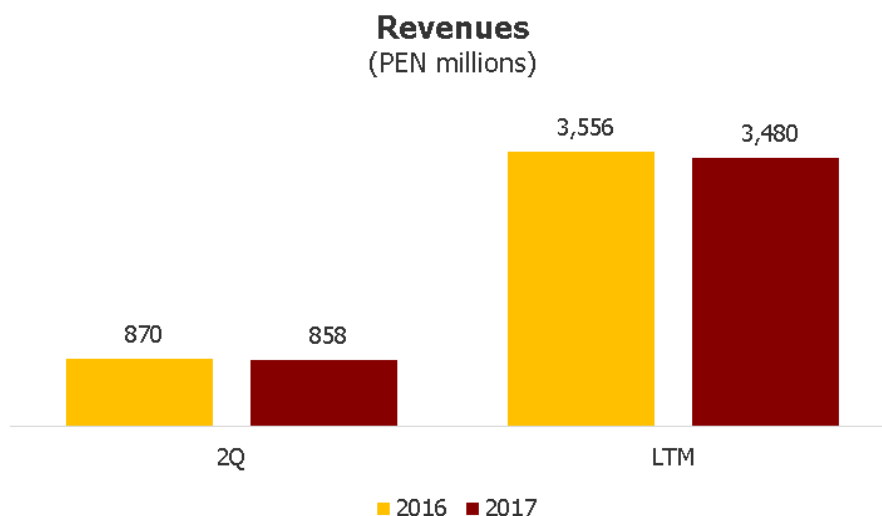
Therefore, UNACEM's market share in the Peruvian market was 47.2% during the second quarter, a similar figure than in the 2Q16 and higher than the 46.4% recorded during 1Q17.

■ Exports and Port Operations

During the 2Q17, the total tonnage of bulk solids operated by the Conchan pier was 207 thousand tons, a figure 92 thousand tons higher than the recorded in 2Q16. This is explained mainly by a higher volume of clinker exported during the quarter, which rose 120 thousand tons (42 thousand tons in 2Q16).

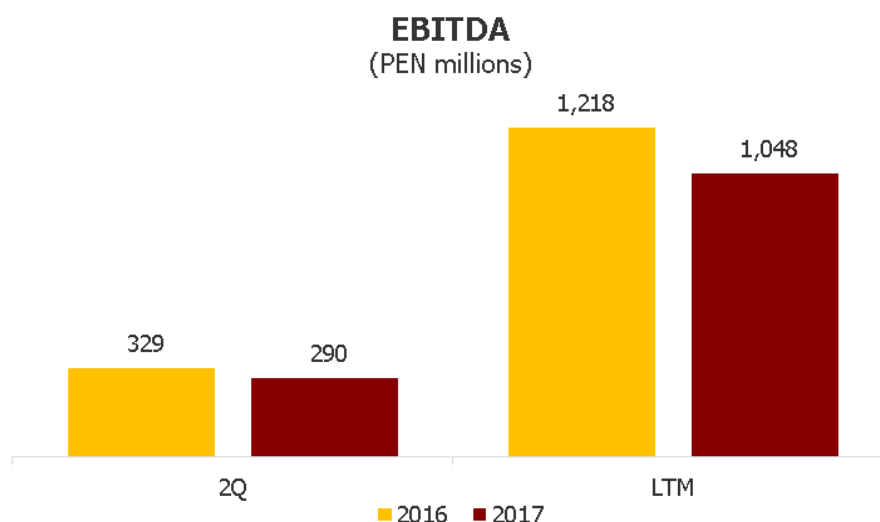
III. UNACEM AND SUBSIDIARIES CONSOLIDATED - FINANCIAL RESULTS

- Consolidated revenues



Consolidated revenues in the 2Q17 were PEN 858 million, 1.4% lower than in the 2Q16. This decrease is explained by lower cement and ready mix 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.

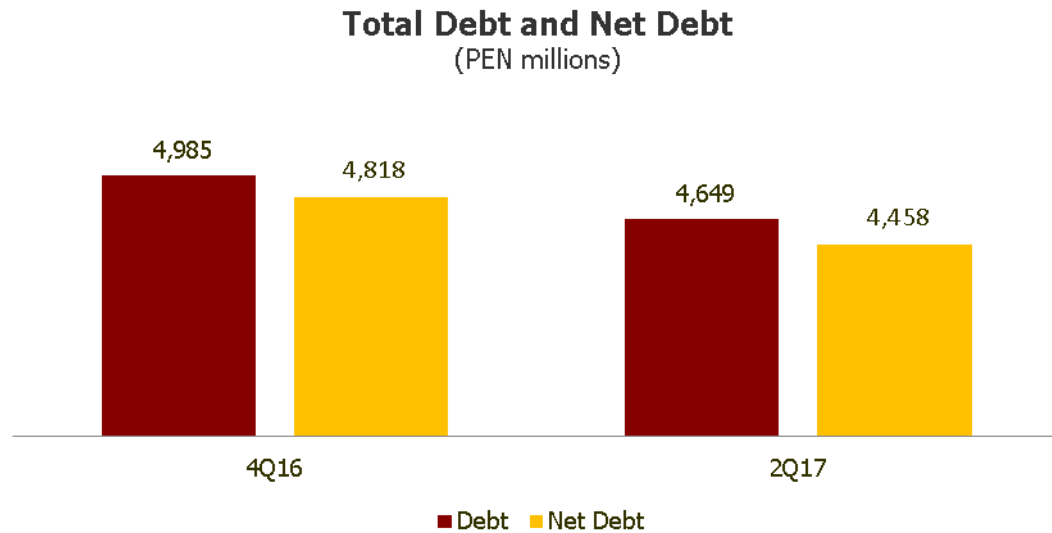
■ EBITDA



EBITDA in the 2Q17 was PEN 290 million, a figure 11.9% lower than that of 2Q16. EBITDA margin during 2Q17 was 33.8%.

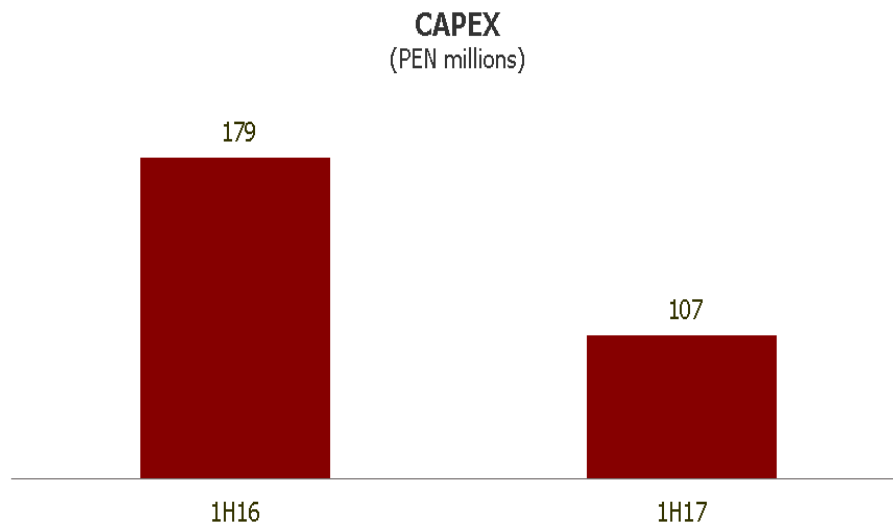
LTM EBITDA was 13.9% lower than the one recorded during the previous period. This result is explained by lower cement and ready mix volumes sold in Peru and Ecuador, and higher costs of energy bought in the spot market by Celepsa. Additionally, the FX volatility implied higher COGS and SG&A due to worker's profits sharing and management and board fees. Finally, conversion from USD to PEN affected the revenues of our subsidiaries reporting in foreign currency.

■ Debt



As of June 30th, 2017, Net Debt/EBITDA ratio was 4.2x, 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 June 30th, 2017, CAPEX totaled PEN 107 million, 39.9% lower than in June 30th, 2016, which recorded PEN 179 million. The main disbursement corresponds to Celepsa's conclusion of the Hidro Marañon 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		
		2Q15	2Q16	Var. %
Volume of ready mix	(thousands of m ³)	715	631	-12%
Revenues	(PEN million)	219	207	-5%

Includes Concremax and all business units of UNICON

UNICON's revenues in the 2Q17 decreased by 5% compared to the same period of 2016, with ready mix volumes that totaled 631 thousand m³. This decrease was offset with higher average prices due to dispatches to important clients such as Line 2 of the Lima Metro and the National Archeology Museum (Museo Nacional de Arqueología).

■ Celepsa

		Celepsa		
		2Q16	2Q17	Var. %
Sales of energy	(GWh)	395	322	-18%
Revenues	(PEN million)	80	69	-14%

Celepsa’s energy sales recorded a 14% decrease in the 2Q17 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		
		2Q16	2Q17	Var. %
Sales of cement	(in thousand tons)	282	288	2%
Sales	(PEN million)	121	121	0%

UNACEM Ecuador’s volume sold during the quarter rose by 2% with respect to 2Q16. Revenues in PEN maintain the same levels due to the FX conversion effect despite USD revenues were 1.7% higher than the same period of the previous year.

V. SHARES AND BONDS

UNACEMC1		
Shares	Number	1,646,503,430
Market capitalization	PEN million	3,886
Current quote	PEN	2.360
Minimum quote	LTM / PEN	2.070
Maximum quote	LTM / PEN	2.950
Return LTM*	2Q17	-5.6%

Source: Bloomberg as of 06.30.2017

(*) Does not include dividends.

UNACEM 2021 5 7/8 Corp	June 30	Since Issuance	
	2017	Min.	Max
Price	103.85	94.05	106.13
Yield	4.87%	4.42%	7.16%

Source: Bloomberg as of 06.30.2017

VI. SIGNIFICANT EVENTS

- ▶ The Board agreed on April 28th, 2017, to pay a cash dividend of PEN 0.013 per ordinary share, to be paid on June 1st, 2017. This dividend total PEN 21,404,544 and was charged to Retained Earnings FY 2009.
- ▶ On June 15th 2017, S&P Global Ratings change Unacem's and Subsidiaries consolidated rating from "BB+" to "BB" with a negative outlook.
- ▶ On July 19th 2017, Unicon acquired 100% stake in Hormigonera Quito, Horquito Cia. in Ecuador for a total amount of USD 13 million.
- ▶ At the Board meeting held on July 21, 2017, it was agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on August 24th, 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