

NEWSLETTER

4Q17

UNACEM S.A.A. AND SUBSIDIARIES CONSOLIDATED

I. EXECUTIVE SUMMARY

- ▶ Consolidated revenues during 4Q17 were PEN 953 million, 3.0% higher than consolidated revenues in 4Q16, due to higher cement and ready mix average prices in Peru, and higher sales in the USA.
- ▶ Consolidated EBITDA in the 4Q17 was PEN 303 million, 35.7% higher than consolidated EBITDA in 4Q16, mainly due to better operating results from Celepsa and Skanon, and better operating results across the board.
- ▶ Net profit during the quarter accounted for PEN 5 million, higher than the PEN 84 million loss registered in the 4Q16; due to better operating margins and lower financial expenses, which lowered from PEN 108 million to PEN 72 million.

The most important figures for the quarter are shown below:

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

	4Q16	4Q17	Var. %	Dec-16 LTM	Dec-17 LTM	Var. %
Net Revenues	925	953	3.0%	3,509	3,567	1.7%
EBITDA	224	303	35.7%	1,085	1,152	6.2%
EBITDA Margin	24%	32%	---	31%	32%	---
Net Income	-84	5	---	99	222	124.1%
Net Margin	-9%	1%	---	3%	6%	---

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	1,209	1,206	2,598
	II	992	1,217	1,208	2,565
	III	844	1,288	1,290	2,770
	IV	1,618	1,295	1,288	2,958
	I-III	4,610	5,010	4,993	10,891
Variation					
	17-I-IV/16-I-IV	-3.0%	-2.5%	-2.3%	0.4%
	17-IV/16-IV	12.7%	-1.2%	-1.0%	7.2%
	17-IV/17-III	91.6%	0.5%	-0.1%	6.8%

Source: UNACEM, ASOCEM, SUNAT.
Prepared by UNACEM.

■ Production

UNACEM's clinker production in Peru during 4Q17 accounted for 1.6 million tons, 12.7% higher than the production recorded in 4Q16. With respect to 3Q17, clinker production was 91.6% higher. The higher levels of production are mainly explained by the restart of kiln 2 of Atocongo Plant and kilns 2 and 3 of the Condorcocha plant. On the other hand, the total production of clinker

during 2017 decreased by 3.0% compared to 2016, mainly caused by the stoppage of kiln 2 in Atocongo Plant in order to reduce the high stock of clinker in those premises.

UNACEM cement production in Peru in 4Q17 totaled 1.3 million tons, slightly lower than that recorded in 4Q16 (-1.2%). In relation to 3Q17, production increased by 0.5% as a result of the improvement in the demand behavior in the local market.

Considering the production of both plants, the combined utilization rate as of 4Q17 was 69% clinker and 60% cement.

■ Peruvian Domestic Market

UNACEM domestic cement dispatches, during the fourth quarter of the year, totaled 1.3 million tons, 1.0% lower than that registered in the same period of 2016. With respect to the twelve months of the previous year, the cement dispatches decreased by 2.3%, mainly due to the slowdown in the construction sector due to the political environment, the delays in the infrastructure megaprojects and to the floods and rains that affected the dispatch the Condorcocha plant during the first half of this year coastal El Niño.

During the fourth quarter of 2017, total cement dispatches in the Peruvian market reached ~2.9 million tons, according to UNACEM's market research from several sources, a figure 7.2% higher than the 4Q16. This demand includes national producer's dispatches and an estimation of imported cement dispatched.

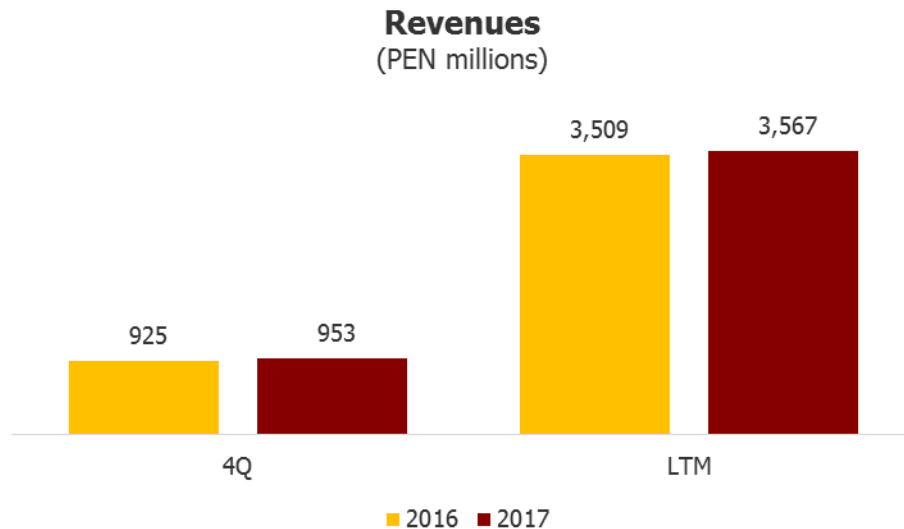
Therefore, UNACEM's market share in the Peruvian market passed from 46.6% in the 3Q17 to 43.6% during the fourth quarter. As of the 4Q17, UNACEM's market share was 45.8%, lower than the 47.1% reached in the 4Q16.

■ **Exports and Port Operations**

At the end of 2017, the tonnage of bulk solids operated by Conchan pier was 943 thousand tons, 95% higher than that registered at the end of 2016 (484 thousand tons). This is mainly explained by the higher volume of clinker exports traded during 2017, which reached 549 thousand tons (211 thousand tons in 2016). In addition, imports of coal, gypsum and slag were received during the year.

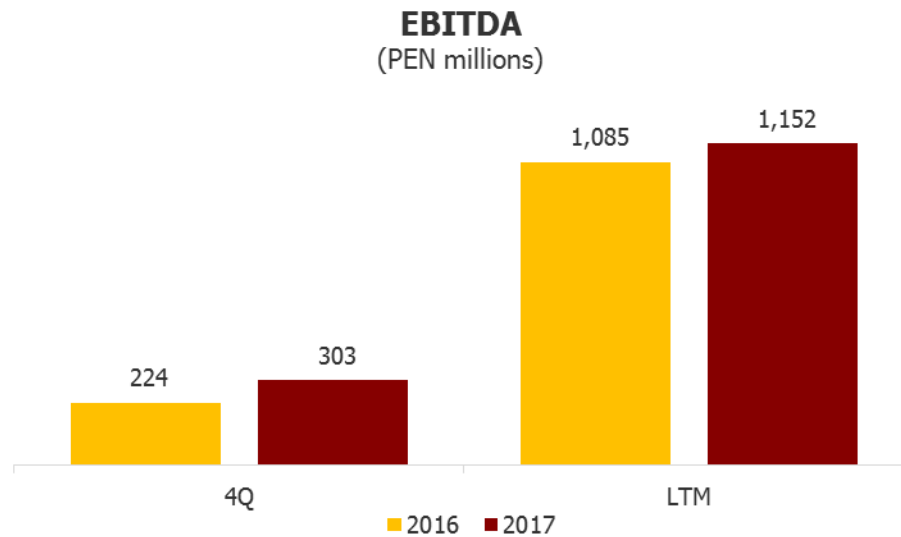
III. UNACEM AND SUBSIDIARIES CONSOLIDATED - FINANCIAL RESULTS

■ Consolidated revenues



Consolidated revenues in the 4Q17 were PEN 953 million, 3.0% higher than those recorded in 4Q16. At the end of 2017, consolidated revenues were 1.7% higher than in 2016. This increase is explained by the recovery of cement and ready-mix volumes in Peru, and higher cement volumes in Ecuador and the US; net of the effect of the exchange rate on the conversion of USD to PEN from the results of the subsidiaries that report in foreign currency.

■ EBITDA

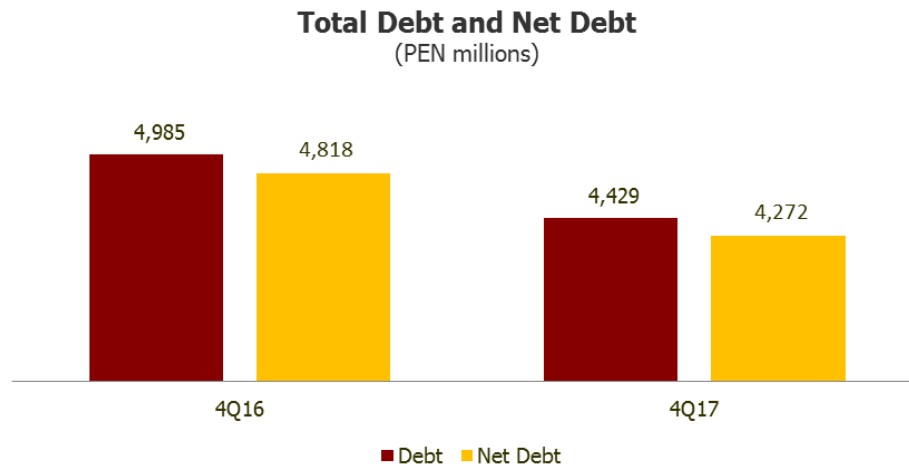


EBITDA in 4Q17 was PEN 303 million, a higher figure (35.7%) than EBITDA recorded in 4Q16, as a result of significant improvements in our ready-mix and energy businesses in Peru, and cement volumes in Ecuador and the US during the fourth quarter.

At the end of 2017, EBITDA was PEN 1.2 million, 6.2% higher than in 2016, representing an EBITDA margin of 32.3%. This improvement is explained by better operating margins as a result of higher average prices of cement and ready-mix in Peru, higher sales volume in Ecuador and the US and improvements in industrialized concrete structures results in Chile.

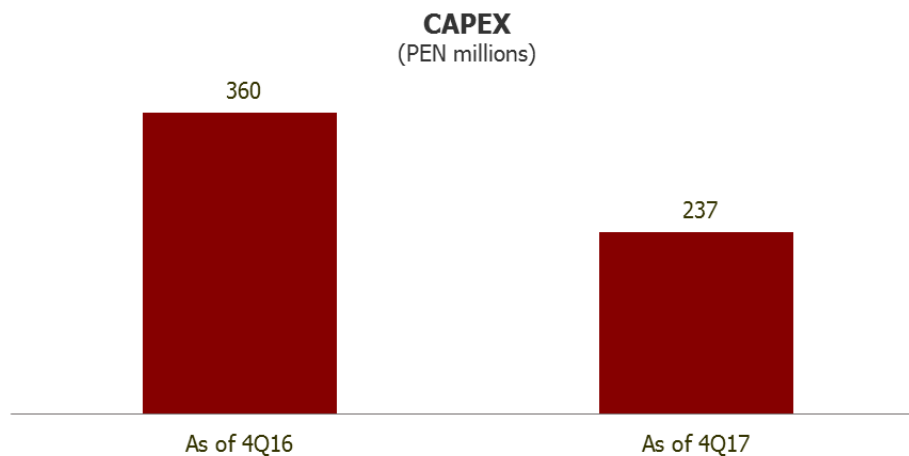
All of the above, despite the effect of the FX difference that had an impact on the cost of sales and administrative expenses through the participation of workers, and higher administrative expenses for management and board fees, respectively. Finally, the conversion of USD to PEN affected the income of the subsidiaries that report in foreign currency.

■ Debt



As of December 31, 2017, the Net Financial Debt / EBITDA ratio was 3.7x, lower than 4.3x at the end of 2016. Debt in PEN recorded a significant decrease as a result of payments made according to our established amortization schedule.

■ CAPEX



As of December 31, 2017, CAPEX amounted to PEN 237 million, 34.2% lower than that registered as of December 31, 2016, when this amounted to PEN 360 million. The main disbursement corresponds to the investment of Celepsa, to complete the Hidro Marañon Hydroelectric Power Plant project, which is already in operations since June 2017.

IV. MAJOR SUBSIDIARIES AND AFFILIATES

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

- UNICON Consolidated

		UNICON Consolidated		
		4Q16	4Q17	Var. %
Volume of ready mix	(thousands of m3)	716	702	-2%
Revenues	(PEN million)	212	248	17%

Includes Concremax and all business units of UNICON

UNICON's revenues in the 4Q17 increased by 17% compared to the same period of 2016, despite lower ready-mix volumes that totaled 702 thousand m³. This decrease was offset by higher average prices.

- Celepsa

		Celepsa		
		4Q16	4Q17	Var. %
Sales of energy	(GWh)	420	374	-11%
Revenues	(PEN million)	95	81	-15%

Celepsa's energy sales recorded a 15% decrease in the 4Q17 compared to the same period of 2016, due to lower demand from our contracted clients, including Unacem stand-alone, among others. However, cost efficiencies allowed the Company to improve margins.

■ UNACEM Ecuador

UNACEM Ecuador

		4Q16	4Q17	Var. %
Cement dispatches	(in thousand tons)	314	306	-3%
Sales	(PEN million)	135	127	-6%

UNACEM Ecuador’s volume sold during the quarter decreased by 6% with respect to 4Q16. Revenues in PEN were lower due to the FX conversion effect.

As of the end of 2017, UNACEM Ecuador sales volumes were 2.1% higher than in 2016; USD revenues were 1.6% higher than in the previous year.

V. SHARES AND BONDS

UNACEMC1

Shares	Number	1,646,503,430
Market capitalization	PEN million	4,857
Current quote	PEN	2.950
Minimum quote	LTM / PEN	2.070
Maximum quote	LTM / PEN	3.020
Return LTM	4Q17	16.7%

Source: Bloomberg as of 12.31.2017

(*) Does not include dividends

UNACEM 2021 5 7/8 Corp	Dec. 31	Since Issuance	
	2017	Min.	Max
Price	103.25	94.05	106.13
Yield	4.93%	4.25%	7.16%

Source: Bloomberg as of 12.31.2017

VI. SIGNIFICANT EVENTS

- ▶ At the Board meeting held on October 27, 2017, it was agreed to pay a cash dividend of PEN 0.013 per ordinary share, paid from November 30th, 2017. This dividend will total PEN 21,404,544 and will be charged to Retained Earnings FY 2011.
- ▶ At the Board meeting held on January 26, 2018, it was agreed to pay a cash dividend of PEN 0.013 per ordinary share, payable on February 28th, 2018. This dividend will total PEN 21,404,544 and will be charged to Retained Earnings FY 2012.
- ▶ At the Board meeting held on February 23, 2017, it was agreed to hold the Annual Shareholders' Meeting on March 23, 2018. In addition, among other agreements, the meeting approved the creation of the new Committee on Ethics and Good Conduct, and appointed Mr. Oswaldo Avilez D'Acunha, Mr. Hernan Torres Marchal and Mr. Roque Benavides Ganoza as members of that committee.

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

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Investor Relations team of
UNACEM or you have any
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