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Cementos Pacasmayo S.A.A. Announces Consolidated Results for Fourth Quarter 2019

Lima, Peru, February 12, 2020 – Cementos Pacasmayo S.A.A. and subsidiaries (NYSE: CPAC; BVL: CPACASC1) ("the Company" or "Pacasmayo") a leading cement company serving the Peruvian construction industry, announced today its consolidated results for the fourth quarter ("4Q19") and the full year ("2019") ended December 31, 2019. These results have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are stated in nominal Peruvian Soles (S/).

4Q19 Financial and Operational Highlights:

(All comparisons are to 4Q18, unless otherwise stated)

- **Sales volume** of cement, concrete and precast increased 7.7% mainly due to higher sales to the public sector, for Coastal El Niño reconstruction spending, some medium-sized private projects, as well as the self-construction segment.
- **Revenues** increased 9.8% primarily due to the increase in sales volume described above.
- **Net Income** of S/ 29.5 million. During 4Q18, there were two non-cash effects that had an impact on net income. Excluding these effects, net income would have been S/ 19.4 million. The 52.1% increase is mainly explained by the increased revenues described above, as well as higher operating profit and lower financial expenses.
- **Consolidated EBITDA** of S/ 100.9 million; a 10.9% increase, primarily due to increased sales.
- **Cement EBITDA margin** of 27.0%, a 0.5 percentage points increase.

2019 Financial and Operational Highlights:

(All comparisons are to 2018, unless otherwise stated)

- **Sales volume** of cement, concrete and precast increased 10.6%, mainly due to higher sales to the public sector, for Coastal El Niño reconstruction spending, as well as medium-sized private projects and self-construction.
- **Revenues** increased 10.3%, primarily due to the increase in sales volume described above.
- **Net Income** of S/ 132.0 million, a 75.8% increase mainly due to higher operating income and lower financial expenses, as well as the non-recurring impact mentioned above.
- **Consolidated EBITDA** of S/ 400.3 million; a 7.7% increase, primarily due to increased sales.
- **Cement EBITDA margin** of 28.7%, a 0.9 percentage points decrease, mainly due to temporary cost increases from the transport of clinker from Piura to Pacasmayo, the changes in our sales mix and use of imported clinker during the first half of the year

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	Financial and Operating Results					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Financial and Operating Results						
Cement, concrete and precast shipments (MT)	706.7	656.2	7.7%	2,615.4	2,364.1	10.6%
In millions of S/						
Sales of goods	374.7	341.4	9.8%	1,392.7	1,262.9	10.3%
Gross profit	125.9	125.7	0.2%	486.9	466.7	4.3%
Operating profit	67.5	57.8	16.8%	270.5	241.8	11.9%
Net income	29.5	-11.5	N/R	132.0	75.1	75.8%
Consolidated EBITDA	100.9	91.0	10.9%	400.3	371.6	7.7%
Cement EBITDA /1	101.0	90.6	11.5%	400.4	374.2	7.0%
Gross Margin	33.6%	36.8%	-3.2 pp.	35.0%	37.0%	-2.0 pp.
Operating Margin	18.0%	16.9%	1.1 pp.	19.4%	19.1%	0.3 pp.
Net income Margin	7.9%	-3.4%	11.3 pp.	9.5%	5.9%	3.6 pp.
Consolidated EBITDA Margin	26.9%	26.7%	0.2 pp.	28.7%	29.4%	-0.7 pp.
Cement EBITDA Margin	27.0%	26.5%	0.4 pp.	28.7%	29.6%	-0.9 pp.

1/ Corresponds to EBITDA excluding the Salmueras Sudamericanas project not linked to the cement business and whose assets were written-off in 4Q17.

Management Comments

During 4Q19, we continued seeing a strong trend in sales volumes, which led to over 10% growth, despite a strong comparable basis. Moreover, we are very pleased with the performance of the concrete and precast segments, which have continued paving the path to our 2030 vision. Concrete and pavement sales increased 20.4% this quarter compared to the same period of last year, and precast sales increased 42.6% during the same period. We believe that, even though some very concrete demanding projects concluded this quarter, such as the Mall Aventura in Chiclayo, there are others in the pipeline that will bring additional demand in the upcoming months. In terms of profitability, our cement EBITDA grew 11.5% this quarter compared to the same period last year, mainly due to the increase in sales volume mentioned above.

We would like to take this opportunity to review the year, in terms of financial results as well as strategy and steps taken for future growth and the sustainability of our business. This has been an extraordinary year in sales volumes. Overall cement, concrete and precast volumes grew 10.6% this year, the highest annual growth rate we have seen since 2012. It is important to mention that non-bagged cement was an important driver of this growth, with concrete and pavement growing 44.6% and precast growing 15.6% compared to 2018, and growing as a percentage of our sales, from 12.6% in 2018 to 16.1% in 2019. In terms of EBITDA, in 2019 we accumulated an all-time record of S/ 400 million. We are very pleased with these results but will continue to push for further improvement in 2020 and beyond.

Strategically in 2018 we launched our new vision of becoming a building solutions company and we have worked on various fronts during 2019 to get us closer to our 2030 goals. Firstly, we have started a process of cultural transformation in the organization, since we believe this is key and sets the basis for future achievements. Secondly, we have promoted innovation projects to create new products and the use of digital channels to improve the customer experience.

In line with the cultural change that we want to promote, in 2019 we achieved a great milestone: we defined a new purpose for the organization, which will help us consolidate our identity, align our teams and strengthen the commitment to our stakeholders. This purpose was created with the participation of more than 1,300 employees, clients and users. Under the concept, "We build together the future you dream of", we express our essence, the legacy we want to leave. We believe that a better future is possible, but we are aware that only together we can generate great changes.

Another very important milestone this year has been our increased commitment to sustainability throughout the organization. We integrated sustainability commitments to guarantee more demanding social, environmental and governance standards in our operations. These efforts were rewarded with our inclusion in the Dow Jones Sustainability Index - MILA, a ranking that brings together companies with best practices in the region. Likewise, we obtained for the sixth consecutive year, the Distinctive as a Socially Responsible Company (ESR by its Spanish acronym), a stamp that rewards the Peruvian companies that most stood out in sustainability of their sector. This year, we are also part of Innovandi, the global cement and concrete research network, which was launched by the Global Cement and Concrete Association (GCCA) to promote innovation and sustainability in the industry. Pacasmayo is one of 24 companies worldwide, which has already committed to the principles of this network. Moreover, as we mentioned in previous quarters, we were able to switch our Piura plant to work with gas instead of coal, with resulted in a 3% decreased in CO2 emissions during this year.

In summary, we believe 2019 has been a transformational year, both in terms of the present and the future. We firmly believe that we need a successful present, with good financial, operational and sustainability results, to be able to build a stronger future.

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Economic Overview 4Q19:

During 4Q19, we continued seeing lower than expected GDP levels, but with significant differences between economic sectors. Agriculture remained strong, especially blueberries and avocados that grow mainly in the North. This in turn has a positive effect on cement volumes as it boosts self-construction. Construction GDP also grew above overall GDP, with an expected growth of 3% for 2019.

During 4Q19 two important initiatives of infrastructure spending were approved. First, the special authority for the Reconstruction announced that it would accelerate and boost the execution of reconstruction projects. This will be done through government-to-government contracts with developed countries such as the Netherlands, UK, France, Germany, among others. The Decree also reduces the procedures required for approval in order to expedite the execution of the projects. This allows the approval period to be reduced from 20 to 3 business days. The government to government scheme is similar to the one adopted recently for the construction of infrastructure for the Pan-American Games, which was a great success. We expect that, if these contracts come through, reconstruction spending should accelerate during 2020.

On another front, the Government established extraordinary measures to promote investment in November, in order to boost economic growth, through the implementation of the portfolio of projects prioritized in the National Infrastructure Plan (under public-private partnerships). The Decree refers to 52 projects, with an overall investment amount of around S/ 1 billion. The effect of these measures will probably be more palpable during the second half of 2020.

Finally, it is important to mention that Peru´s country risk is the lowest in the region.

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Peruvian Cement Industry Overview:

Pacasmayo, UNACEM and Cementos Yura supply most of the cement demand in Peru. Pacasmayo primarily supplies the northern region of Peru, while UNACEM supplies the central region and Cementos Yura the southern region.

The northern region of Peru, according to the Instituto Nacional de Estadística e Informática (INEI) and Apoyo Consultoría, represents approximately 23% of the country's population and 14% of national Gross Domestic Product ("GDP"). Despite the country's sustained growth over the last 10 years, Peru continues to have a significant housing deficit, estimated at 1.9 million households throughout the country as per the Ministry of Housing, Construction and Sanitation.

In Peru, the majority of cement is sold to a highly fragmented consumer base of individuals that tend to gradually buy bags of cement to build or to improve their homes, a segment the industry refers to as "self-construction".

Peruvian Cement Market

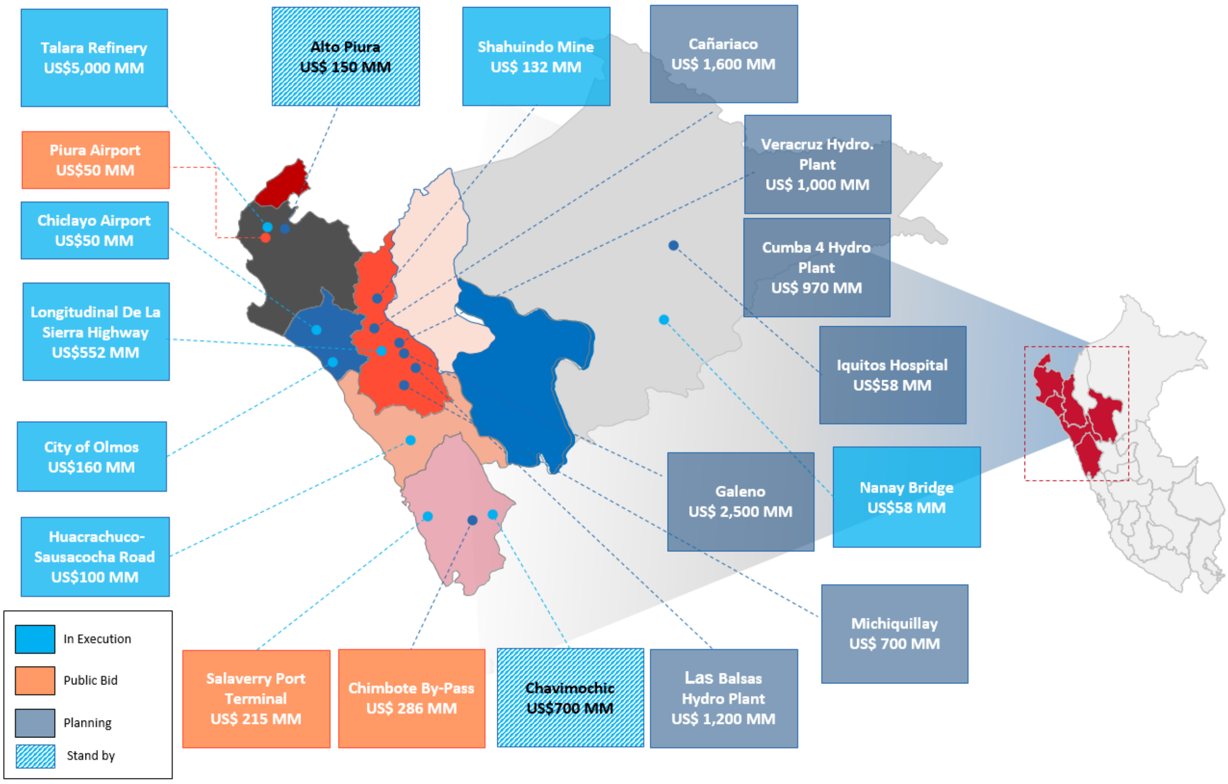
Shipments by Plant and Market Share

Northern Region (thousands of metric tons)						
Plant	2015	2016	2017	2018	Oct-19 LTM	% part
Pacasmayo Group	2,310	2,285	2,267	2,364	2,586	21.8%
Imports	12	-	76	32	13	0.1%
Total	**2,322**	**2,285**	**2,343**	**2,396**	**2,599**	**21.9%**
Central Region (thousands of metric tons)						
Plant	2015	2016	2017	2018	Oct-19 LTM	% part
UNACEM	5,546	5,110	4,993	5,058	5,314	44.9%
Caliza Inca	357	347	387	448	520	4.4%
Imports	507	490	496	885	747	6.3%
Total	**6,410**	**5,947**	**5,876**	**6,391**	**6,581**	**55.6%**
Southern Region (thousands of metric tons)						
Plant	2015	2016	2017	2018	Oct-19 LTM	% part
Yura Group	2,480	2,645	2,618	2,597	2,579	21.8%
Imports	3	18	42	65	88	0.7%
Total	**2,483**	**2,663**	**2,660**	**2,662**	**2,667**	**22.5%**
Total, All Regions	**11,215**	**10,895**	**10,879**	**11,449**	**11,847**	**100.0%**

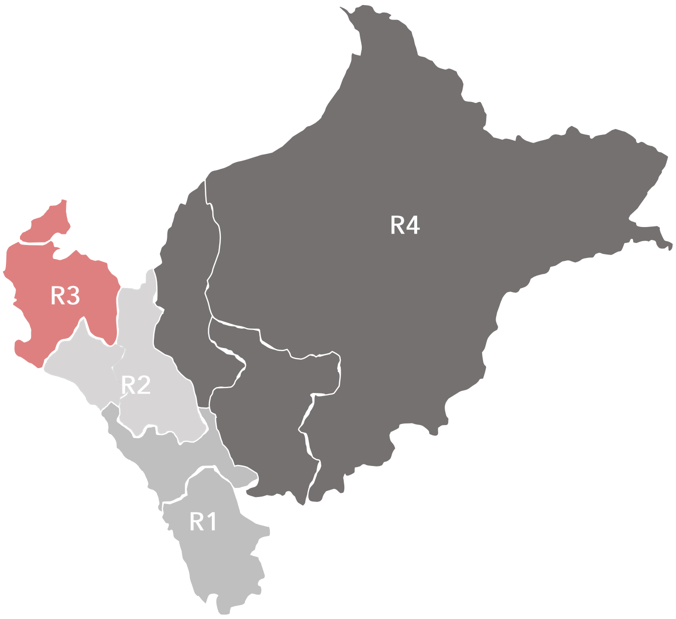
**Import figures are sourced from Aduanet. They represent quantities of imported cement, not shipped cement.*
Source: INEI, Aduanet

Infrastructure Investment in the Area of Influence:

Although the anticipated increase in Peru's large infrastructure projects has been delayed, this remains an important growth driver for the country and also a necessity due to Peru's significant infrastructure deficit. Although the progress of these projects has been slow, we have continued shipping cement to the ongoing projects, which are shown below, along with the potential demand for the upcoming years. In November, an Emergency Decree was published where extraordinary measures were established to promote investment, in order to boost economic growth, through the implementation of the portfolio of projects prioritized in the National Infrastructure Plan (under public-private partnerships). The Decree refers to 52 projects, with an overall investment amount of around S/ 1 billion.



There are some medium-sized projects that are ongoing or close to execution between 2019 and 2020 listed below. Most of these projects will demand concrete, pavement and other precast products, which are very important in terms of our new strategy as a building solutions company. This quarter we continued shipping concrete to the School for Non-Commissioned Officers in Tarapoto, and to the Auxiliary Units for Talara and we started providing cement to the Chiclayo Airport.



PROJECTS	
R3	Piura Airport Auxiliary Units Talara* Av. Bayovar*
R2	Chiclayo Airport AUNA Clinic*
R1	Salaverry Port Casma, Huarmey, Viru Bypasses Chimbote Bypass Magistral Mine*
R4	North Peruvian Pipeline* María Auxiliadora Hospital* School for Non-Commissioned Officers*

In addition, significant spending will be directed towards reconstruction works to address the damage caused by Coastal El Niño in 2017, based on Government's Reconstruction Plan. We have seen some acceleration in shipments for reconstruction during this year, but execution still remains low at 25% as of December, 2019. Moreover, on December 27, 2019, the Government announced by Executive Decree, that it would accelerate and boost the execution of reconstruction projects. This will be done through government-to-government contracts with developed countries such as the Netherlands, UK, France, Germany, among others. The Decree also reduces the procedures required for approval in order to expedite the execution of the projects. This allows the approval period to be reduced from 20 to 3 business days.

Operating Results:

Production:

Cement Production Volume (thousands of metric tons)

	Production					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Pacasmayo Plant	363.2	323.8	12.2%	1,367.5	1,155.3	18.4%
Rioja Plant	86.2	76.4	12.8%	301.1	272.9	10.3%
Piura plant	262.2	254.4	3.1%	954.4	918.0	4.0%
Total	711.6	654.6	8.7%	2,623.0	2,346.2	11.8%

During 4Q19 cement production volume at the Pacasmayo plant increased 12.2% compared to 4Q18 and 18.4% in 2019 compared to 2018, mainly due to increased sales volume from the public sector for reconstruction works, private investment projects and the self-construction segment.

Cement production volume at the Rioja Plant increased 12.8% in 4Q19 compared to 4Q18, and 10.3% in 2019 compared to 2018, mainly due to increased sales volumes, particularly to the city of Iquitos which we have started serving more aggressively this year.

Cement production volume at the Piura Plant increased 3.1% in 4Q19 compared to 4Q18, and 4.0% in 2019 compared to 2018. Mainly due to increased demand from reconstruction related projects during the last quarter. This was partially offset by production in the Pacasmayo plant for the Piura region since production of type V cement is concentrated in the Pacasmayo plant.

Total cement production volumes increased 8.7% in 4Q19 compared to 4Q18, and 11.8% in 2019 compared to 2018, in line with the increased demand mentioned above.

Clinker Production Volume (thousands of metric tons)

	Production					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Pacasmayo Plant	220.2	198.3	11.0%	864.3	831.4	4.0%
Rioja Plant	64.0	57.0	12.3%	230.9	211.3	9.3%
Piura Plant	236.1	160.9	46.7%	757.5	676.2	12.0%
Total	520.3	416.2	25.0%	1,852.7	1,718.9	7.8%

Clinker production volume at the Pacasmayo plant in 4Q19 increased 11.0% compared to 4Q18, and 4.0% in 2019 compared to 2018, mainly due to increased cement demand.

Clinker production volume at the Rioja plant increased 12.3% in 4Q19 compared to 4Q18 and 9.3% in 2019 compared to 2018, in line with increased cement production, particularly to the Iquitos market.

Clinker production volume at the Piura plant increased 46.7% in 4Q19 compared to 4Q18 and 12% in 2019 compared to 2018, mainly due to increased demand as well as additional clinker for cement production at the Pacasmayo plant and for inventory purposes.

Quicklime Production Volume
(thousands of metric tons)

	Production					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Pacasmayo Plant	17.8	7.9	125.3%	73.6	105.3	-30.1%

Quicklime production volume increased 125.3% in 4Q19, mainly due to higher demand and unusually low production levels in 4Q18. During 2019, quicklime production volume decreased 30.1%, compared to 2018, mainly due to decreased demand.

Installed Capacity:

Installed Cement and Clinker Capacity

Full year installed cement capacity at the Pacasmayo, Piura and Rioja plants remained stable at 2.9 million MT, 1.6 million MT and 440,000 MT, respectively.

Full year installed clinker capacity at the Pacasmayo, Piura and Rioja plants remained stable at 1.5 million MT, 1.0 million MT and 280,000 MT, respectively.

Utilization Rate[1]:

Pacasmayo Plant Utilization Rate

	Utilization Rate					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Cement	50.1%	44.7%	5.4 pp.	47.2%	39.8%	7.4 pp.
Clinker	58.7%	52.9%	5.8 pp.	57.6%	55.4%	2.2 pp.
Quicklime	29.7%	13.2%	16.5 pp.	30.7%	43.9%	-13.2 pp.

Cement production utilization rate at the Pacasmayo plant increased 5.4 percentage points in 4Q19 when compared to 4Q18, and 7.4 percentage points in 2019 compared to 2018, mainly due to the increased demand mentioned above.

Clinker production utilization rate in 4Q19 increased 5.8 percentage points compared to 4Q18, and 2.2 percentage points in 2019 compared to 2018, mainly due to increased demand.

Additionally, the quicklime production utilization rate increased 16.5 percentage points during 4Q19 compared with 4Q18, for the above mentioned reasons. During 2019, quicklime production utilization rate decreased 13.2 percentage points in 2019 compared to 2018, in line with decreased demand.

[1] The utilization rates are calculated by dividing production in a given period over installed capacity. The utilization rate implies annualized production, which is calculated by multiplying real production for each quarter by four.

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Rioja Plant Utilization Rate

	Utilization Rate					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Cement	78.4%	69.5%	8.9 pp.	68.4%	62.0%	6.4 pp.
Clinker	91.4%	81.4%	10.0 pp.	82.5%	75.5%	7.0 pp.

The cement production utilization rate at the Rioja plant was 78.4% in 4Q19 and 68.4% in 2019; an 8.9 percentage point increase as compared to 4Q18 and 6.4 percentage point increase as compared to 2018, mainly due to the increased demand in Iquitos city mentioned earlier.

The clinker production utilization rate at the Rioja plant was 91.4% in 4Q19 and 82.5% in 2019; a 10.0 percentage point increase compared to 4Q18 and 7.0 percentage points increase when compared to 2018 respectively, in line with increased demand.

Piura Plant Utilization Rate

	Utilization Rate					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Cement	65.6%	63.6%	2.0 pp.	59.7%	57.4%	2.3 pp.
Clinker	94.4%	64.4%	30.0 pp.	75.8%	67.6%	8.2 pp.

The cement production utilization rate at the Piura plant was 65.6% in 4Q19, and 59.7% in 2019; a 2.0 percentage point increase and a 2.3 percentage point increase when compared to 4Q18 and 2018 respectively, mainly due to increased demand.

The clinker production utilization rate at the Piura plant was 94.4% in 4Q19; 30.0 percentage points higher than in 4Q18, mainly due to increased cement demand, as well as some additional production to supply the Pacasmayo plant and production for inventory purposes. In 2019 the clinker production utilization rate at the Piura plant was 75.8%; 8.2 percentage points higher than 2018.

Consolidated Utilization Rate

	Utilization Rate					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Cement	57.6%	53.0%	4.6 pp.	53.1%	47.5%	5.6 pp.
Clinker	74.9%	59.9%	15.0 pp.	66.6%	61.8%	4.8 pp.

The consolidated cement production utilization rate was 57.6% in 4Q19, and 53.1% in 2019; 4.6 percentage points and 5.6 percentage points higher than in 4Q18 and 2018 respectively. This was mainly due to higher cement demand.

The consolidated clinker production utilization rate was 74.9% in 4Q19; 15.0 percentage points higher than in 4Q18, mainly due to increased demand for cement, as well as production for inventory purposes. In 2019, the consolidated clinker production utilization rate was 66.6%, a 4.8 percentage point increase when compared to 2018, mainly due to increased demand for cement.

Financial Results:

Income Statement:

The following table shows a summary of the Consolidated Financial Results:

Consolidated Financial Results
(in millions of Soles S/)

	Income Statement					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Sales of goods	374.7	341.4	9.8%	1,392.7	1,262.9	10.3%
Gross Profit	**125.9**	**125.7**	**0.2%**	**486.9**	**466.7**	**4.3%**
Total operating expenses, net	-58.3	-67.9	-14.1%	-216.4	-225.0	-3.8%
Operating Profit	**67.5**	**57.8**	**16.8%**	**270.5**	**241.8**	**11.9%**
Total other expenses, net	-18.8	-67.3	-72.1%	-76.2	-125.6	-39.3%
Profit before income tax	**48.7**	**-9.5**	**N/R**	**194.4**	**116.1**	**67.4%**
Income tax expense	-19.2	-2.1	N/R	-62.3	-41.0	52.0%
Profit for the period	**29.5**	**-11.5**	**N/R**	**132.0**	**75.1**	**75.8%**

During 4Q19, revenues increased 9.8% year-on-year mainly due to increased cement, concrete and precast sales volume. Gross profit increased to a lesser extent (0.2%) in 4Q19 compared to 4Q18, mainly due to higher production costs related to the shipment of clinker from Piura to Pacasmayo for the production of type V cement.

During 2019, revenues increased by 10.3%, mainly due to the recovery in cement, concrete and precast sales volume. Gross profit increased to a lesser extent (4.3%), mainly due to the use of higher-priced clinker during maintenance of the main kiln in Pacasmayo during 2Q19, as well as the above-mentioned reasons, which increased costs during the second half of the year. Profit for the period increased by 75.8%, mainly due to operational efficiencies and higher revenues, as well as one-off expenses during 4Q18.

Sales of Goods:

The following table shows the Sales of Goods and their respective margins by business segment:

**Sales: cement, concrete and precast
(in millions of Soles S/)**

	Cement, concrete and precasts					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Sales of goods	346.0	314.3	10.1%	1,289.0	1,134.7	13.6%
Cost of Sales	-223.4	-190.1	17.5%	-808.6	-675.2	19.8%
Gross Profit	122.6	124.2	-1.2%	480.4	459.5	4.5%
Gross Margin	35.4%	39.5%	-4.1 pp.	37.3%	40.5%	-3.2 pp.

Sales of cement, concrete and precast increased 10.1%, reflecting higher sales volume and higher average prices. Gross margin decreased 4.1 percentage points during 4Q19 compared to 4Q18 mainly due to increased production costs from the transport of clinker from Piura to Pacasmayo, as well as higher sales of concrete and precast, which have lower margins than cement but generate a higher overall profit.

During 2019, net sales of cement, concrete and precast increased 13.6%, mainly due to an increase in sales volume of cement and concrete, as well as higher average prices. Gross margin decreased 3.2 percentage points during 2019 compared to 2018, mainly due to the use of higher-priced clinker during the first half of the year, as well as increased sales of concrete and higher production costs mentioned above.

Sales of cement represented 82.0% of cement, concrete and precast sales during 4Q19.

	Cement					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Sales of goods	283.7	263.6	7.6%	1,065.5	975.6	9.2%
Cost of Sales	-170.7	-147.7	15.6%	-624.1	-535.0	16.7%
Gross Profit	113.0	115.9	-2.5%	441.4	440.6	0.2%
Gross Margin	39.8%	44.0%	-4.2 pp.	41.4%	45.2%	-3.8 pp.

Sales of cement increased 7.6% in 4Q19 compared to 4Q18, mainly due to increased sales volume, primarily to the public sector, for Coastal El Niño reconstruction spending and some medium-sized private projects, as well as higher sales to the self-construction segment. Gross margin decreased 4.2 percentage points, mainly due to the higher production and transportation costs mentioned above.

During 2019 cement sales increased 9.2% compared to 2018, mainly due to increased demand particularly from the public sector for small and medium sized projects, primarily Coastal El Niño reconstruction, as well as the self-construction segment. Gross margin decreased 3.8 percentage points, mainly due to the above-mentioned reasons, as well as to the use of higher-priced clinker during maintenance in Pacasmayo plant in 2Q19.

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Sales of concrete represented 15.5% of cement, concrete and precast sales during 4Q19.

	Concrete and Pavement					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Sales of goods	53.7	44.6	20.4%	197.7	136.7	44.6%
Cost of Sales	-45.8	-35.6	28.7%	-162.4	-117.3	38.4%
Gross Profit	7.9	9.0	-12.2%	35.4¿3	19.4	82.0%
Gross Margin	14.7%	20.2%	-5.5 pp.	17.9%	14.2%	3.7 pp.

Sales of concrete increased 20.4% during 4Q19 compared to 4Q18, and 44.6% in 2019 compared to 2018, mainly due to increased demand from small and medium size projects. Gross margin decreased 5.5 percentage points in 4Q19 compared to 4Q18, mainly due a change in the sales mix, because of the conclusion of large infrastructure projects during this quarter.

In 2019, gross margin increased 3.7 percentage points compared to 2018, mainly due to higher dilution of fixed costs as demand increases, as well as higher average prices.

Sales of precast represented 2.5% of cement, concrete and precast sales during 4Q19.

	Precast					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Sales of goods	8.7	6.1	42.6%	25.9	22.4	15.6%
Cost of Sales	-6.9	-6.8	1.5%	-22.1	-22.9	-3.5%
Gross Profit	1.8	-0.7	N/R	3.8	-0.5	N/R
Gross Margin	20.7%	-11.5%	32.2 pp.	14.7%	-2.2%	16.9 pp.

During 4Q19, precast sales increased 42.6% compared to 4Q18, mainly due to increased sales for Coastal El Niño reconstruction related projects. Gross margin also increased 32.2 percentage points, as we prioritized sales of higher margin products and recovered from negative margins in 4Q18.

During 2019, precast sales increased 15.6% when compared to 2018, and gross margin increased 16.9 percentage points, mainly due to the increased sales of higher margin products mentioned above.

Sales: Quicklime
(in millions of Soles S/)

	Quicklime					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Sales of goods	10.4	8.8	18.2%	36.1	57.6	-37.3%
Cost of Sales	-7.9	-8.0	-1.3%	-32.5	-52.3	-37.9%
Gross Profit	2.5	0.8	N/R	3.6	5.3	-32.1%
Gross Margin	24.0%	9.1%	14.9 pp.	10.0%	9.2%	0.8 pp.

Quicklime sales increased 18.2% in 4Q19, mainly due to increased demand from our largest client during this quarter. In 2019, quicklime sales decreased 37.3% compared to 2018, mainly due to decreased sales volume and changes in the sales mix. Gross margin increased 14.9 percentage points in 4Q19 and 0.8 percentage points in 2019, when compared to 4Q18 and 2018 respectively, mainly due to higher dilution of fixed costs during this quarter.

Sales: Construction Supplies[2]
(in millions of Soles S/)

	Construction Supplies					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Sales of goods	18.1	18.2	-0.5%	67.2	69.0	-2.6%
Cost of Sales	-17.4	-17.5	0.6%	-64.4	-67.2	-4.2%
Gross Profit	0.7	0.7	-	2.8	1.8	55.6%
Gross Margin	3.9%	3.8%	-1.1 pp.	4.2%	2.6%	1.6 pp.

In 4Q19, sales and gross margin of construction supplies remained in line with 4Q18. In 2019 sales decreased 2.6% compared with 2018 mainly due to decreased sales of steel bars. Gross margin increased 1.6 percentage points in 2019 when compared to 2018.

[2] Construction supplies include the following products: steel rebar, wires, nails, corrugated iron, electric conductors, plastic tubes and accessories, among others.

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Operating Expenses:

Administrative Expenses
(in millions of Soles S/)

	Administrative expenses					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Personnel expenses	17.9	19.6	-8.7%	84.4	84.7	-0.4%
Third-party services	16.3	12.7	28.3%	53.0	51.5	2.9%
Board of directors	1.5	1.8	-16.7%	6.7	6.8	-1.5%
Depreciation and amortization	4.1	3.6	13.9%	14.6	12.0	21.7%
Taxes	1.1	1.2	-8.3%	5.0	4.8	4.2%
Other	5.4	7.0	-22.9%	10.8	12.3	-12.2%
Total	**46.3**	**45.9**	**0.9%**	**174.5**	**172.1**	**1.4%**

Administrative expenses in 4Q19 and 2019 where in line with 4Q18 and 2018 respectively, despite a higher increase in sales, mainly due to our continued search for efficiency.

Selling Expenses
(in millions of Soles S/)

	Selling and distribution expenses					
	4Q19	4Q18	% Var.	2019	2018	% Var.
Personnel expenses	7.2	6.1	18.0%	26.8	21.7	23.5%
Advertising and promotion	1.7	3.8	-55.3%	7.0	13.1	-46.6%
Third-party services	1.1	1.4	-21.4%	4.9	4.8	2.1%
Expected credit losses for trade receivables	1.5	0.7	N/R	1.5	0.7	N/R
Other	1.5	1.2	25.0%	4.4	3.8	15.8%
Total	**13.0**	**13.2**	**-1.5%**	**44.5**	**44.1**	**0.9%**

Selling expenses in 4Q19 and 2019 were in line with 4Q18 and 2018 respectively.

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EBITDA Reconciliation:

Consolidated EBITDA
(in millions of Soles S/)

	Consolidated EBITDA					
	4Q19	4Q18	Var %.	2019	2018	Var %.
Net Income	29.5	-11.5	N/R	132.0	75.1	75.8%
+ Income tax expense	19.2	2.1	N/R	62.3	41.0	52.0%
- Finance income	-1.1	-1.0	10.0%	-2.6	-2.4	8.3%
+ Finance costs	19.2	28.9	-33.6%	78.0	87.3	-10.7%
'+Liquidation of financial instruments	-	34.9	N/R	-	34.9	N/R
Negociation derivative financial instruments	2.0	-2.6	N/R	1.5	-2.6	N/R
+/- Net loss from exchange rate	-1.3	7.0	N/R	-0.7	8.4	N/R
+ Depreciation and amortization	33.4	33.2	0.6%	129.8	129.9	-
Consolidated EBITDA	**100.9**	**91.0**	**10.9%**	**400.3**	**371.6**	**7.8%**
EBITDA from Salsud *	-0.1	0.4	N/R	-0.1	-2.6	N/R
Cement EBITDA	**101.0**	**90.6**	**11.5%**	**400.4**	**374.2**	**7.0%**

Consolidated EBITDA increased 10.9% in 4Q19 and 7.8% in 2019 compared to 4Q18 and 2018 respectively, mainly due to increased sales volume. Moreover, since last quarter we have had higher transportation costs because the demand for type V cement increased and its production is centralized in the Pacasmayo plant for the whole region. Finally, since the concrete segment is growing at a faster rate than cement, as expected according to our strategy, the consolidated EBITDA margin will tend to decrease since the concrete margin is lower. However, the increased sales of concrete will result in additional overall profit for the Company.

Cash and Debt Position:

Cash:

Consolidated Cash
(in millions of Soles S/)

As of December 31, 2019, the Company's cash position was S/ 68.3 million (US$ 20.6 million). This balance includes certificates of deposit for S/ 51.5 million (US$ 15.6 million), distributed as follows:

Bank	Amount (S/)	Interest Rate	Initial Date	Maturity Date
Banco de Crédito del Perú	S/34.5	2.40%	December 30th, 2019	January 6th, 2020
Banco de Crédito del Perú	S/17.0	2.70%	December 10th, 2019	January 16th, 2020
	S/51.5			

The remaining balance of S/ 16.8 million (US$ 5.1 million) is held mainly in the Company's bank accounts, of which US$ 1.0 million are denominated in US dollars and the remainder in Soles.

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Debt Position:

Consolidated Debt
(in millions of Soles S/)

Below are the contractual obligations with payment deadlines related to the Company's debt, including interest.

	Payments due by period				
	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years	Total
Indebtedness	98.8	-	400.7	570.0	1,069.5
Future interest payments	60.5	116.5	87.0	232.1	496.1
Total	**159.3**	**116.5**	**487.7**	**802.1**	**1,565.6**

As of December 31, 2019, the Company's total outstanding debt, as shown in the financial statements, reached S/ 1,101.9 million (US$ 332.2 million). This debt is primarily composed by the outstanding part of the international bond issued in February 2013, the two issuance of the local bond issued in January 2019 and short-term loans. Of this total debt, S/ 582.4 million are denominated in soles and US$ 156.6 million in US dollars.

As of December 31, 2019, the Company maintains cross currency swap hedging agreements for US$ 150 million in order to mitigate foreign exchange risks related to US dollar-denominated debt. The adjusted debt is S/ 1,069.5 million (US$ 322.4 million).

As of December 31, 2019, Net Adjusted Debt/EBITDA ratio was 2.5x

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Capex

Capex
(in millions of Soles S/)

As of December 31, 2019, the Company invested S/ 87.1 million (US$ 26.3 million), allocated to the following projects:

Projects	2019
Piura Plant Projects	12.3
Pacasmayo Plant Projects	25.0
Concrete and aggregates equipment	44.6
Rioja Plant	5.2
Total	**87.1**

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About Cementos Pacasmayo S.A.A.

Cementos Pacasmayo S.A.A. is a cement company, located in the Northern region of Peru. In February 2012, the Company's shares were listed on The New York Stock Exchange - Euronext under the ticker symbol "CPAC". With more than 61 years of operating history, the Company produces, distributes and sells cement and cement-related materials, such ready-mix concrete and precast materials. Pacasmayo's products are primarily used in construction, which has been one of the fastest-growing segments of the Peruvian economy in recent years. The Company also produces and sells quicklime for use in mining operations.

For more information, please visit: http://www.cementospacasmayo.com.pe/

Note: *The Company presented some figures converted from Soles to U.S. Dollars for comparison purposes. The exchange rate used to convert Soles to U.S. dollars was S/ 3.317 per US$ 1.00, which was the exchange rate, reported as of December 31, 2019 by the Superintendencia de Banca, Seguros y AFP's (SBS). The information presented in U.S. dollars is for the convenience of the reader only. Certain figures included in this report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregations of the figures presented in previous quarters.*

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, Company performance and financial results. Also, certain reclassifications have been made to make figures comparable for the periods. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

Consolidated statements of financial position

As of December 31, 2019 and 2018

Assets Current Assets	As of Dec-19 S/ (000)	As of Dec-18 S/ (000)
Cash and cash equivalents	68,266	49,067
Trade and other receivables	120,530	102,969
Income tax prepayments	30,191	36,748
Inventories	519,004	424,783
Prepayments	10,339	5,765
Total current assets	**748,330**	**619,332**

Non-current assets	As of Dec-19 S/ (000)	As of Dec-18 S/ (000)
Trade and other receivables	4,681	4,532
Prepayments	151	342
Financial instruments designated at fair value through other comprehensive income	18,224	26,883
Other financial instruments	-	12,268
Property, plant and equipment	2,100,682	2,152,724
Intangible assets	47,366	40,881
Goodwill	4,459	4,459
Deferred income tax assets	7,419	3,098
Other assets	246	105
Total non-current assets	**2,183,228**	**2,245,292**
Total assets	**2,931,558**	**2,864,624**

Liabilities and equity Current liabilities	As of Dec-19 S/ (000)	As of Dec-18 S/ (000)
Trade and other payables	237,299	154,565
Financial Obligations	98,774	60,822
Provisions	16,603	46,453
Total current liabilities	**352,676**	**261,840**

Non-current liabilities	As of Dec-19 S/ (000)	As of Dec-18 S/ (000)
Financial Obligations	1,003,130	1,022,555
Other financial instruments	1,302	-
Lease liabilities	57	-
Other non-current provisions	7,643	5,377
Deferred income tax liabilities	145,099	123,489
Total non-current liabilities	**1,157,231**	**1,151,421**
Total liabilities	**1,509,907**	**1,413,261**

Equity	As of Dec-19 S/ (000)	As of Dec-18 S/ (000)
Capital stock	423,868	423,868
Investment shares	40,279	40,279
Treasury shares	-121,258	-121,258
Additional paid-in capital	432,779	432,779
Legal reserve	168,636	168,356
Other accumulated comprehensive results	-19,853	-11,946
Retained earnings	497,200	519,285
Total equity	**1,421,651**	**1,451,363**
Total liabilities and equity	**2,931,558**	**2,864,624**

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Consolidated statements of profit or loss

For the three and twelve-month periods ended December 31, 2019 and 2018

	4Q19 S/ (000)	4Q18 S/ (000)	2019 S/ (000)	2018 S/ (000)
Sales of goods	374,712	341,374	1,392,701	1,262,934
Cost of sales	-248,837	-215,652	-905,806	-796,206
Gross profit	**125,875**	**125,722**	**486,895**	**466,728**
Operating income (expenses)				
Administrative expenses	-46,246	-45,852	-174,482	-172,141
Selling and distribution expenses	-12,966	-13,174	-44,533	-44,117
Other operating income (expenses), net	866	-8,852	2,645	-8,697
Total operating expenses , net	**-58,346**	**-67,878**	**-216,370**	**-224,955**
Operating profit	**67,529**	**57,844**	**270,525**	**241,773**
Other income (expenses)				
Finance income	1,062	992	2,576	2,367
Financial costs	-19,246	-28,991	-77,986	-87,338
Loss (gain) on the valuation of trading derivative financial instruments	-1,971	2,603	-1,491	2,603
Cumulative net loss on settlement of derivative financial instruments	-	-34,887	-	-34,887
Net gain (loss) from exchange difference, net	1,348	-7,036	729	-8,377
Total other expenses, net	**-18,807**	**-67,319**	**-76,172**	**-125,632**
Profit before income tax	**48,722**	**-9,475**	**194,353**	**116,141**
Income tax expense	-19,221	-2,050	-62,306	-40,995
Profit for the period	**29,501**	**-11,525**	**132,047**	**75,146**
Attributable to:				
Equity holders of the parent	29,501	-11,549	132,047	76,699
Non-controlling interests	-	24	-	-1,553
Net income	**29,501**	**-11,525**	**132,047**	**75,146**
Earning per share				
Basic and diluted for period atributable to equity holders of common shares and investment shares of the parent (S/ per share)	0.07	-0.03	0.31	0.18

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Consolidated statements of changes in equity

For the twelve-month periods ended December 31, 2019, 2018 and 2017

	Attributable to equity holders of the parent										
	Capital stock S/ (000)	Investment shares S/ (000)	Treasury shares S/ (000)	Additional Capital S/ (000)	Legal reserve S/ (000)	Unrealized gain (loss) on financial instruments designated at fair value S/ (000)	Unrealized gain (loss) on cash flow hedge S/(000)	Retained earnings S/ (000)	Total S/ (000)	Non-controlling interests S/ (000)	Total equity S/ (000)
Balance as of January 1, 2017	531,461	50,503	-108,248	545,165	188,075	145	-16,747	677,086	1,867,440	112,589	1,980,029
Profit for the year	-	-	-	-	-	-	-	93,782	93,782	-13,151	80,631
Other comprehensive income	-	-	-	-	-	-145	-26,952	-	-27,097	-	-27,097
Total comprehensive income	-	-	-	-	-	-145	-26,952	93,782	66,685	-13,151	53,534
Appropriation of legal reserve	-	-	-	-	9,379	-	-	-9,379	-	-	-
Contributions of non-controlling interests	-	-	-	-	-	-	-	-	-	491	491
Acquisition of investments shares holds in treasury	-	-	-34,216	-	-	-	-	-	-34,216	-	-34,216
Splitting effects of equity block	-107,593	-10,224	23,459	-118,569	-36,957	-	-	-	-249,884	-100,357	-350,241
Dividends	-	-	-	-	-	-		-149,837	-149,837	-	-149,837
Terminated dividends	-	-	-	-	189	-	-	-	189	-	189
Impairment on brine project	-	-	-	6,759	-	-	-	-	6,759	-	6,759
Other adjustments of non-controlling interest	-	-	-	-576	-	-	-	-	-576	576	-
Balance as of December 31, 2017	423,868	40,279	-119,005	432,779	160,686	-	-43,699	611,652	1,506,560	148	1,506,708
Profit for the year	-	-	-	-	-	-	-	76,699	76,699	-1,553	75,146
Other comprehensive income	-	-	-	-	-	4,002	27,751	-	31,753	-	31,753
Total comprehensive income	-	-	-	-	-	4,002	27,751	76,699	108,452	-1,553	106,899
Appropriation of legal reserve	-	-	-	-	7,670	-	-	-7,670	-	-	-
Contributions of non-controlling interest	-	-	-	-	-	-	-	-	-	1,405	1,405
Dividends	-	-	-	-	-	-	-	-161,396	-161,396	-	-161,396
Others	-	-	-2,253	-	-	-	-	-	-2,253	-	-2,253
Balance as of December 31, 2018	423,868	40,279	-121,258	432,779	168,356	4,002	-15,948	519,285	1,451,363	-	1,451,363
Changes in accounting policy	-	-	-	-	-	-	-	-13	-13	-	-13
Restated total equity as of January 1, 2019	423,868	40,279	-121,258	432,779	168,356	4,002	-15,948	519,272	1,451,350	-	1,451,350
Profit for the year	-	-	-	-	-	-	-	132,047	132,047	-	132,047
Other comprehensive loss	-	-	-	-	-	-6,105	-1,802	-	-7,907	-	-7,907
Total comprehensive income	-	-	-	-	-	-6,105	-1,802	132,047	124,140	-	124,140
Terminated dividends	-	-	-	-	280	-	-	-	280	-	280
Dividends	-	-	-	-	-	-	-	-154,119	-154,119	-	-154,119
Balance as of December 31, 2019	423,868	40,279	-121,258	432,779	168,636	-2,103	-17,750	497,200	1,421,651	-	1,421,651