Pacasmayo

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Cementos Pacasmayo S.A.A. Announces Consolidated Results for First Quarter 2020

Lima, Peru, April 29, 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 first quarter ("1Q20") ended March 31, 2020. These results have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are stated in nominal Peruvian Soles (S/).

1Q20 Financial and Operational Highlights:

(All comparisons are to 1Q19, unless otherwise stated)

- Due to the outbreak of **COVID-19**, the Peruvian Government declared a state of emergency since March 16, 2020, resulting in a halt in production and commercialization of all non-essential products, including cement.
- **Sales volume** of cement, concrete and precast decreased 6.0% primarily due to the halt in commercialization mentioned above. During the first 2 months of the year, sales volume of cement, concrete and precast increased 12.8% compared to the same period of 2019.
- **Revenues** decreased 4.4%, mainly due to the halt in commercialization. During the first two months of 2020, revenues increased 14.4% when compared to the same period of 2019.
- **Consolidated EBITDA** of S/72.3 million, a 22.8% decrease, mainly due to the halt in sales of cement mentioned above, as well as the increased costs derived from the stop in production.
- **Consolidated EBITDA margin** of 24.2%, a 5.7 percentage point decrease.
- **Net income** of S/ 10.7 million, a 64.5% decrease mainly due to decreased sales and increased costs mentioned above.

	Financial and Operating Results		
	1Q20	1Q19	% Var.
Financial and Operating Results			
Cement, concrete and precast sales volume (MT)	557.5	592.9	-6.0%
In millions of S/			
Sales of goods	299.3	313.2	-4.4%
Gross profit	92.0	112.1	-17.9%
Operating profit	38.2	61.6	-38.0%
Net Income	10.7	30.1	-64.5%
Consolidated EBITDA	72.3	93.6	-22.8%
Gross Margin	30.7%	35.8%	-5.1 pp.
Operating Margin	12.8%	19.7%	-6.9 pp.
Net Income Margin	3.6%	9.6%	-6.0 pp.
Consolidated EBITDA Margin	24.2%	29.9%	-5.7 pp.

Management Comments

During 1Q20, the unprecedented event of a global pandemic hit Peru. On March 15, 2020, President Vizcarra declared a state of emergency to prevent the massive spread of COVID-19, which would collapse our precarious healthcare system. The country has since been on hold, with no production or sales of any good or service except those considered essential. Following this government mandate, our operations have been stopped since March 16, 2020 and, as of the date of this report, we are unsure when they will be allowed to restart.

First, we believe it is important to mention the trend we were experiencing before the state of emergency was declared. If we look at revenues for the first two months of the year, compared to the same period of 2019, we see an outstanding increase of 14.4%. As in previous quarters, the concrete sector was performing exceptionally well, increasing almost 53% year-on-year as of February 2020. We believe this trend, as well as the possibility of the government focusing some of its recovery plan resources in infrastructure spending, may help in the recovery in sales volume.

We are strictly following the measures mandated by the government and so cannot produce or sell any cement except a very small amount for the mining industry. However, we have been working probably more than ever, to not only have all the safety measures and protocols in place to begin production as soon as legally possible, but also, working towards the future. We have been working with the Ministry of Production to present our plan to restart production, with the safety of our employees, as always, as our top priority. We have used this opportunity to start some initiatives we had already been considering, such as more extensive work from home arrangements. We have been pleasantly surprised with the results during the first weeks of home office for all. We were expecting some level of communications issues and meetings being less effective, since we are used to face-to-face interaction. However, the opposite has been proven so far; communication, especially with leaders and managers, has been enhanced, turnaround and response time has improved and meetings are shorter and more effective. These results encourage us to continue this working method beyond legal requirements, as we believe it will bring about higher productivity levels, increased well-being, and work-home balance for our employees.

Lastly, we would like to make it very clear that we remain focused on our long-term goals and firmly believe in the potential of our industry, and our company's ability to capitalize on this potential. We are aware that the world has changed and we need to adapt. We are ready for the challenge and will continue to work hard to generate long-term value.

Economic Overview for 1Q20:

During 1Q20, the COVID-19 pandemic had an initial impact on the Peruvian economy, although the full impact is still very uncertain. In Peru, as in the rest of the world, social isolation measures have been implemented that have affected, and will continue to affect, the economy significantly. It is still too early to know the full impact, since, as Apoyo Consultoría indicates, the business environment of the following months will depend on uncertain events that are currently under development.

On March 15, 2020, the Peruvian government declared a state of emergency and mandatory social isolation, as well as the closure of borders. All activities except essential activities (production and supply of food, pharmaceuticals and fuel, financial entities, insurance and pensions, health sector and the media) have been suspended. The mandatory social isolation occurred initially for 15 days but has been extended, for now, until May 10, 2020. It is still uncertain how the return to activities will occur; it is likely that after the quarantine period, additional measures of partial social isolation will be maintained. The timely publication of operating protocols will be key for companies to properly plan the reactivation of their businesses. It is likely that it will take until the end of the year for most economic activities to operate normally.

GDP growth for 2020 will depend on several factors, such as the final quarantine period, the size of the government's economic recovery plan, and its level and speed of execution. Below are the scenarios according to Apoyo Consultoría

Economic Growth Scenarios

Quarantine	4 continuous weeks	6 continuous weeks and 2 more throughout the year	6 continuous weeks and 4 more throughout the year
Restrictions on economic activity	In particular sectors until the end of winter	In particular sectors throughout the year	Generalized and throughout the year
Adjustments to costs in business and families	Moderate. Few companies go bankrupt	Strong. Bankrupcy in most affected sectors	Vert strong. Bankruptcy in various sectors
Deterioration of the global economy	Moderate recession, gradual recovery	Deep recession, gradual recovery	Deep recession, no recovery during this year
Government policy response	Moderate (3% of GDP)	Strong (12% of GDP) but slow execution	Stron (12% of GDP) but very slow execution
GDP (% var.)	**-4.5**	**-8**	**-12**

The plan that the Government has already implemented adds up to 12% of GDP. To give liquidity to this plan, the Government issued two bonds for the sum of US$ 3 billion, which obtained high demand, therefore attaining excellent rates: The Global Bond 2026 at a rate of 2.39%, and the Global Bond 2031 at a rate of 2.78%,

The construction sector will definitely be affected in this recession, especially the self-construction sector, which still represents an important part of our sales. However, in recent quarters, we have seen how concrete has begun to take a more predominant role, and in this sense, growth in infrastructure, if it is a sector prioritized by the Government, could help mitigate the fall in self-construction.

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Peruvian Cement Industry Overview:

Peruvian cement demand is mainly supplied by Pacasmayo, UNACEM and Cementos Yura, and by Caliza Inca, imports and other small players to a lesser extent. 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 29% of the country's population and 18% 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".

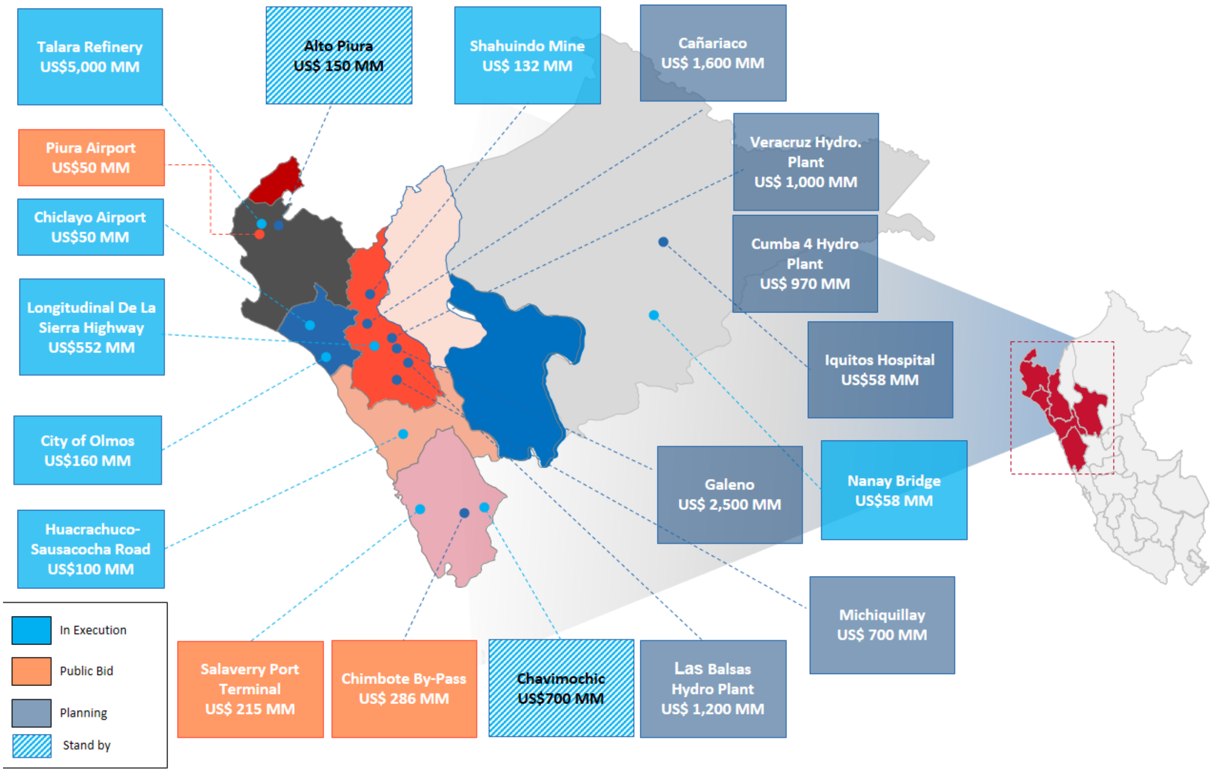
Peruvian Cement Market
Shipments by Plant and Market Share

Northern Region (thousands of metric tons)						
Plant	2016	2017	2018	2019	Feb LTM-20	% part
Grupo Pacasmayo	2,285	2,267	2,364	2,615	2,666	22.5%
Importaciones	-	76	32	13	14	0.1%
Total	**2,285**	**2,343**	**2,396**	**2,628**	**2,680**	**22.6%**
Central Region (thousands of metric tons)						
Plant	2016	2017	2018	2019	Feb LTM-20	% part
UNACEM	5,110	4,993	5,058	5,316	5,337	45.0%
Caliza Inca	347	387	448	513	502	4.2%
Imports	490	496	885	663	660	5.6%
Total	**5,947**	**5,876**	**6,391**	**6,492**	**6,499**	**54.8%**
Southern Region (thousands of metric tons)						
Plant	2016	2017	2018	2019	Feb LTM-20	% part
Grupo Yura	2,645	2,618	2,597	2,584	2,585	21.8%
Imports	18	42	65	98	102	0.9%
Total	**2,663**	**2,660**	**2,662**	**2,682**	**2,687**	**22.6%**
Total, All Regions	**10,895**	**10,879**	**11,449**	**11,802**	**11,866**	**100.0%**

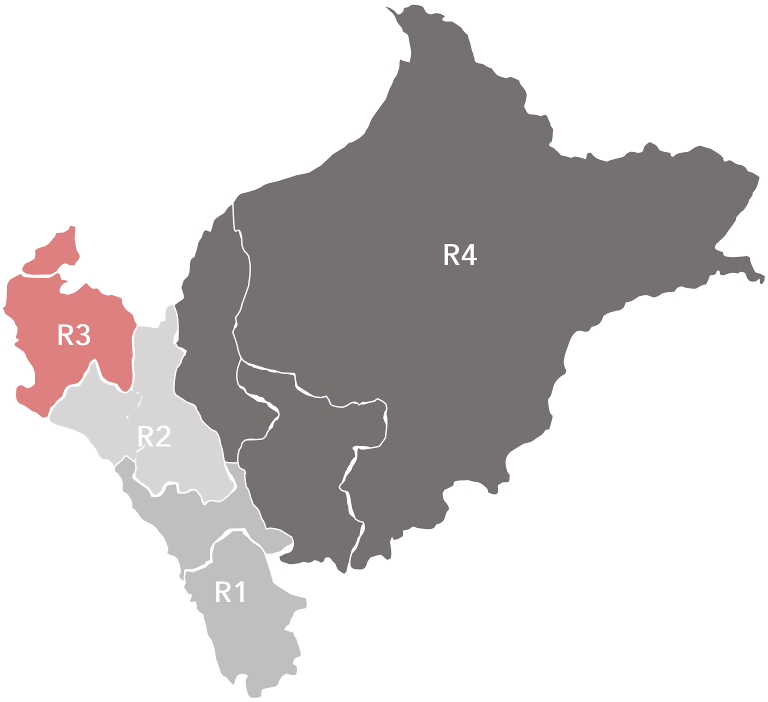
**Import figures are sourced from Aduanet. They represent quantities of imported cement, not shipped cement.*
Source: INEI, Aduanet

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 next 5 years. We do not know yet how these investments will be affected by the economic effects of COVID-19.



The projects below were those in execution or close to execution during 2020. 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. Given the economic impact of COVID-19, and the fact that we do not yet know the full extent of it, we cannot guarantee that these projects will continue during 2020.



	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 execution

Also, significant spending was directed towards reconstruction works to address the damage caused by Coastal El Niño in 2017, based on Government’s Reconstruction Plan. We had started seeing some acceleration in shipments for reconstruction related projects during 2019 and the first months of 2020. However, we are uncertain about the execution of these projects now that the government will have to focus their efforts on COVID-19 and its effects.

Operating Results:

Production:

Cement Production Volume
(thousands of metric tons)

	Production		
	1Q20	1Q19	% Var.
Pacasmayo Plant	271.3	296.0	-8.3%
Rioja Plant	61.3	70.0	-12.4%
Piura plant	223.1	230.9	-3.4%
Total	555.7	596.9	-6.9%

Cement production volume at the Pacasmayo plant decreased 8.3%, mainly due to the stop in production since March 16, 2020.

Cement production volume at the Rioja Plant decreased 12.4% in 1Q20 compared to 1Q19, mainly due to the halt in production.

Cement production volume at the Piura Plant decreased 3.4% in 1Q20 compared to 1Q19, to a lesser extent than the other plants, mainly due to high production levels during the first 2 months of the year because of increased demand.

Total cement production volumes decreased 6.9% in 1Q20 compared to 1Q19, in line with the stop in production.

Clinker Production Volume
(thousands of metric tons)

	Production		
	1Q20	1Q19	% Var.
Pacasmayo Plant	184.8	179.0	3.2%
Rioja Plant	49.5	54.5	-9.2%
Piura Plant	202.3	249.1	-18.8%
Total	436.6	482.7	-9.5%

Clinker production volume at the Pacasmayo plant increased 3.2%, despite the stop in cement production, mainly due to production low production levels in 1Q19 due to planned preventive maintenance of the kiln.

Clinker production volume at the Rioja plant decreased 9.2% in 1Q20 compared to 1Q19, mainly due to the stop in production.

Clinker production volume at the Piura plant decreased 18.8% in 1Q20 compared to 1Q19, mainly due to the stop in production in March, as well as a previous stop in production due to adjustments to the energy matrix.

Total clinker production volume decreased 9.5% in 1Q20 compared to 1Q19, mainly due to the halt in operations since March 16, 2020.

Quicklime Production Volume
(thousands of metric tons)

	Production		
	1Q20	1Q19	% Var.
Pacasmayo Plant	15.0	19.6	-23.5%

Quicklime production volume decreased 23.5% in 1Q20 compared to 1Q19, 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		
	1Q20	1Q19	% Var.
Cement	37.4%	40.8%	-3.4 pp.
Clinker	49.3%	47.7%	1.6 pp.
Quicklime	25.0%	32.7%	-7.7 pp.

Cement production utilization rate at the Pacasmayo plant in 1Q20 decreased 3.4 percentage points compared to 1Q19, mainly due to the halt in production.

Clinker production utilization rate increased 1.6 percentage points in 1Q20 compared to 1Q19, mainly due to increased production during the first 2 months of the year, which offset the decrease in March.

Additionally, the quicklime production utilization rate in 1Q20 decreased 7.7 percentage points, 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.

Rioja Plant Utilization Rate

	Utilization Rate		
	1Q20	1Q19	% Var.
Cement	55.7%	63.6%	-7.9 pp.
Clinker	70.7%	77.9%	-7.2 pp.

The cement production utilization rate at the Rioja plant was 55.7% in 1Q20; a 7.9 percentage point decrease as compared to 1Q19, mainly due to the halt in production explained above. Clinker production utilization rate was 70.7% in 1Q20; a 7.2 percentage point decrease as compared to 1Q19.

Piura Plant Utilization Rate

	Utilization Rate		
	1Q20	1Q19	% Var.
Cement	55.8%	57.7%	-1.9 pp.
Clinker	80.9%	99.6%	-18.7 pp.

The cement production utilization rate at the Piura plant was 55.8% in 1Q20, 1.9 percentage points less than 1Q19. The decrease was less than the overall decrease in production, because of high levels of production during the first 2 months of the year due to increased demand mainly from the public sector.

The clinker production utilization rate at the Piura plant was 80.9% in 1Q20; 18.7 percentage points lower than in 1Q19, mainly due to the halt in production mentioned above, as well as a previous stop due to adjustments in our energy matrix.

Consolidated Utilization Rate

	Utilization Rate		
	1Q20	1Q19	% Var.
Cement	45.0%	48.3%	-3.3 pp.
Clinker	62.8%	69.4%	-6.6 pp.

The consolidated cement production utilization rate was 45.0% in 1Q20; a 3.3 percentage points decreased compared to 1Q19, mainly due to the halt in production in March, partially offset by high production volumes in the Piura plant during the first 2 months of the year due to increased cement demand.

The consolidated clinker production utilization rate was 62.8% in 1Q20; 6.6 percentage points lower than in 1Q19 mainly due to the halt in production mentioned before.

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		
	1Q20	1Q19	% Var.
Sales of goods	299.3	313.2	-4.4%
Gross Profit	**92.0**	**112.1**	**-17.9%**
Total operating expenses, net	-53.8	-50.5	6.5%
Operating Profit	**38.2**	**61.6**	**-38.0%**
Total other expenses, net	-21.3	-19.0	12.1%
Profit before income tax	**16.9**	**42.6**	**-60.3%**
Income tax expense	-6.2	-12.5	-50.4%
Profit for the Period	**10.7**	**30.1**	**-64.5%**

Revenues decreased 4.4% in 1Q20 compared to 1Q19, mainly due to decreased sales volume as a result of the halt in production in March. During the first 2 months of the year, revenues increased 14.4% compared to the same period of 2019, mainly due to increased demand for cement and concrete. Gross profit decreased 17.9% in 1Q20 compared to 1Q19, mainly due to decreased revenues, as well as higher costs derived from the halt in production. Profit for the period decreased 64.5% in 1Q20 compared to 1Q19, primarily due to decreased revenues and higher costs mentioned above .

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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 precast		
	1Q20	1Q19	% Var.
Sales of goods	277.4	289.8	-4.3%
Cost of Sales	-186.7	-177.8	5.0%
Gross Profit	90.7	112.0	-19.0%
Gross Margin	32.7%	38.6%	-5.9 pp.

Sales of cement, concrete and precast decreased 4.3%, reflecting lower cement sales volume after the government's mandated state of emergency. Nonetheless, if we compare the first two months of the year with the same period of 2019, sales of cement, concrete and blocks increased 14.7%, mainly due to increased sales of cement and concrete, for reconstruction related projects and self-construction.

Sales of cement represented 82.4% of cement, concrete and precast sales during 1Q20.

	Cement		
	1Q20	1Q19	% Var.
Sales of goods	228.5	251.1	-9.0%
Cost of Sales	-141.8	-141.9	-0.1%
Gross Profit	86.7	109.2	-20.6%
Gross Margin	37.9%	43.5%	-5.6 pp.

Sales of cement decreased 9.0% in 1Q20 compared to 1Q19, mainly due to halt in sales after the state of emergency. For the first two months of the year, cement sales increased 9.9% compared to the same period of 2019, mainly due to increased demand in northern Peru, particularly from reconstruction spending and the self-construction segment. Gross margin decreased 5.6 percentage points, mainly due to lower sales and increased cost related to the halt in operations.

Sales of concrete represented 14.2% of cement, concrete and precast sales during 1Q20.

	Concrete and Pavement		
	1Q20	1Q19	% Var.
Sales of goods	39.3	33.3	18.0%
Cost of Sales	-36.4	-31.1	17.0%
Gross Profit	2.9	2.2	31.8%
Gross Margin	7.4%	6.6%	0.8 pp.

Sales of concrete increased 18.0% during 1Q20 compared to 1Q19, despite the halt in sales since March 16, mainly due to increased demand from small and medium sized companies, as well as reconstruction related projects. Gross margin increased 0.8 percentage point due to the dilution of fixed costs.

Sales of precast represented 3.4% of cement, concrete and precast sales during 1Q20.

	Precast		
	1Q20	1Q19	% Var.
Sales of goods	9.6	5.4	77.8%
Cost of Sales	-8.5	-4.8	77.1%
Gross Profit	1.1	0.6	83.3%
Gross Margin	11.5%	11.1%	0.4 pp.

During 1Q20 precast sales increased 77.8% compared to 1Q19 mainly due to increased demand from reconstruction related projects. Gross margin increased slightly, by 0.4 percentage points compared to 1Q19, mainly due to higher sales despite higher costs related to the halt in operations.

Sales: Quicklime
(in millions of Soles S/)

	Quicklime		
	1Q20	1Q19	% Var.
Sales of goods	6.9	7.3	-5.5%
Cost of Sales	-6.6	-7.3	-9.6%
Gross Profit	0.3	0.1	N/R
Gross Margin	4.3%	1.4%	2.9 pp.

During 1Q20, quicklime sales decreased 5.5% compared to 1Q19, mainly due to decreased demand. Gross margin increased 2.9 percentage points in 1Q20 compared to 1Q19.

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

	Construction Supplies		
	1Q20	1Q19	% Var.
Sales of goods	14.7	16.1	-8.7%
Cost of Sales	-13.7	-16.1	-14.9%
Gross Profit	1.0	0.1	N/R
Gross Margin	6.8%	0.6%	6.2 pp.

During 1Q20, construction supply sales decreased 8.7% compared to 1Q19, mainly due to the stop in commercialization. Gross margin however, increased 6.2 percentage points.

Operating Expenses:

Administrative Expenses
(in millions of Soles S/)

	Administrative expenses		
	1Q20	1Q19	% Var.
Personnel expenses	19.2	20.6	-6.8%
Third-party services	11.7	11.8	**-0.8%**
Board of directors	1.7	1.6	**6.2%**
Depreciation and amortization	4.0	3.3	**21.2%**
Taxes	1.7	1.8	**-5.6%**
Other	2.0	1.9	**5.3%**
Total	**40.3**	**41.0**	**-1.7%**

Administrative expenses in 1Q20 remained in line with 1Q19.

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

Selling Expenses
(in millions of Soles S/)

	Selling and distribution expenses		
	1Q20	1Q19	% Var.
Personnel expenses	7.6	6.6	15.2%
Advertising and promotion	2.1	1.4	50.0%
Third party services	1.6	1.2	33.3%
Expected credit losses for trade receivables	1.1	0.2	N/R
Other	1.3	1.0	30.0%
Total	**13.7**	**10.4**	**31.7%**

Selling expenses increased 31.7% in 1Q20 compared to 1Q19, mainly due to increased advertising and promotion during the first two months of the year as well as the increase in the provision for doubtful collection.

EBITDA Reconciliation:

Consolidated EBITDA
(in millions of Soles S/)

	Consolidated EBITDA		
	1Q20	1Q19	Var %.
Net Income from Continuing Operations	**10.7**	**30.1**	**-64.5%**
+ Income tax expense	6.2	12.5	-50.4%
- Finance income	-0.5	-0.3	66.7%
+ Finance costs	20.6	19.5	5.6%
+/- Net loss on the valuation of trading derivative financial instruments	-2.9	1.0	N/R
+/- Net loss from exchange rate	4.2	-1.2	N/R
+ Depreciation and amortization	34.1	32.0	6.6%
Consolidated EBITDA	**72.3**	**93.6**	**-22.8%**

Consolidated EBITDA in 1Q20 decreased 22.8% compared to 1Q19, mainly due to the halt in production and commercialization due to the government's state of emergency to fight against the spread of COVID-19, which has an effect in both sales and increased costs.

Cash and Debt Position:

Cash:

Consolidated Cash
(in millions of Soles S/)

As of March 31, 2020, the Company's cash position was S/ 5.2 million (US$ 1.5 million). Besides this, the Company held certificates of deposit for S/ 209.0 million (US$ 60.9 million), distributed as follows:

Certificates of deposits in Nuevos Soles

Bank	Amount (S/.)	Interest Rate	Initial Date	Maturity Date
Banco Scotiabank	S/. 31.0	3.00%	March 25, 2020	March 19, 2021
Banco de Crédito del Perú	S/. 75.0	2.80%	March 26, 2020	March 19, 2021
	S/. 106.0			

Certificates of deposits in American Dollars

Bank	Amount (USD)	Interest Rate	Initial Date	Maturity Date
Banco de Crédito del Perú	USD 30.0	1.05%	March 13, 2020	September 19, 2020
	USD 30.0			

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	324.7	400.7	-	570.0	1,295.4
Future interest payments	68.1	118.0	77.2	212.8	476.1
Total	**392.8**	**518.7**	**77.2**	**782.8**	**1,771.5**

As of March 31, 2020, the Company's total outstanding debt, as shown in the financial statements, reached S/ 1,344.5 million (US$390.62 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.

As of March 31, 2019, the Company maintains cross currency swap hedging agreements in the amount of US$150 million in order to mitigate foreign exchange risks related to US dollar-denominated debt. The adjusted debt is S/ 1,295.4 million (US$ 376.4 million)

As of March 31, 2020, Net Adjusted Debt/EBITDA ratio was 2.9x

Capex

Capex
(in millions of Soles S/)

As of March 31, 2020, the Company invested S/18.0 million (US$5.2 million), allocated to the following projects:

Projects	3M20
Piura Plant	5.2
Pacasmayo Plant	4.1
Concrete and aggregates equipment	7.1
Rioja Plant	1.6
Total	**18.0**

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 60 years of operating history, the Company produces, distributes and sells cement and cement-related materials, such as concrete blocks and ready-mix concrete. 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/ 3.442 per US$ 1.00, which was the exchange rate, reported as of March 31, 2020 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.*

Pacasmayo

Interim Condensed Consolidated Statements of Financial Position

As of March 31, 2020 (unaudited) and December 31, 2019 (audited)

	As of mar-20	As of Dec-19
Assets		
Current Assets	S/ (000)	S/ (000)
Cash and cash equivalents	5,249	68,266
Term deposits with maturities less than ninety days	208,990	-
Trade and miscellaneous accounts receivable, net	108,038	120,530
Payments on account of income tax	40,881	30,191
Inventories	525,964	519,004
Prepayments	15,677	10,339
Total current assets	**904,799**	**748,330**

	As of mar-20	As of Dec-19
Non-current assets	S/ (000)	S/ (000)
Other receivables	5,402	4,681
Expenses paid in advance	103	151
Financial instruments designated at fair value through other comprehensive income	18,224	18,224
Other financial instruments	22,739	-
Property, plant and equipment	2,073,015	2,100,682
Intangibles	50,919	47,366
Merchant Credit	4,459	4,459
Deferred income tax assets	9,516	7,419
Right-of-use assets	7,164	46
Other assets	190	200
Total non-current assets	**2,191,731**	**2,183,228**
Total assets	**3,096,530**	**2,931,558**

	As of mar-20	As of Dec-19
Liabilities and equity		
Current liabilities	S/ (000)	S/ (000)
Bank overdraft	13,507	-
Trade and other payables	147,007	237,299
Financial obligations	311,241	98,774
Lease liabilities	1,410	57
Provisions	3,935	16,603
Total current liabilities	**477,100**	**352,733**

	As of mar-20	As of Dec-19
Non-current liabilities	S/ (000)	S/ (000)
Financial obligations	1,019,786	1,003,130
Other financial instruments	-	1,302
Lease liabilities	5,793	-
Provisions	6,656	7,643
Deferred income tax liability	151,443	145,099
Total non-current liabilities	**1,183,678**	**1,157,174**
Total liabilities	**1,660,778**	**1,509,907**

	As of mar-20	As of Dec-19
Equity	S/ (000)	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	168,636
Other reserves	-16,476	-19,853
Retained earnings	507,924	497,200
Total equity	**1,435,752**	**1,421,651**
Total liabilities and equity	**3,096,530**	**2,931,558**

Interim condensed consolidated statements of profit or loss

For the three-month periods ended March 31, 2020 and 2019 (both unaudited)

	1Q20 S/ (000)	1Q19 S/ (000)
Sales of goods	299,258	313,247
Cost of sales	-207,247	-201,180
Gross profit	**92,011**	**112,067**
Operating expenses		
Administrative expenses	-40,315	-41,026
Selling and distribution expenses	-13,725	-10,375
Other operating income (expenses), net	204	933
Total operating expenses , net	**-53,836**	**-50,468**
Operating profit	**38,175**	**61,599**
Finance income	534	347
Finance costs	-20,629	-19,482
Net gain (loss) on derivative financial instruments	2,946	-994
Exchange difference	-4,150	1,153
Total other expenses, net	**-21,299**	**-18,976**
Profit before income tax	**16,876**	**42,623**
Income tax expense	-6,152	-12,478
Profit for the year	**10,724**	**30,145**
Earnings per share		
Basic and diluted for continuing and discontinued operations attributable to equity holders of common shares and investment shares of the parent (S/ per share)	0.03	0.07

Pacasmayo

Interim condensed consolidated statements of changes in equity

For the three month periods ended March 31, 2020 and 2019 (both unaudited)

	Attributable to equity holders of the parent								
	Capital stock S/(000)	Investment shares S/(000)	Treasury shares S/(000)	Additional paid-in capital S/(000)	Legal reserve S/(000)	Unrealized gain (loss) on financial instruments designated at fair value S/(000)	Unrealized gain on cash flow hedge S/(000)	Retained earnings S/(000)	Total S/ (000)
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
Accounting poilcy change	-	-	-	-	-	-	-	-15	-15
Balance as of January 1, 2019	423,868	40,279	-121,258	432,779	168,356	4,002	-15,948	519,270	1,451,348
Profit for the year	-	-	-	-	-	-	-	30,145	30,145
Other integral results	-	-	-	-	-	-5,853	410	-	-5,443
Total comprehensive income	-	-	-	-	-	-5,853	410	30,145	24,702
Appropriation of legal reserve	-	-	-	-	3,015	-		-3,015	-
Balance as of march 31, 2019	423,868	40,279	-121,258	432,779	171,371	-1,851	-15,538	546,400	1,476,050
Balance as of January 1, 2020	423,868	40,279	-121,258	432,779	168,636	-2,103	-17,750	497,200	1,421,651
Profit for the year	-	-	-	-	-	-	-	10,724	10,724
Other comprehensive income	-	-	-	-	-	-	3,377	-	3,377
Total comprehensive income	-	-	-	-	-	-	3,377	10,724	14,101
Balance as of March 31, 2020	**423,868**	**40,279**	**-121,258**	**432,779**	**168,636**	**-2,103**	**-14,373**	**507,924**	**1,435,752**