

Corporate Presentation

May 2017 (First Quarter 2017 Results)



 **Ferreycorp**



Ferreycorp at a glance



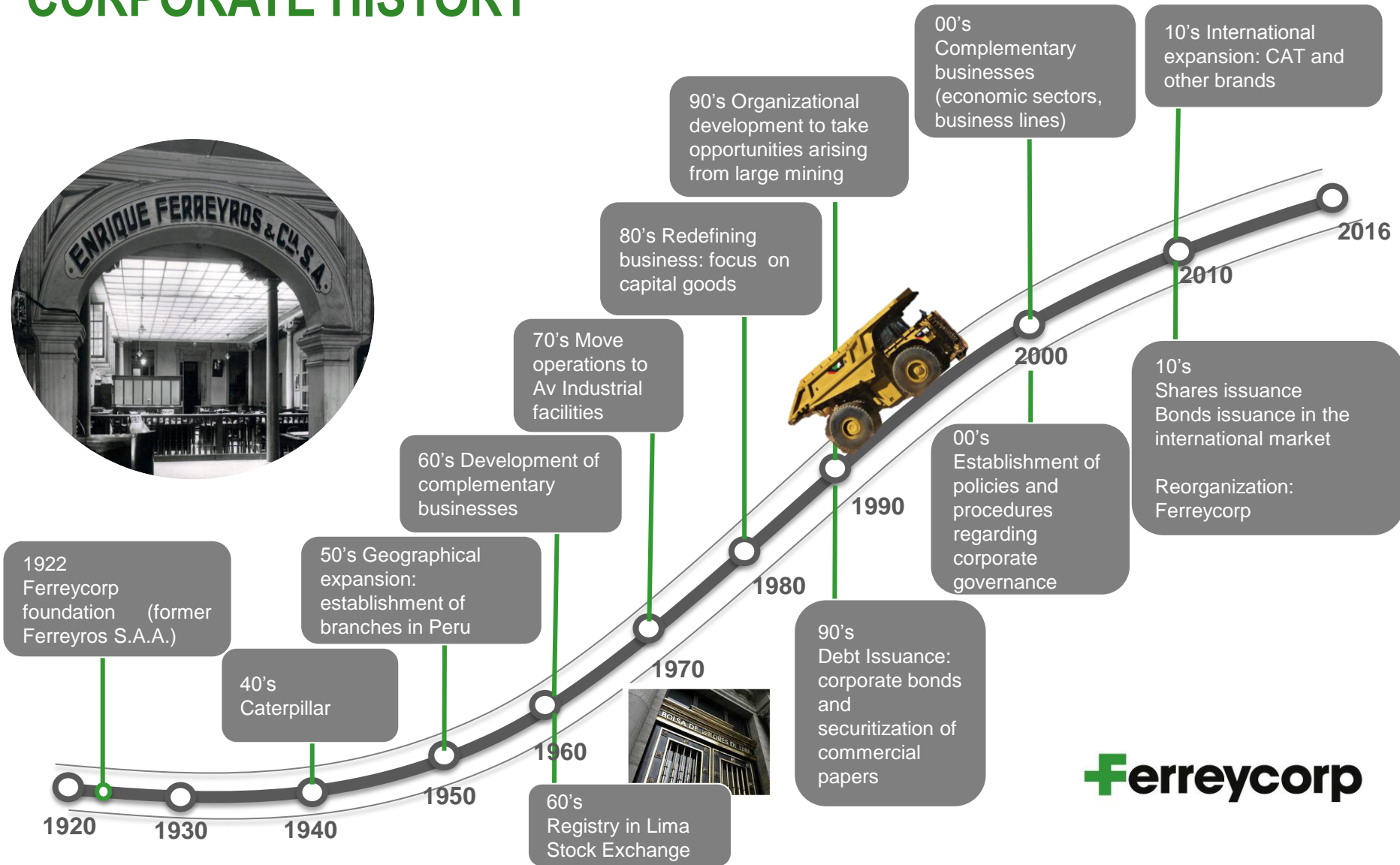
Highlights **FERREYCORP**

- Established in Peru in 1922
- 90+ years of business, 70+ years of alliance with CAT currently operating 17 companies within 10 countries employing a workforce of +6,000 employees
- Key facts
 - 60% Caterpillar Market Share
 - Market cap (March-2017) ~\$600MM
 - Shareholders +2,500
- Supporting main economic sectors of countries' development, including: mining, construction, energy, trade, industry, services, fishing and marine, agriculture and forestry, among others

As of 1Q2017 Financial Statistics

Sales (US\$)	US\$ 334mm
Sales (S/.)	S/. 1.09 Bn
EBITDA	US\$ 36mm
Ebitda Margin	11%
Net debt/ EBITDA	2.9x Target: < 3.5x

CORPORATE HISTORY



CORPORATE STRUCTURE

Caterpillar dealers and allied brands in Peru



Sales: US\$ 238mm (71%)
EBITDA: US\$ 30mm (82%)

Caterpillar dealers and other businesses in Central America



Sales: US\$ 38mm (12%)
EBITDA: US\$ 4mm (11%)

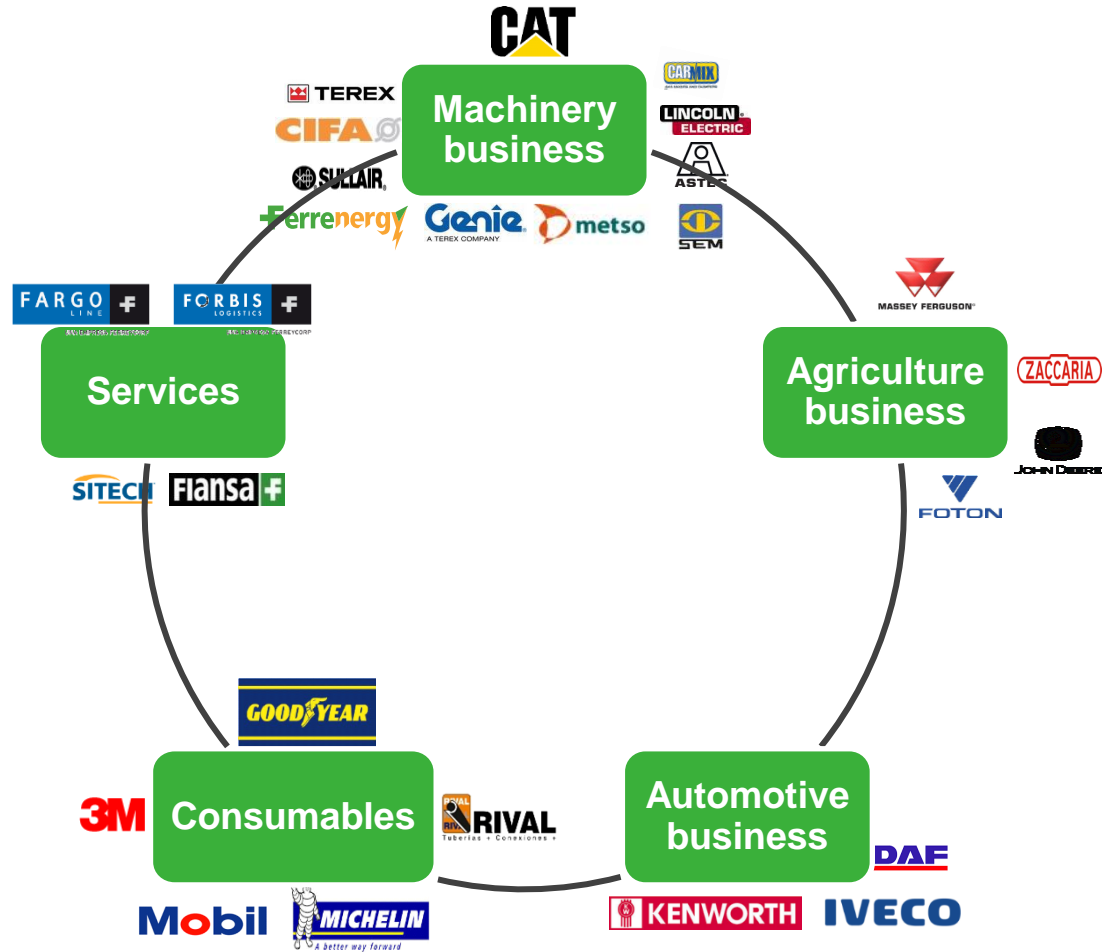
Other subsidiaries in Perú and abroad



Sales: US\$ 58mm (17%)
EBITDA: US\$ 2mm (7%)

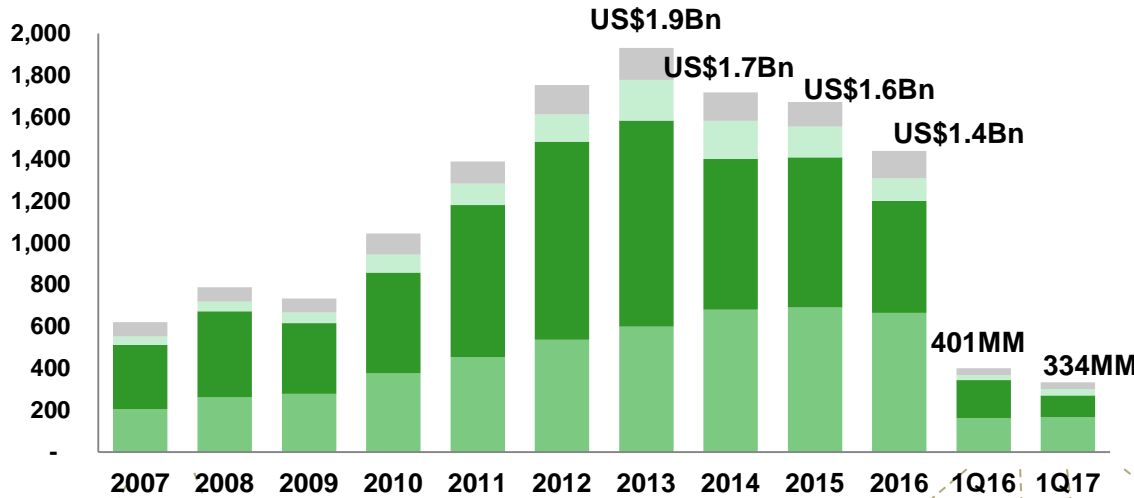
STRATEGY

COMPLETE VALUE PROPOSITION

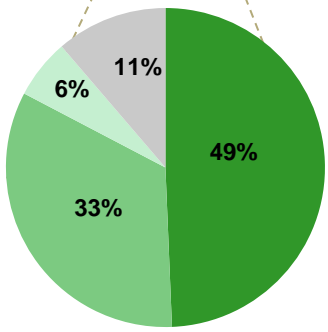


SUSTAINABLE BUSINESS MODEL

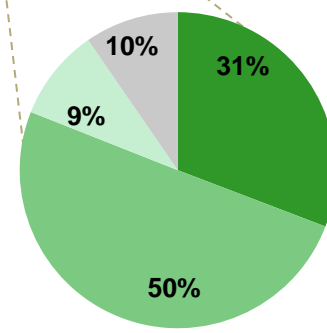
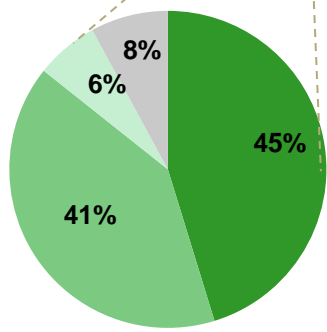
SALES BY LINE OF BUSINESS



Spare parts and services
10 year CAGR – 13%
(2006-2016)



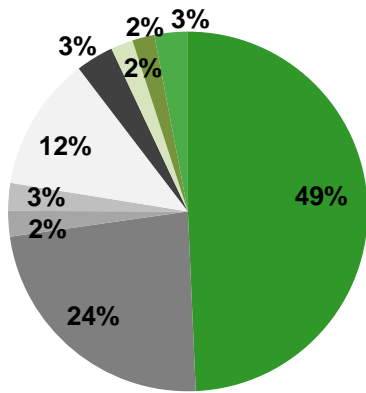
- Machinery
- Spare parts and services
- Rental and used
- Others



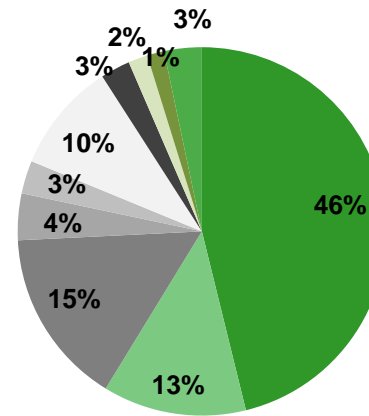
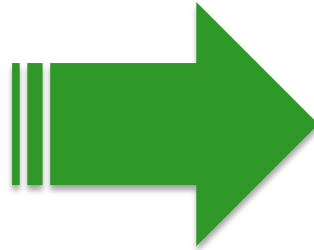
DIVERSE CUSTOMER BASE

48% OF DELIVERIES COME FROM NON-MINING CUSTOMERS

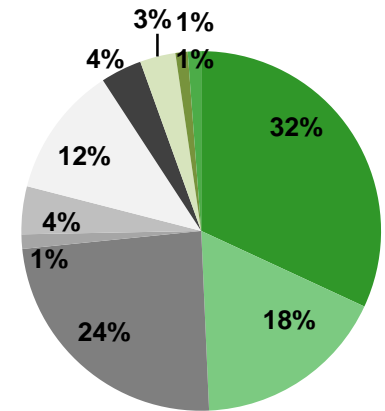
SALES BY ECONOMIC SECTORS



2010



AI 1T2016



AI 1T2017

- Open pit mining
- Construction
- Transport
- Agriculture and forestry
- Hydrocarbons and energy
- Underground mining
- Government
- Industry, commerce and serv
- Fishing and marine
- Others





Key capabilities

KEY CAPABILITIES



Long term strategic partnerships

Ubiquitous market coverage

Unmatched supply chain and logistics capabilities

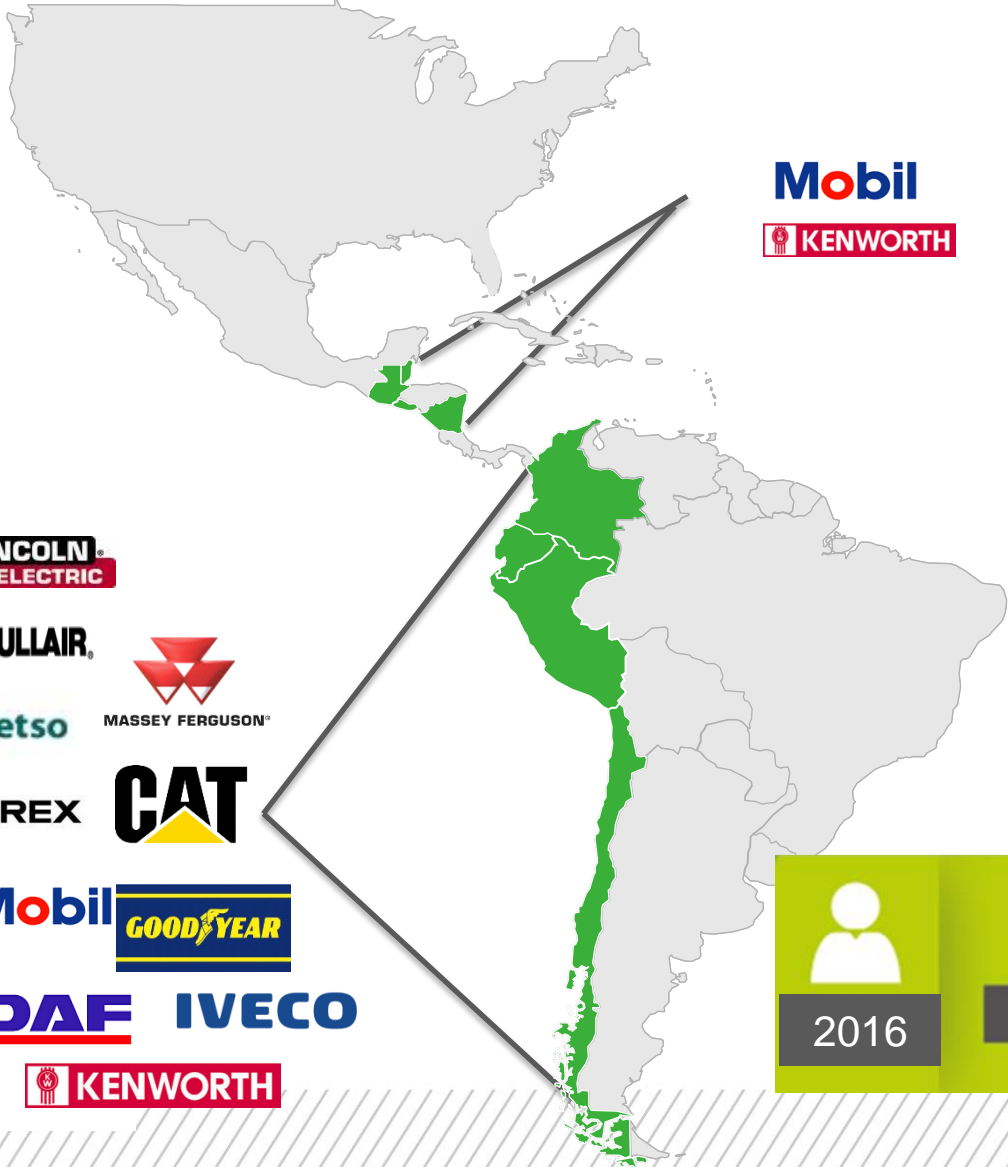
Financial strength and funding sources

In-depth market knowledge

Innovation and Technology

Ethics and compliance, Corporate Governance and Sustainability

WITH PRESENCE IN SOUTH AND CENTRAL AMERICA COUNTRIES REPRESENTING BRAND LEADERS



	6,515
2016	Workforce

MARKET COVERAGE



- F** Ferreyros: 6 locations in Lima, 17 branches and offices
- U** Unimaq: main location in Lima and branches in Piura, Cajamarca, Lambayeque, Trujillo, Huancayo, Arequipa, Cusco e Ilo. Oficinas en Cerro de Pasco, Andahuaylas and Ayacucho
- O** Orvisa: main office in Iquitos and branches in Pucallpa and Tarapoto. Offices in Huánuco, Bagua, Jaén and Madre de Dios
- M** Motored: 2 locations in Lima and branches in Arequipa, Trujillo and Cajamarca
- S** Soltrak: main location in Lima and branches in Tarma, Trujillo, Arequipa, Huancayo, Huánuco, Pucallpa and Loreto
- MINING, CONSTRUCTION AND ENERGY PROJECTS.

UNMATCHED LOGISTICS CAPABILITIES

ONE OF OUR MAIN COMPETITIVE ADVANTAGES



890,000 m²

TO SERVE OUR CUSTOMERS

170+

POINTS OF CONTACT

US\$120M

INVENTORY OF PARTS

365 DAYS

24x7 OPERATIONS

- Operating 50+ warehouses, several located in remote locations (eg: mines)
- 7,000 yearly trips to reach our customers
- Importing 530,000 ft³ per month
- Highest standards in operations and transportation partners

- ISO9002 certification
- ISO 14000 certification
- 5-star contamination control

Ferreycorp

EFFICIENT LOGISTICS CAPABILITIES

SUPPLY CHAIN MANAGEMENT

Ferreycorp integrates and administrates all key elements in the logistic chain as a value proposition

Vertical integration through complementary businesses:

- ▶ 1) Freight forwarder (Forbis) and
 - 2) Warehouses and terminals (Fargoline)
- Efficient handling: 100,000 SKUs
Day 1: 83% of requests, Day 5: 95%
- ▶ 365 days, 24x7 operation, including expedited process for urgent requests
 - ▶ Leading importer in Peru – green channel –
stand-by letters of credit ... speed up importation process



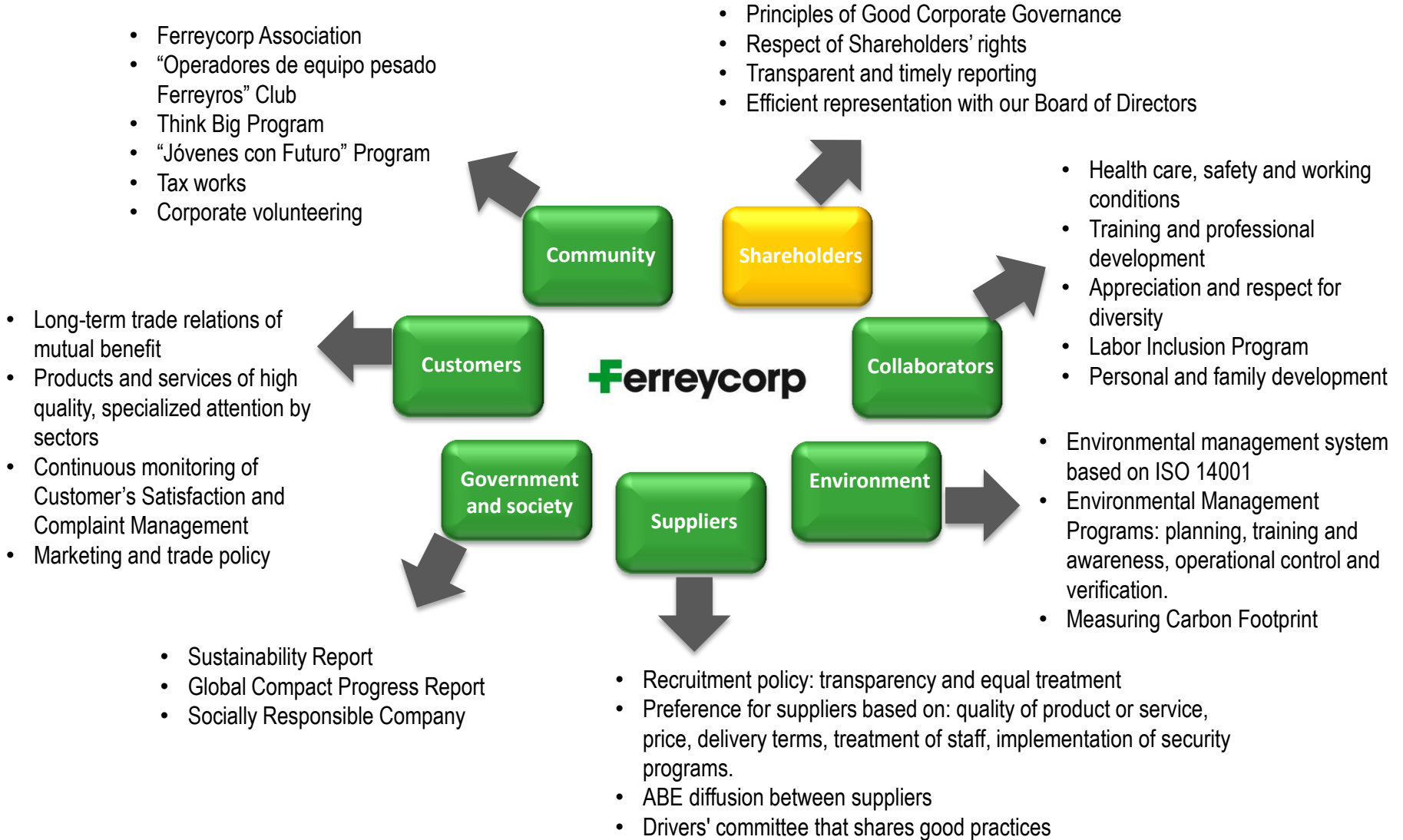
Factory > Freight forwarder > Transport Air/Sea > Customs expedite > CDC + Inland > Mine site operations

Ferreycorp

Ferreycorp is constantly improving efficiency and technology to ensure best practices
Guarantee 24–48 hours delivery from U.S. to Lima and between 48 – 72 hours to mine site

SUSTAINABILITY MODEL

STAKEHOLDERS



CORPORATE STANDARDS

STRONG CORPORATE GOVERNANCE

- Ferreycorp (FERREYC1) is listed in the Lima Stock Exchange since 1962.
- Ferreycorp is included in the Corporate Governance Index of the Lima Stock Exchange since its inception in 2008.

Board of Directors:

- **The last General Annual Meeting agreed to reduce the board members from 10 to 9 members.**
- The Board of Directors of Ferreycorp is complemented by four committees: LEAD BY INDEPENDENT DIRECTORS
 - ✓ General Management and Strategy Committee
 - ✓ Nominations, Remuneration and Corporate Governance Committee
 - ✓ Audit and Risk Committee
 - ✓ Innovation and Systems Committee

Recognitions:

- Ferreycorp won the Key of the Lima Stock Exchange for 4 times: 2008, 2011, 2012 and 2013.
- Ferreycorp is a member of the Companies Circle of the Latin America Governance Roundtable launched by OECD and IFC
- **International recognitions:** World Finance Award 2011 and 2012; Latin America Investor Relations Awards 2011 (LirA'11), Ethical Boardroom Corporate Governance Awards 2015: South America, Industrial services sector

BOARD

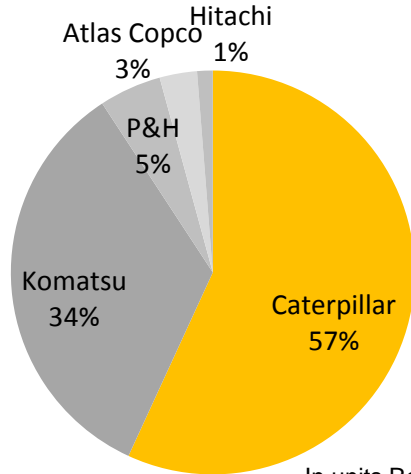
Dependent Directors	Independent Directors
Oscar Espinosa	Jorge Durant
Carlos Ferreyros	Humberto Nadal
Juan Manuel Peña	Gustavo Noriega
Andreas von Wedemeyer	Javier Otero
Manuel Bustamante	



CATERPILLAR

MARKET SHARE IN PERU

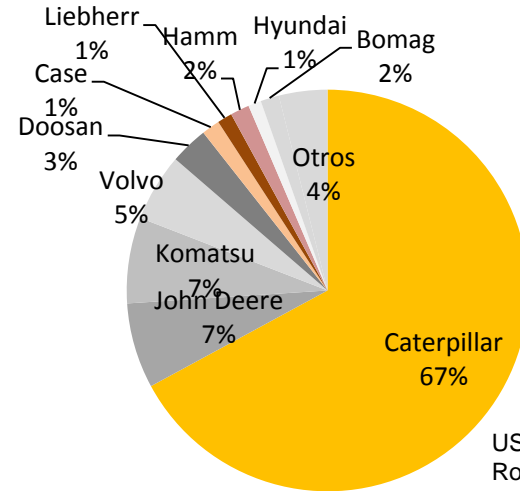
Open Pit Mining



Include shovels

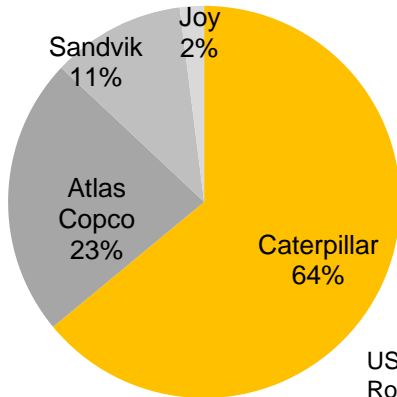
In units Rolling 12 months, Feb2017

Heavy Construction



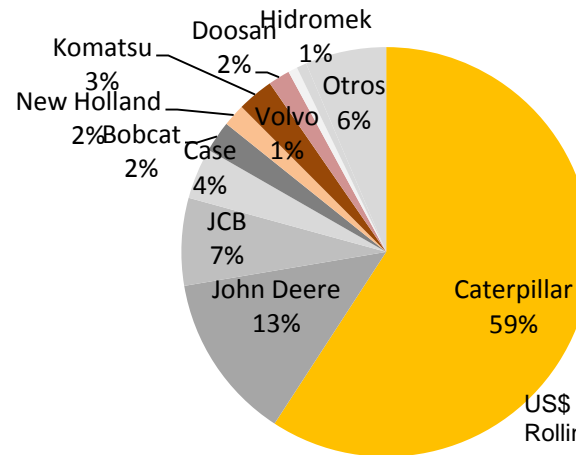
US\$ FOB values
Rolling 12 months, Feb2017

Underground Mining



US\$ FOB values
Rolling 12 months, Feb2017

General Construction



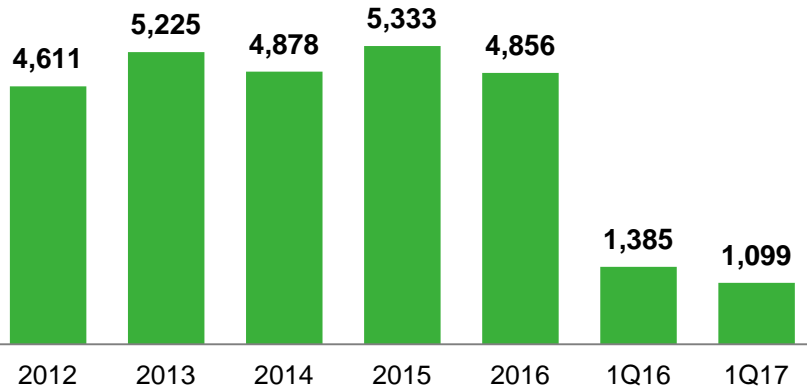
US\$ FOB values
Rolling 12 months, Feb2017



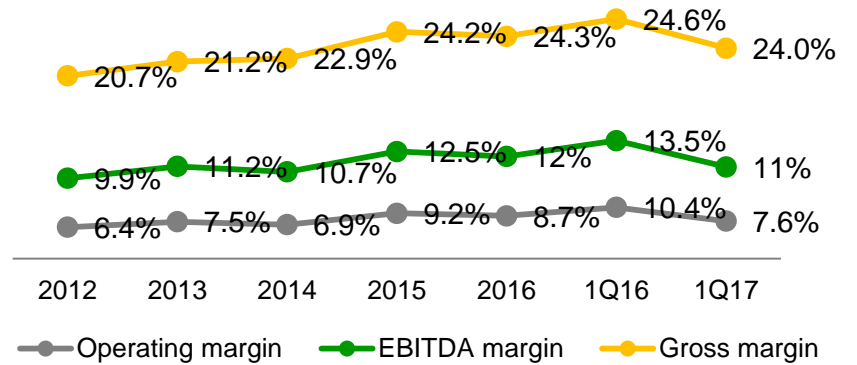
Financial Performance

TRACK RECORD OF CONSISTENT FINANCIAL PERFORMANCE

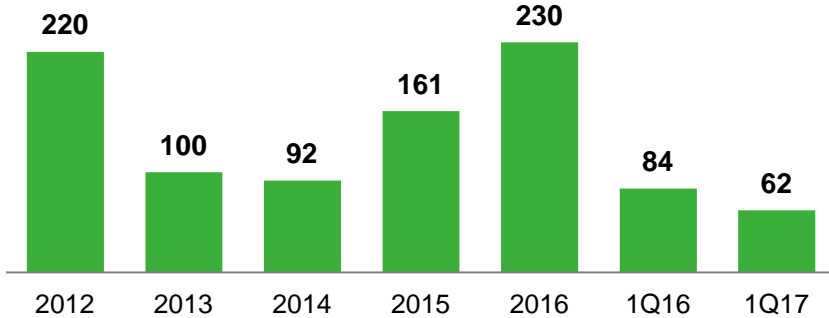
SALES (s/.mm)



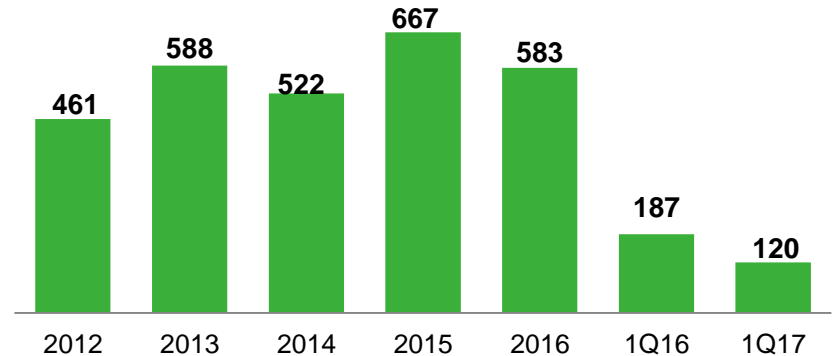
Gross, Operating and Ebitda margin



NET PROFIT (s/.mm)



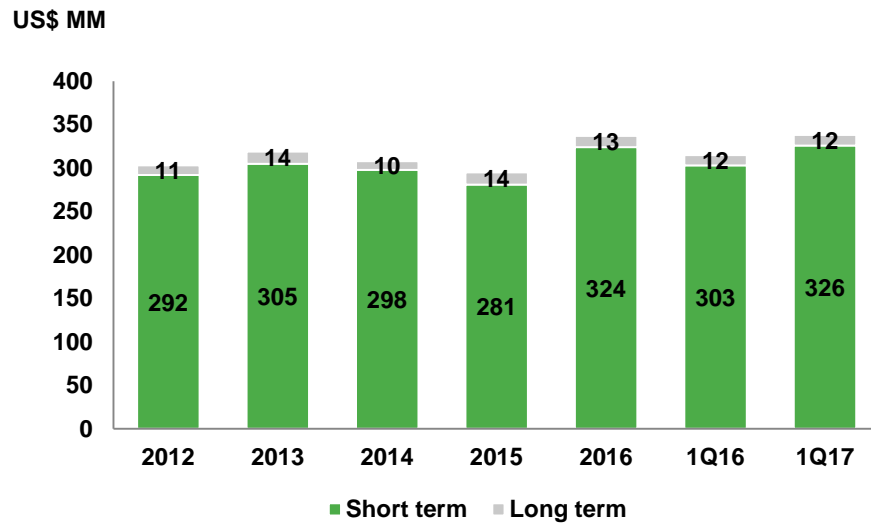
EBITDA (s/.mm)



INVESTMENT IN ASSETS

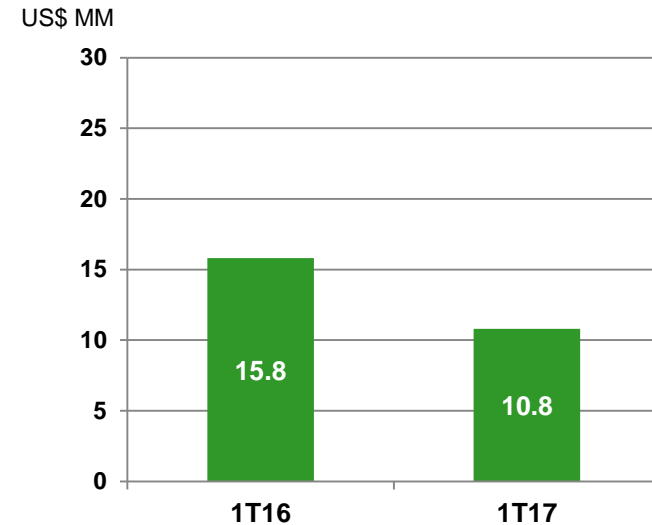
1) ACCOUNTS RECEIVABLES

ACCOUNTS RECEIVABLES EVOLUTION



- Common practice, 30days for collection once invoice is delivered to customer.

FACTORING

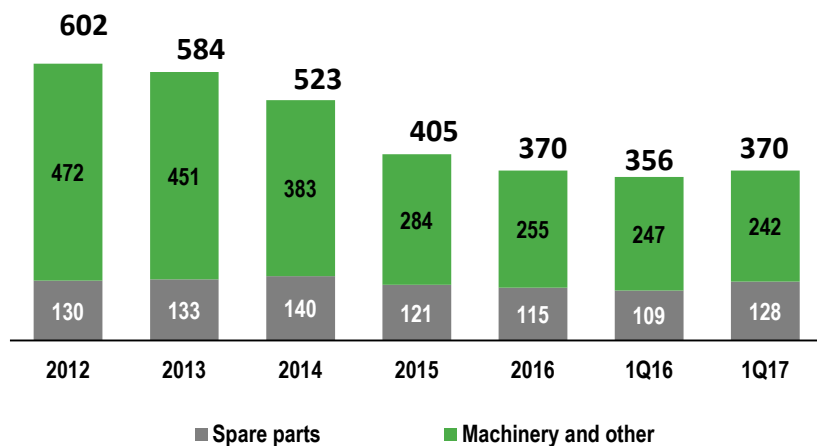


- The balance as of March7 is US\$ 1.8MM

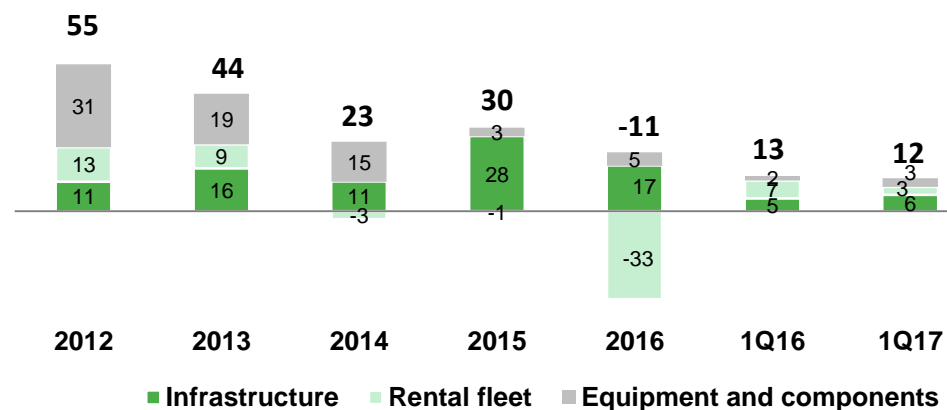
INVESTMENT IN ASSETS

2) INVENTORY AND FIXED ASSETS

INVENTORY EVOLUTION (US\$MM)



CAPEX EVOLUTION (US\$MM)



2016 CAPEX results negative due to the reduction of the rental fleet. Infrastructure includes mainly the purchase of a piece of land in La Joya (Arequipa) by Ferreyros and works that are being executed in some subsidiaries..

1Q17 Infrastructure: work in progress in some subsidiaries
Intangible: US\$2.2mm in IT

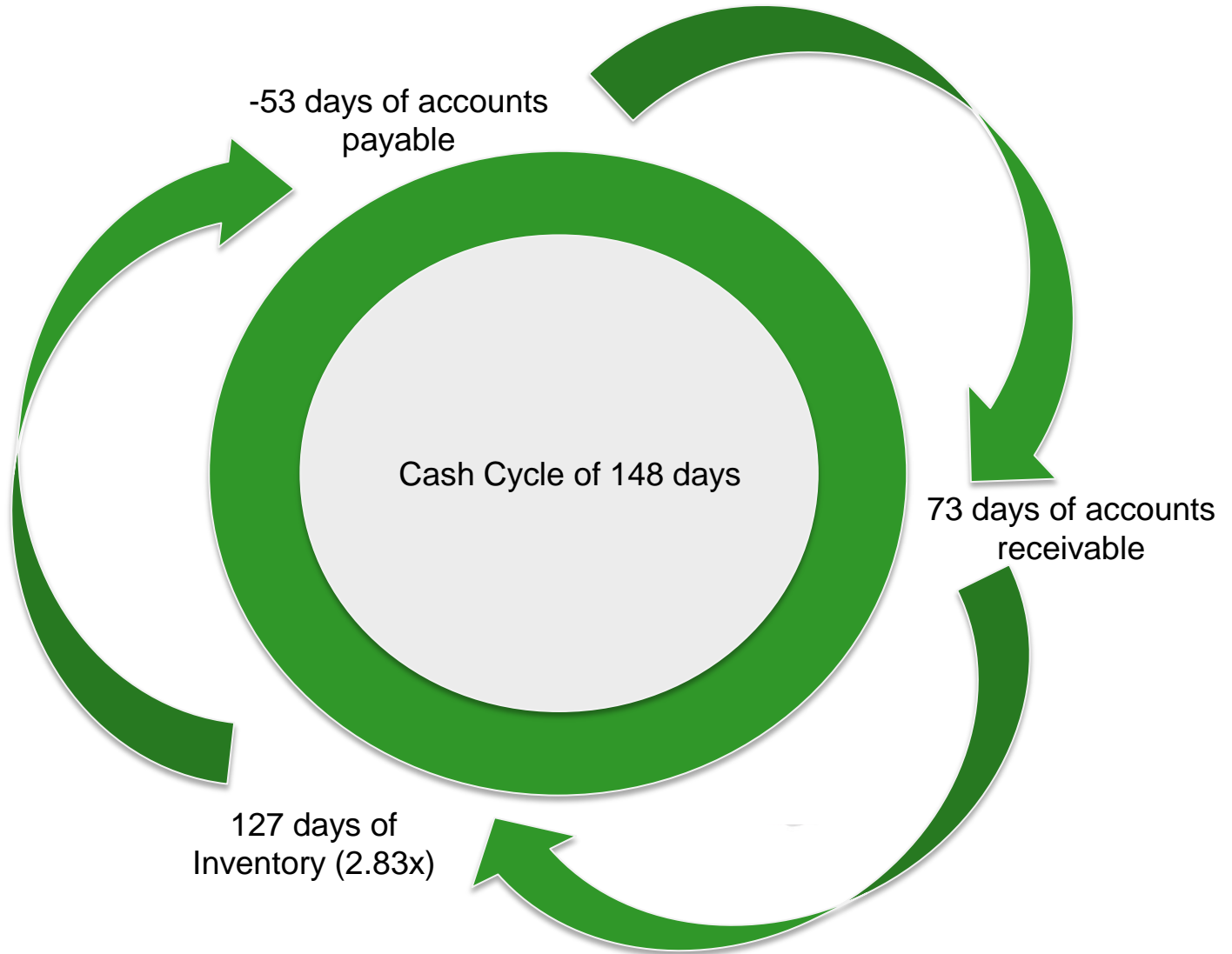
CASH CYCLE

Targets:

Inventory
120 days
3.0x

Payable
45 days

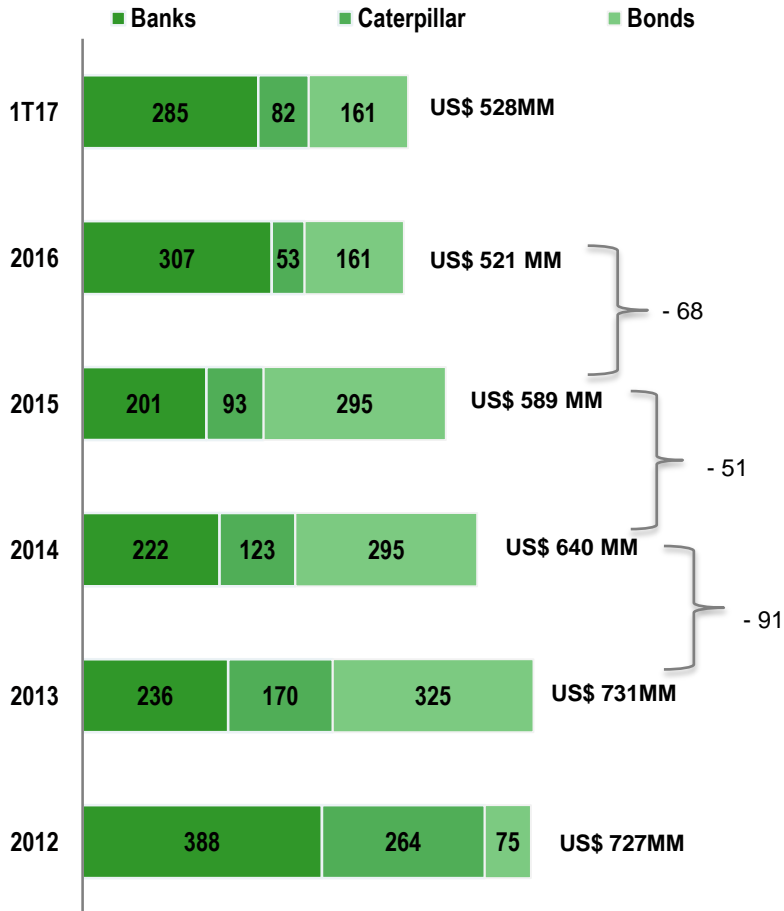
Receivable
45-60 days



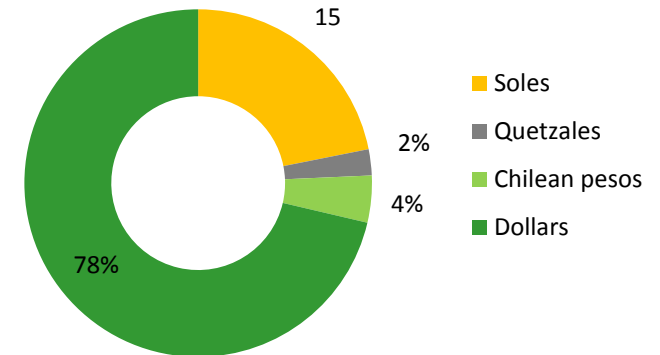
ACCESS TO DIVERSIFIED SOURCES OF FINANCING

Natural hedge: revenue-debt

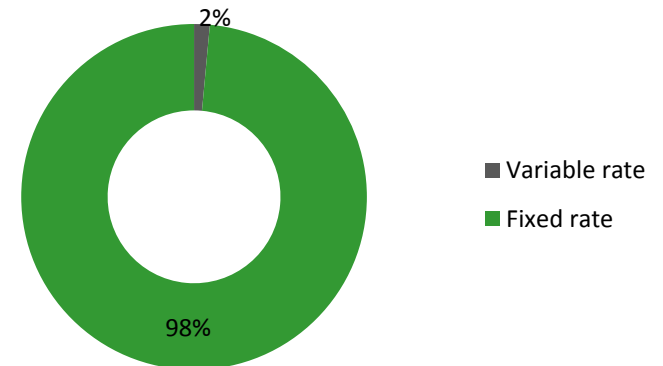
DIVERSIFIED FUNDING BASE (US\$MM)



DEBT BY CURRENCY

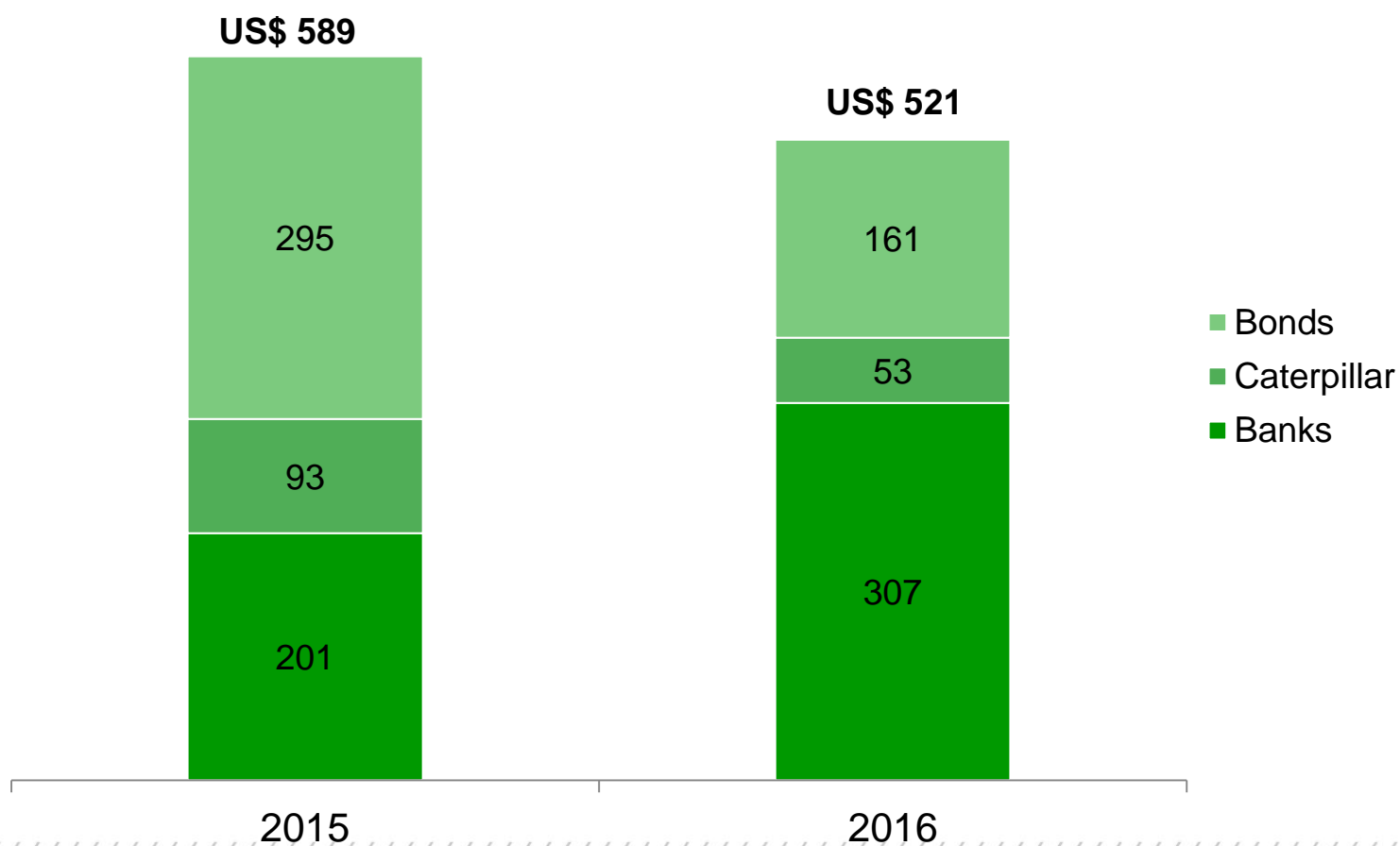


DEBT BY RATE



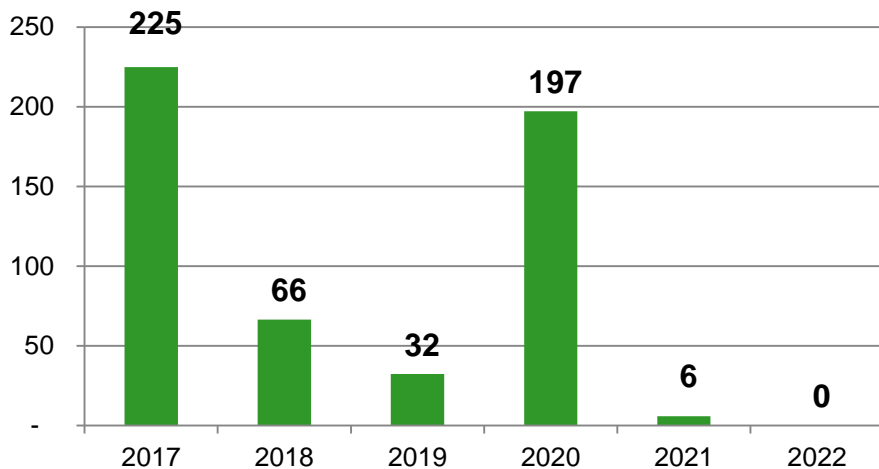
RECOMPOSITION OF FINANCIAL LIABILITIES

FINANCIAL LIABILITIES (Million of US\$)



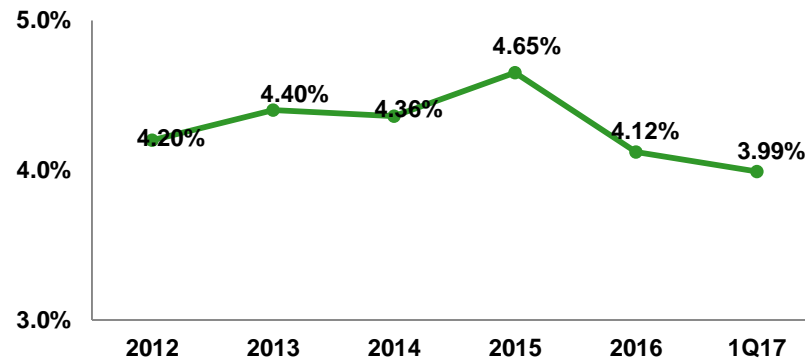
ACCESS TO DIVERSIFIED SOURCES OF FINANCING

MATURITY OF FINANCIAL DEBT (US\$MM)

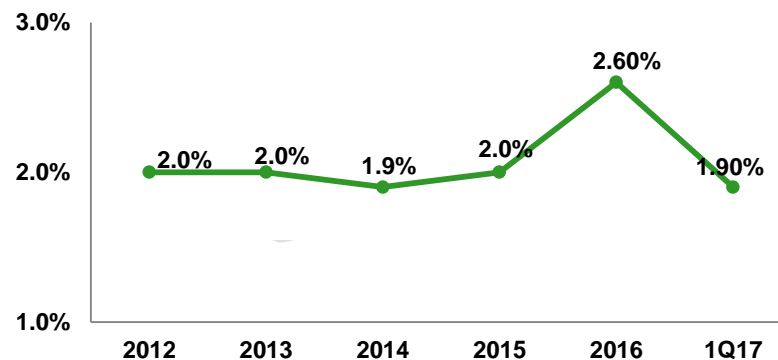


Strategy of financing: short term, flexible without penalties and low interest rate. Availability of credit lines

AVG COST OF DEBT



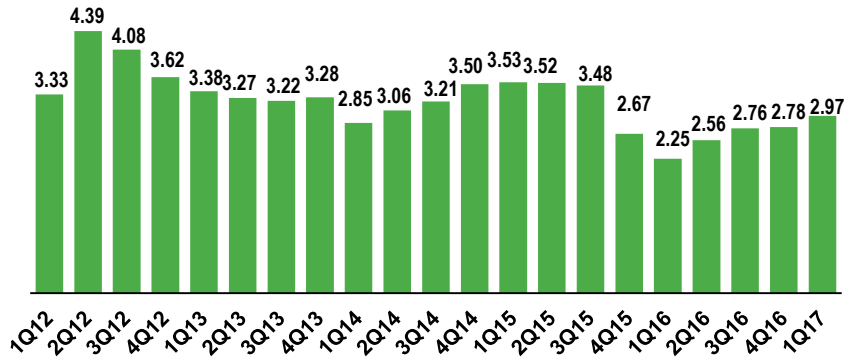
FINANCIAL EXPENSES (AS% OF TOTAL SALES)



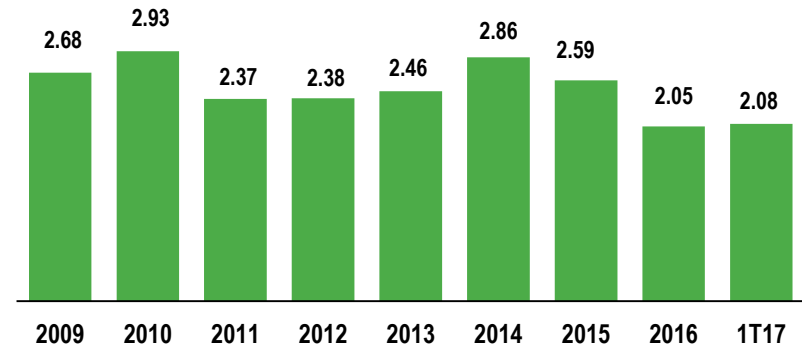
2016: Financial expenses increased due to S/ 14 million premium paid for the International Bond Tender Offer

LEVERAGE RATIO COVENANT

NET DEBT TO EBITDA RATIO

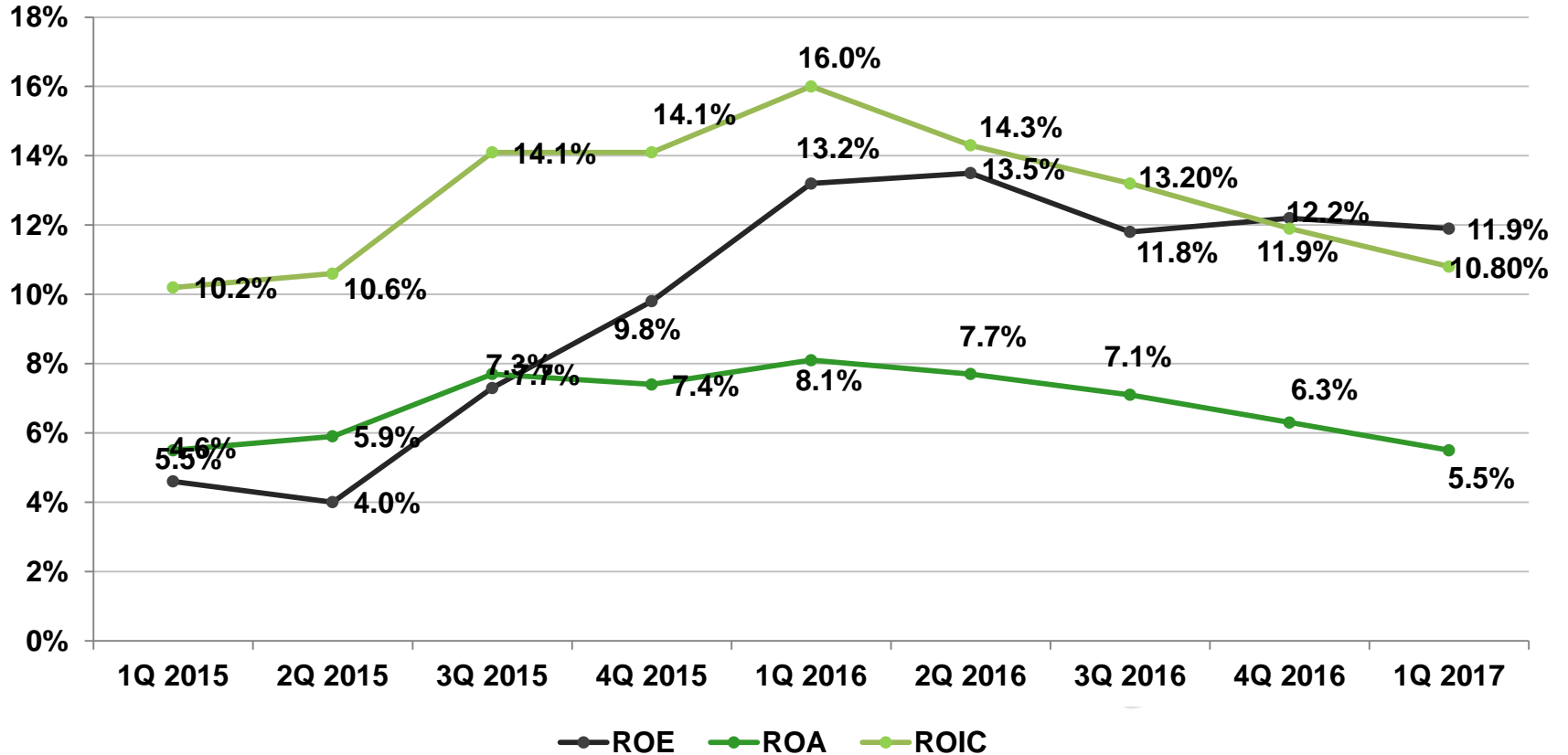


ADJUSTED DEBT TO EBITDA RATIO



- Adjusted debt: total debt excluding short term debt related to inventories
- Covenant < 3.5x

PROFITABILITY RATIOS

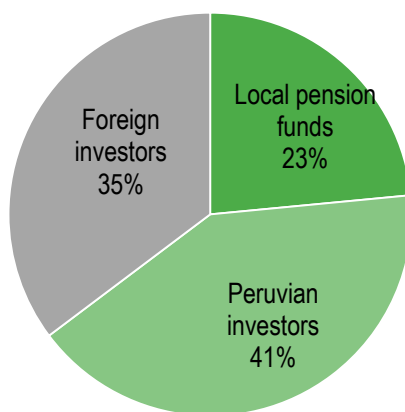


- **ROIC:** $\text{EBIT}_{\text{LTM}} / \text{Invested Capital (total equity + financial net debt)}$: affected by sales that decreased by 8.9% and SG&A by 2%

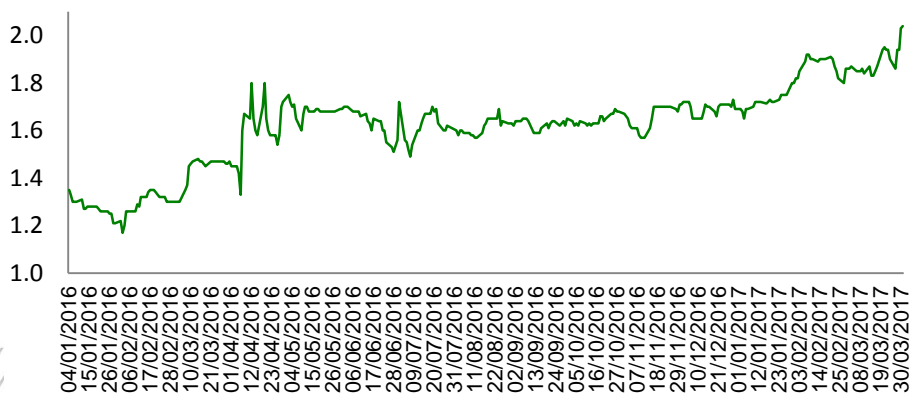
FERREYCORP

IN THE CAPITAL MARKET

SHAREHOLDERS COMPOSITION AS OF MAR 2017



STOCK PERFORMANCE (S/) 2016-2017



Capital	S/. 1'014,326,324
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Nº of shares	1'014,326,324
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Dividend Yield 2016 (div 0.128457)	7.6%
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Repurchased shares as of Dec 2016	50'208,800
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MAIN SHAREHOLDERS AS OF MARCH 17

Holder	%
La Positiva Vida Seguros y Reaseguros S.A	8.46%
RI- Fondo 2 (AFP Prima)	7.38%
Onyx Latin America Equity Fund LP	6.94%
Equinox Partners	5.86%
IN- Fondo 2 (AFP Integra)	5.08%

DIVIDEND POLICY

ANNUAL COMPLIANCE

- ❑ In 1997, the company's shareholders approved the dividend policy.
- ❑ A modification was approved to assign minimum and maximum ranges. Cash dividends will amount to 5% of the capital or a ceiling equal to 60% of freely available profits. The remainder will be capitalized and distributed as stock dividends.
- ❑ The amount to be distributed every year is approved in the Annual Shareholders Meeting.
- ❑ In the 2013 Shareholders Meeting a modification was approved to assign a new maximum range: from 50% to 60% of freely available profits.

Period	Cash dividend (*)	% Dividend / Net Profit	Cash dividend per share (%)	Dividend per share (S/.)
2003	9.1	50%	4.46%	0.0446
2004	11.9	48%	5.50%	0.055
2005	13.3	49%	5.50%	0.055
2006	28.4	36%	11.00%	0.110
2007	40.2	35%	13.20%	0.132
2008	20.7	29%	5.50%	0.055
2009	28.0	31%	6.00%	0.066
2010	31.8	26%	6.00%	0.066
2011	41.9	29%	6.00%	0.060
2012	48.1	30%	6.00%	0.060
2013	55.7	60%	5.90%	0.059
2014	60.8	52%	6.00%	0.060
2015	87.3	60%	8.87%	0.0887
2016	124.4	60%	12.8457%	0.128457

Ferreycorp

(*) In million

(**) Upper Limit: 60%



Contacts

Corporative Finance Manager:
Patricia Gastelumendi

Treasury Manager:
Liliana Montalvo

Investor Relations Executive:
Elizabeth Tamayo

