

Corporate Presentation

October 2020





Ferreycorp Strategy and Capabilities

 **Ferreycorp**

Overview of the Company



- **Ferreycorp was established in 1922 to focus on the commercialization of consumption products.**
- **In 1942 , the company assumes the representation and strategic alliance with Caterpillar Tractor (almost 80 years ago) in Peru and entered in the capital goods field.**
- **In the same decade aiming to achieve greater market coverage began its decentralization and establishes offices in provinces as well as several subsidiaries.**
- **In 2010 Ferreycorp acquired the Caterpillar dealers in Guatemala, El Salvador y Belize.**
Other brands than Caterpillar : Metso, Paus, Kenworth, Iveco, Chevron, 3M, Good Year, Genie, Terex, Wacker, Carmix.
- **Ferreycorp is a proxy of the Peruvian economy and serves all economic sectors: mining, construction, agriculture, fishing, industry, commerce, telecom, oil, transportation.**
- **Ferreycorp and its subsidiaries have a workforce of 6,500 employees.**

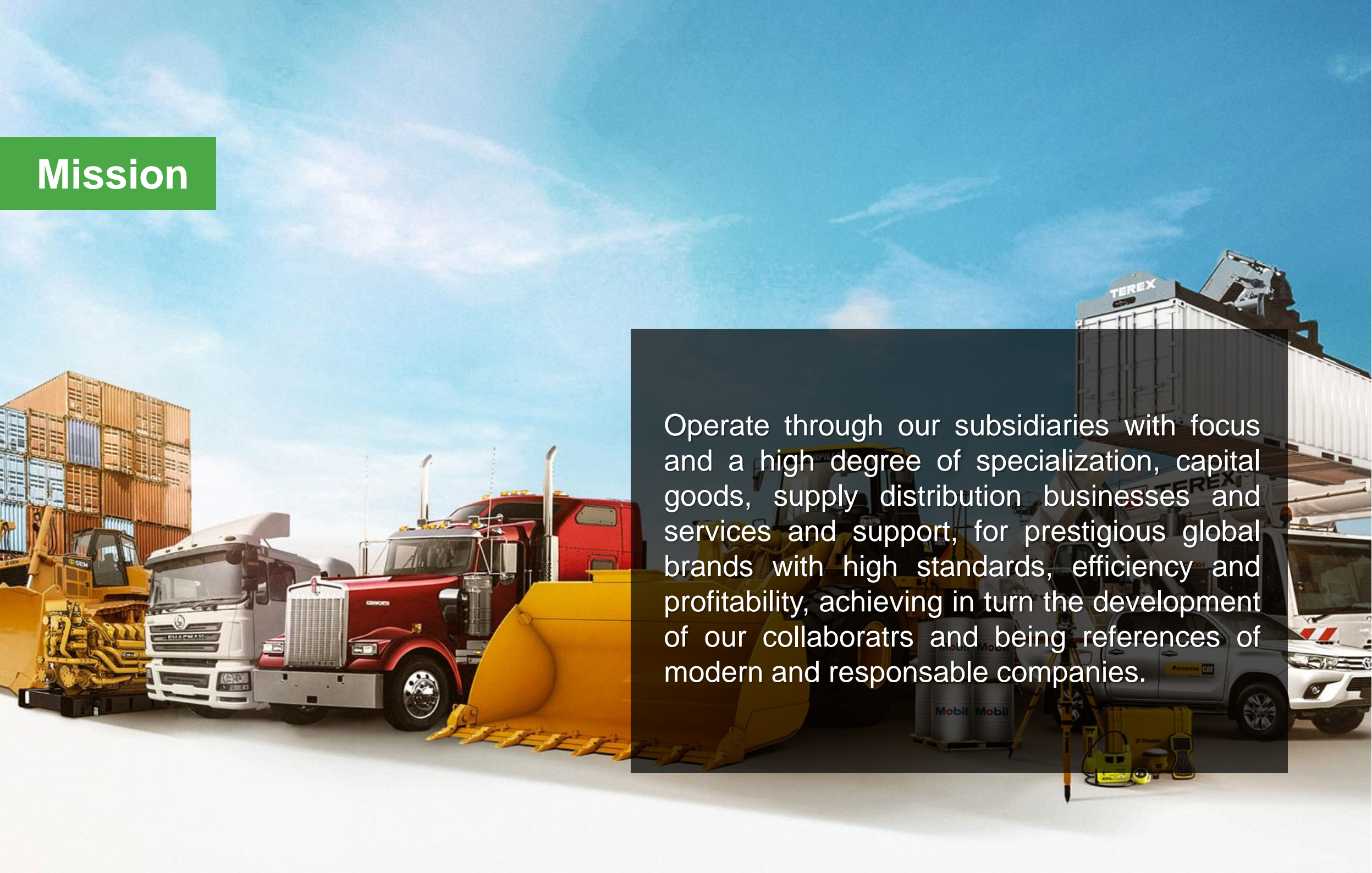
Vision



To be recognized as a leading economic group in Peru, with presence in the Latin American region and an excellent supplier of capital goods and related services, that contributes to increase the productivity and profitability in the economic sectors in which we participate and promotes the development of countries and stakeholders.

To be recognized as the preferred corporation to launch new businesses and represented brands, related to the capital goods field, due to its operational and financial capacity.

Mission



Operate through our subsidiaries with focus and a high degree of specialization, capital goods, supply distribution businesses and services and support, for prestigious global brands with high standards, efficiency and profitability, achieving in turn the development of our collaborators and being references of modern and responsible companies.

Our Culture is based on...



Cultural Principles

Values

NUESTROS VALORES



ESTRATEGIA FERREYCORP 2021



Corporate Structure



BVL: FERREYC1

Caterpillar dealers and allied brands in Peru



Caterpillar dealers and other businesses in Central America



Guatemala



El Salvador



Belize



Nicaragua



El Salvador, Honduras

Other subsidiaries in Peru and abroad



Chile, Colombia, Ecuador, Perú



Allows achieve diversification



YTD2020
(S/. Million)

Caterpillar dealers and
allied brands in Peru

Caterpillar dealers and other
businesses in Central America

Other subsidiaries in Peru
and abroad

Sales

2,283

306

615

% of Total Sales

71%

9%

20%

EBITDA

237

39

86

% of Total EBITDA

65%

11%

24%

EBITDA Margin

10%

13%

14%

of employees

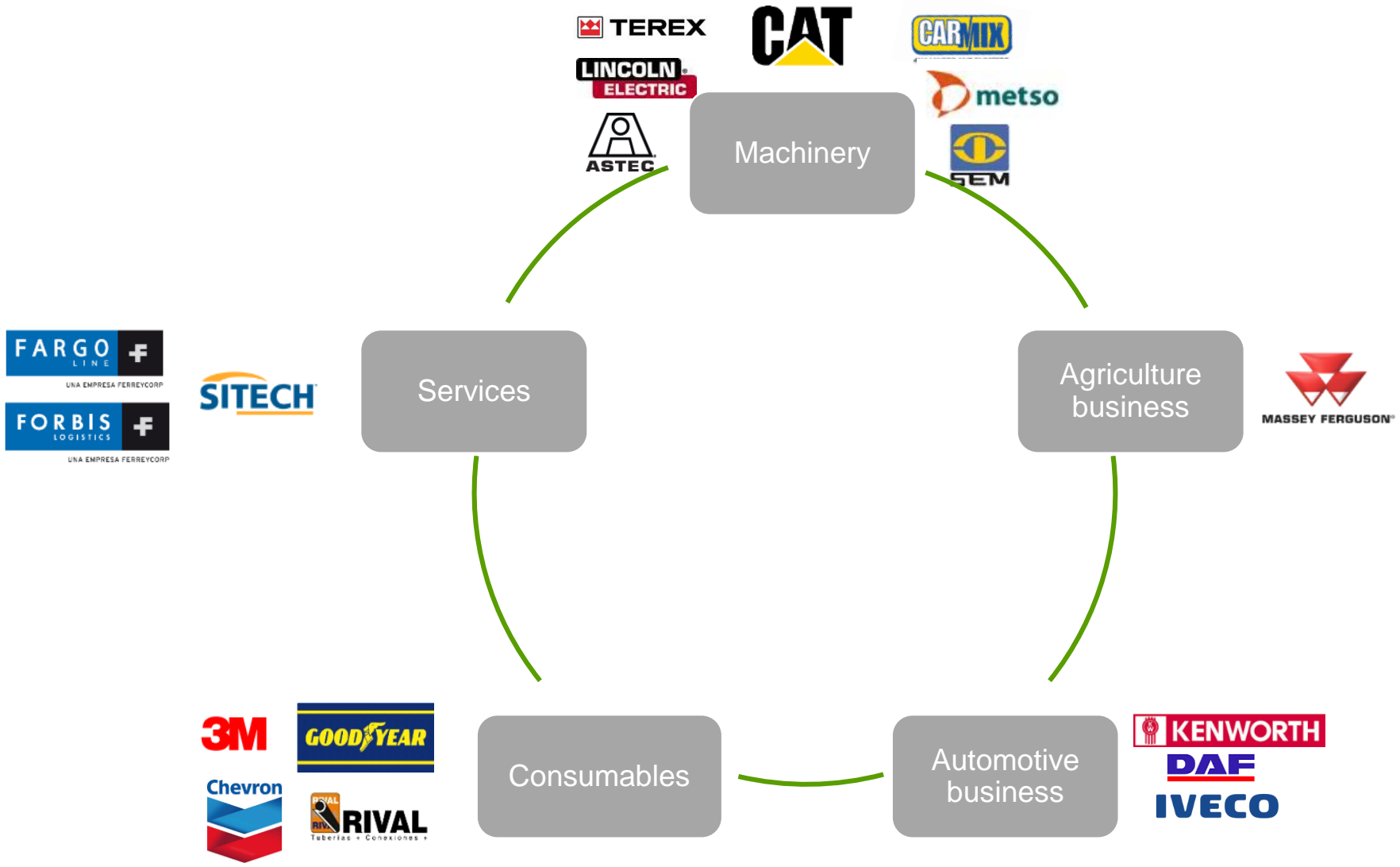
4,389

744

1,130

Third group of companies is increasing their share in total sales: 2013 (10%), 2014 (11%), 2015 (12%), 2017 and 2018 (16%) – as a result of diversification strategy through complementary businesses.

Complete Value Proposition



Portfolio Diversification



Thanks to the experience and knowledge acquired with Caterpillar, the corporation and its subsidiaries have established strong long-term relationships with a number of global brands. Ferreycorp has consolidated as a prestigious portfolio of represented brands, becoming the undisputed leader in its field.

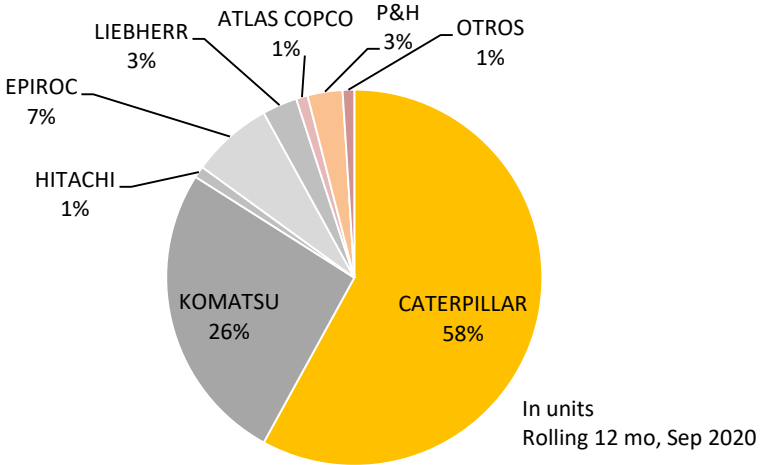
The corporation capitalizes on the knowledge it has gained over the years and its optimized capabilities to serve the brands it represents in different territories with growth potential.



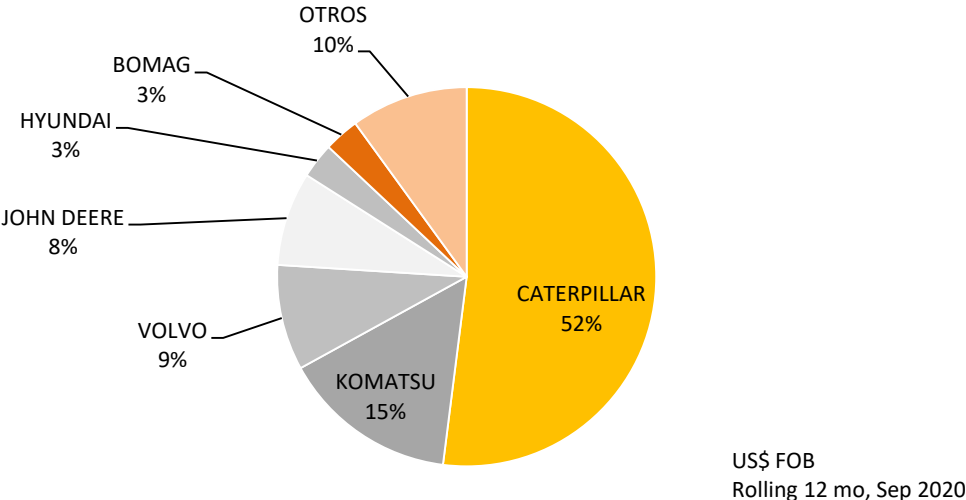
With a strong market share in order to take all the market opportunities



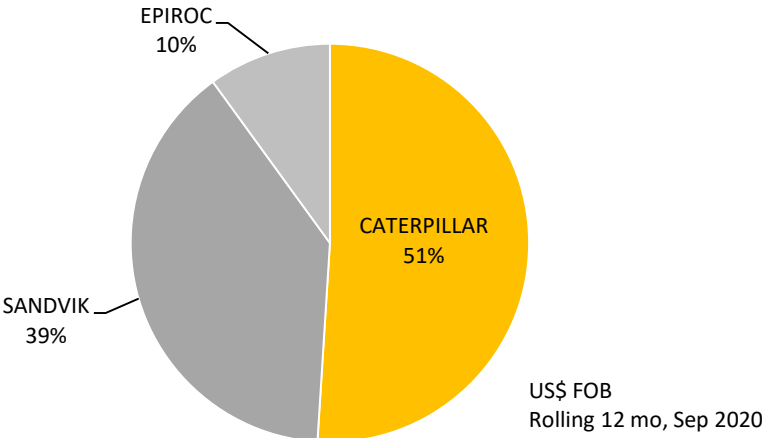
Open pit mining



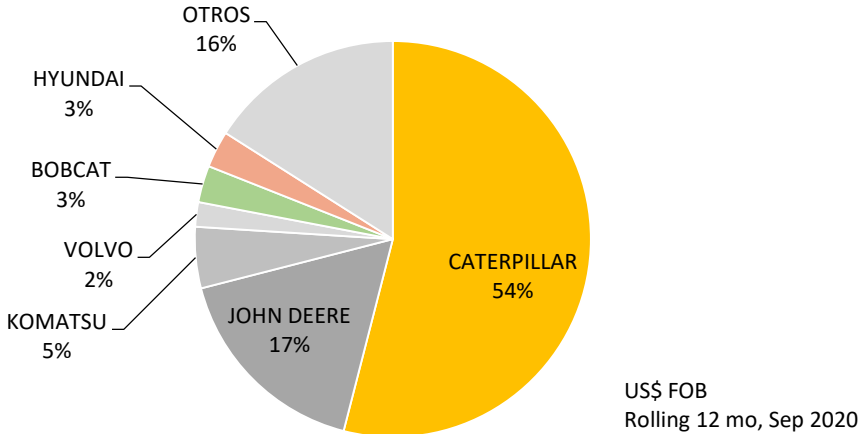
Heavy construction



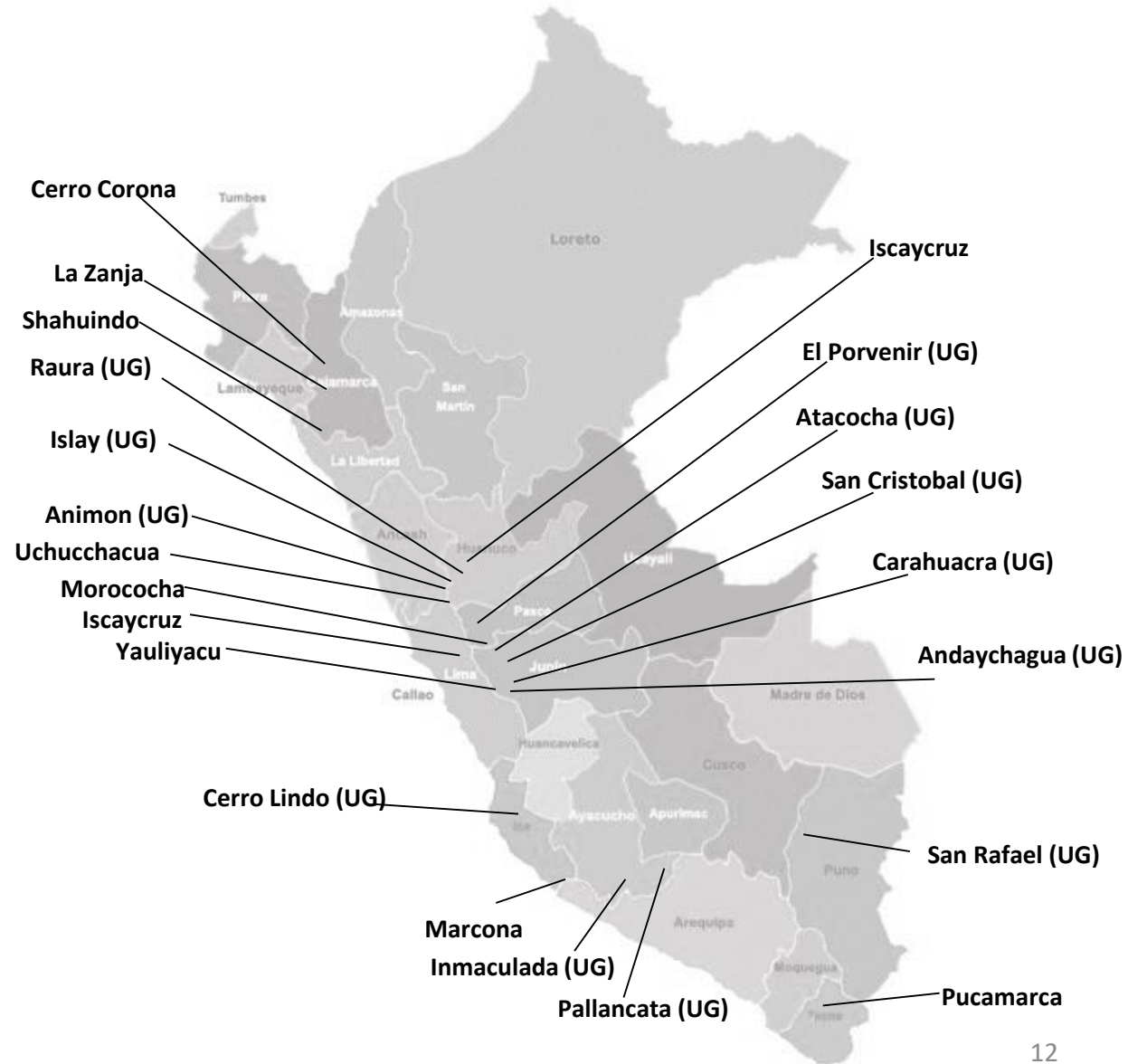
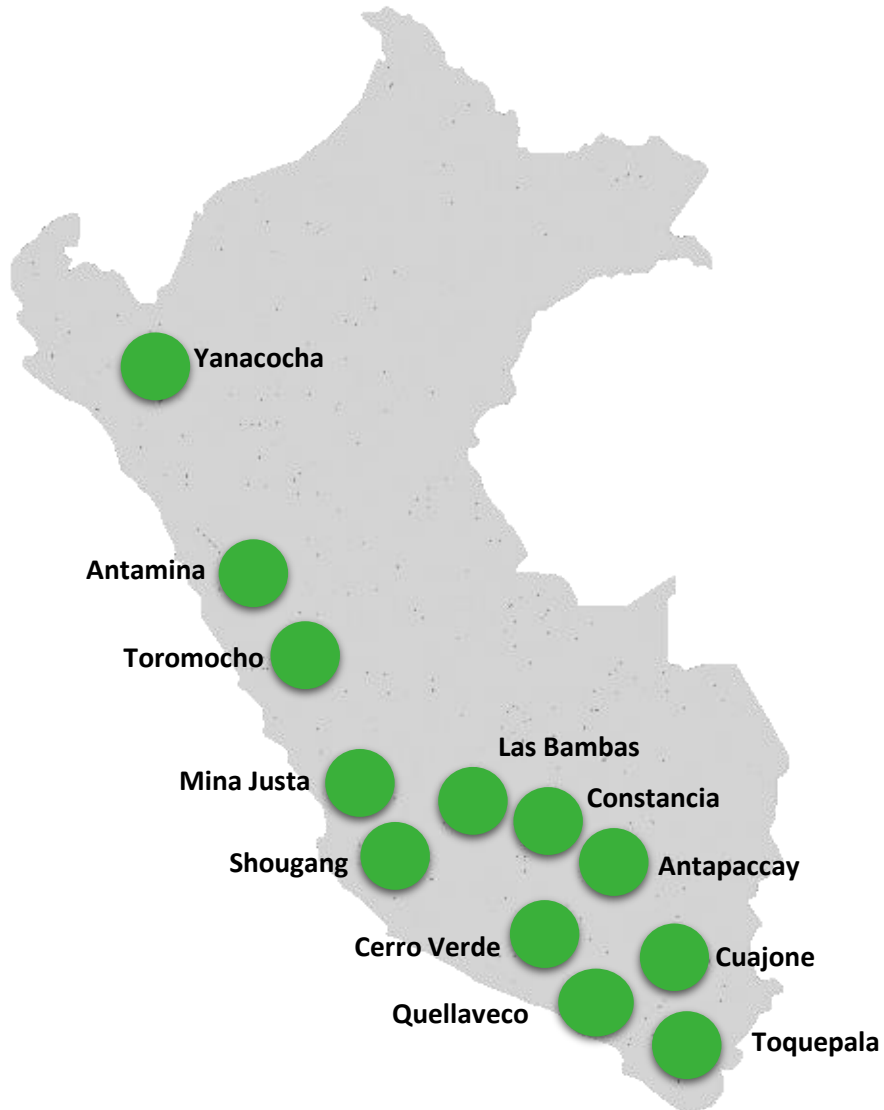
Underground mining



General construction



And also supported by current Mining customers: *50% of sales*



Key Capabilities developed over the years



Long-term strategic alliances. Access to best practices, Xcellence programs.

Market coverage

Unmatched supply chain and logistics capabilities

Excellence in after market with experienced technicians and accumulated data

Financial strength and funding sources

Innovation and technology

Ethics and compliance, Corporate Governance and Sustainability



Quarantine Impact, Managament and Results



Quarantine management in Ferreycorp

Peru imposed one of the earliest and strictest lockdowns in Latin America to stop the spread of coronavirus (M16th - J26th)



Immediate actions:

- Ensure connectivity with all the employees
- Committees sessions
- Crisis committee
- Communication with stakeholders

Prepare the return to labor:

- Sanity Protocols
- Produce license to return
- Contact with customers

Recover profitability:

- Efficient market coverage
- Closing sales
- Plan surveillance
- Adjust plan

Efficient Communication: from the corporation, managers of each subsidiary, emails, webinars, intranet
Staff health monitoring: surveys, leaders accompaniment

Focus on the following areas to ensure business continuity



Staff health

- Monitoring cases
- Protocols
- Tests
- Access to health system and medicines



Access to financial resources

- Investors
- Banks
- Suppliers
- Receivables surveillance
- Capital market



Factory availability

- Frequent calls and meetings
- Monitoring factories operation
- Checking availability of spare parts



Customers business recovery

- Close to customers
- Macroeconomic analysis



Expenses control Monitoring assets

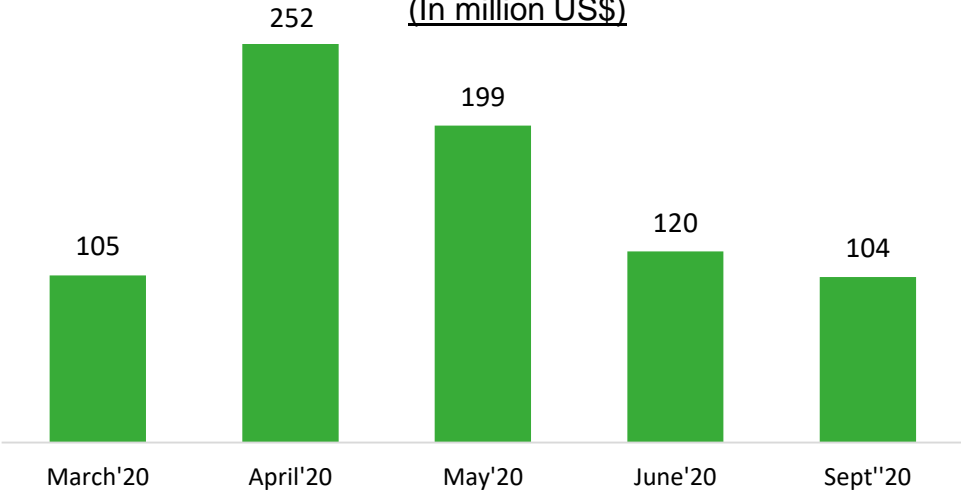
- Consulting, travel, events, training, transportation, maintenance.
- Capex reduction
- Inventory turns monitoring
- Looking for efficiencies in stocks

Liquidity and working capital trends under Covid



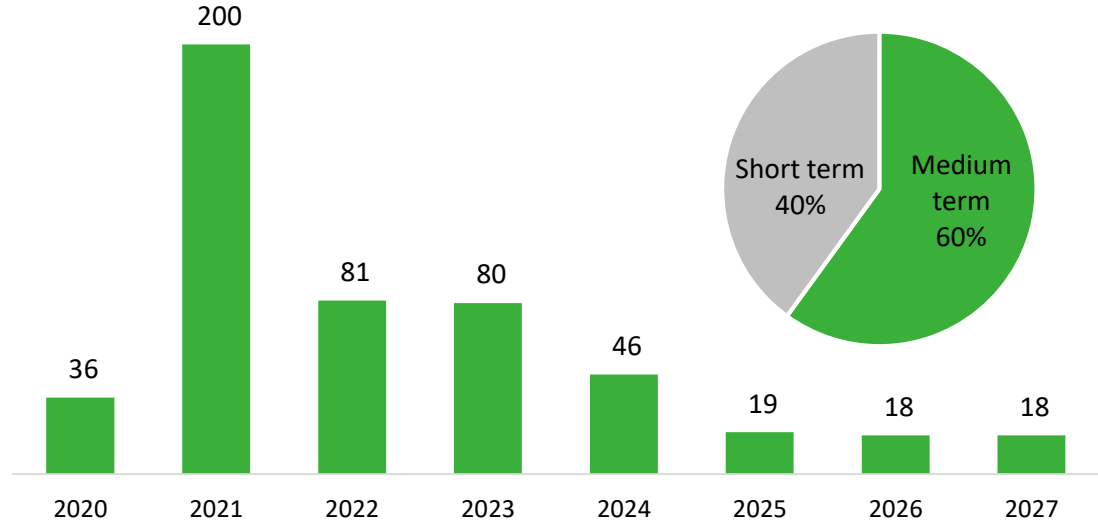
Cash Balance

(In million US\$)



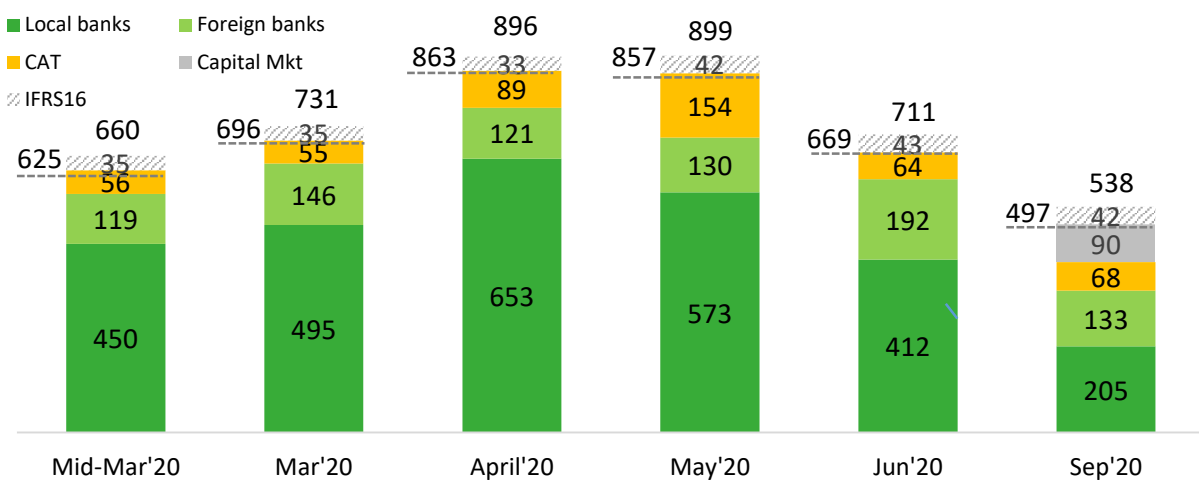
Debt Maturity

(In million US\$)



Debt

(In million US\$)

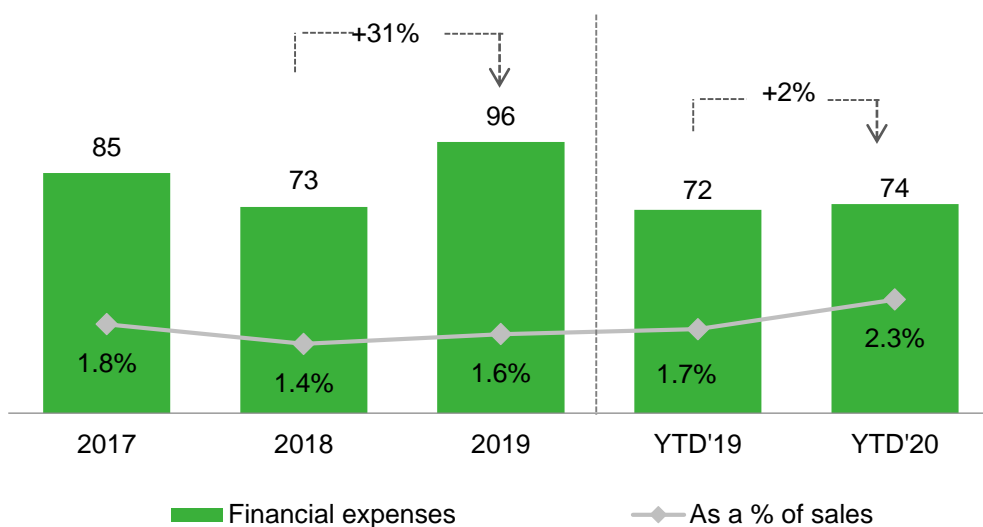


Impact on financial expenses, *but controlled average cost of debt*

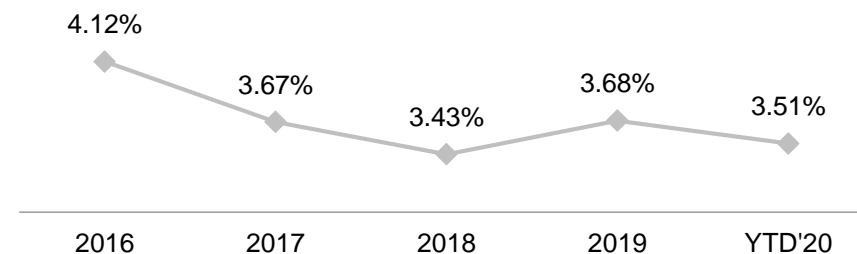


Financial Expenses

(In million S/)



Average cost of debt

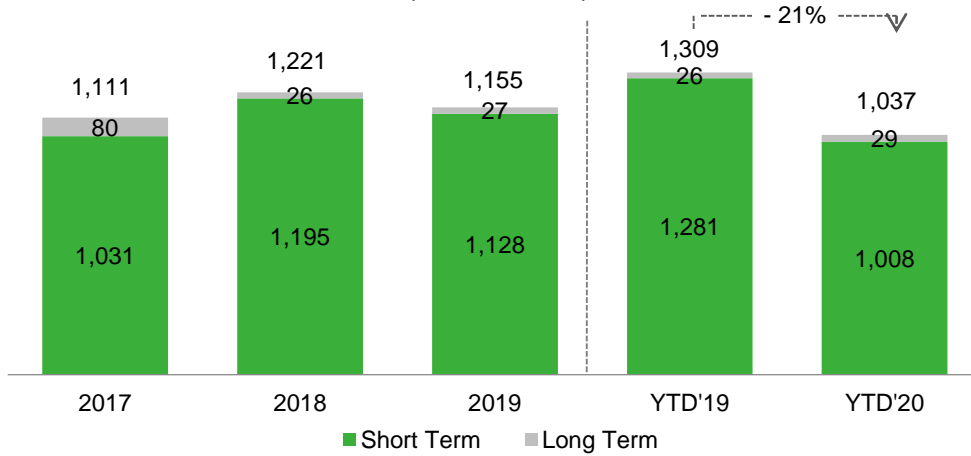


Controlling main assets and CAPEX



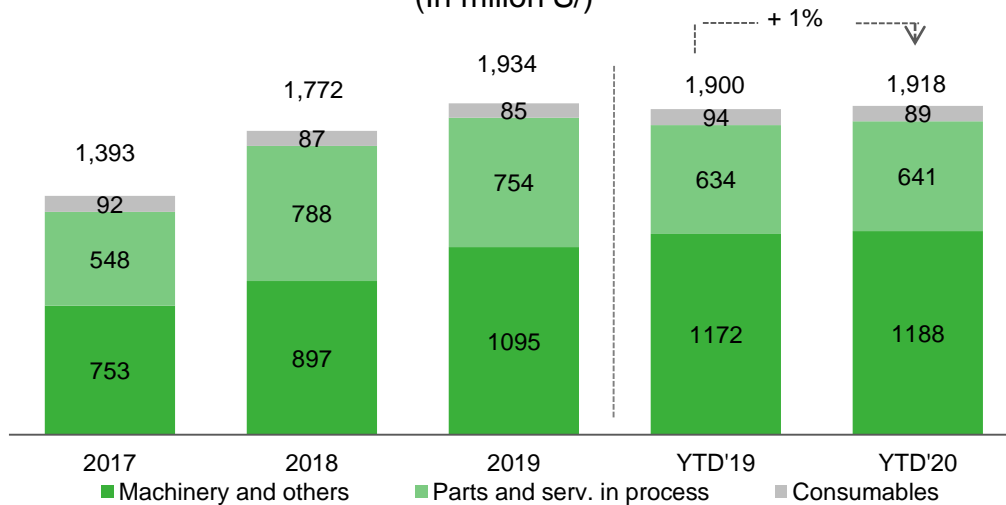
Account Receivables

(In million S/)



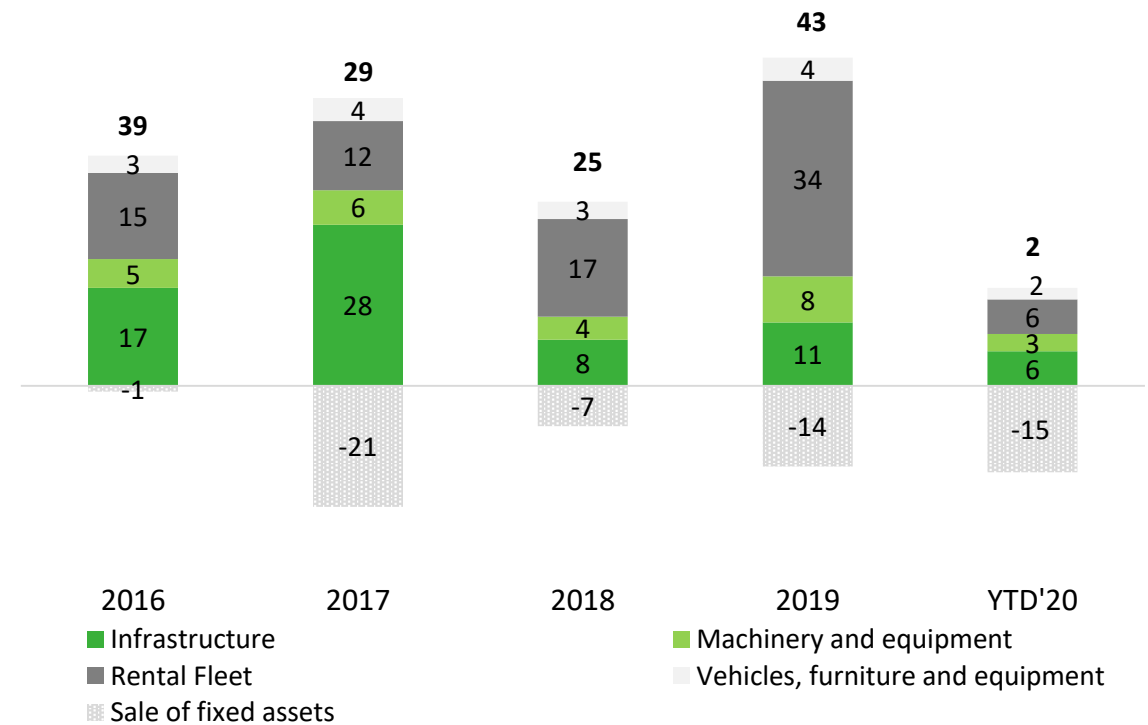
Inventories

(In million S/)



Capex

(In million US\$)



Intangibles: US\$ 14 MM as of September 2020 (SAP)

Total investment since 2016: US\$ 63mm

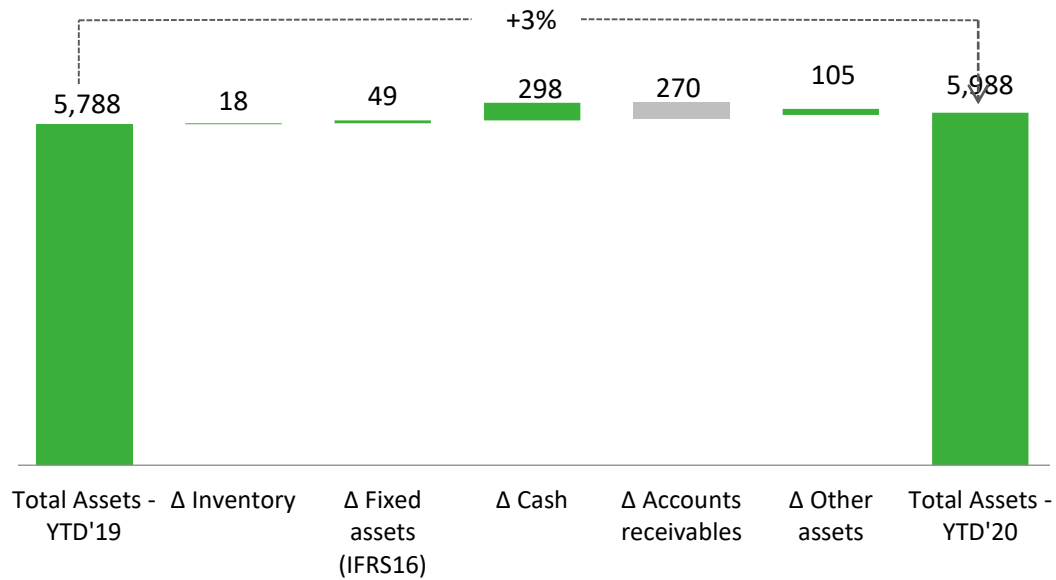
Important Investment in Assets

Mainly cash and inventory



Total Assets

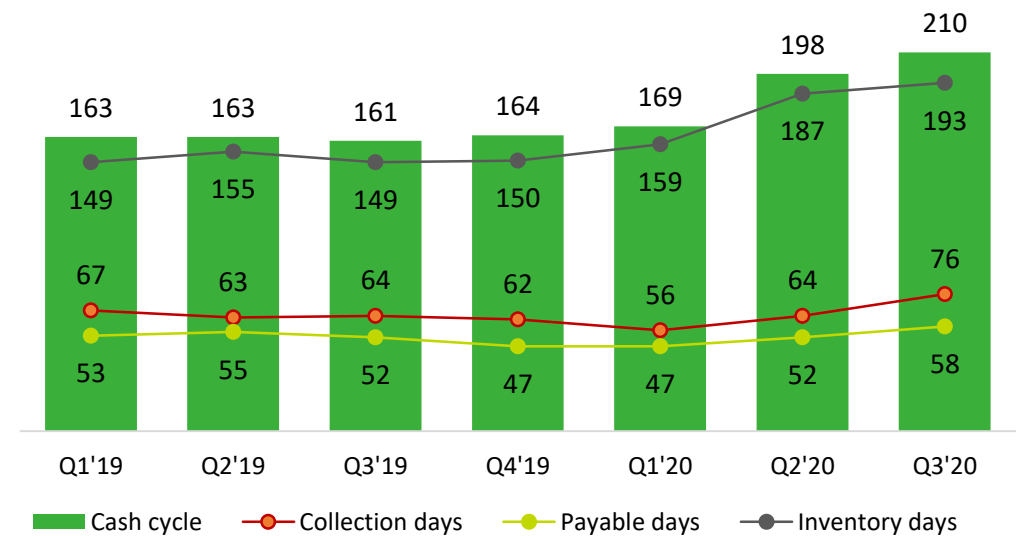
(In million S/)



Positive variations
Negative variations

Cash Cycle

(Days)

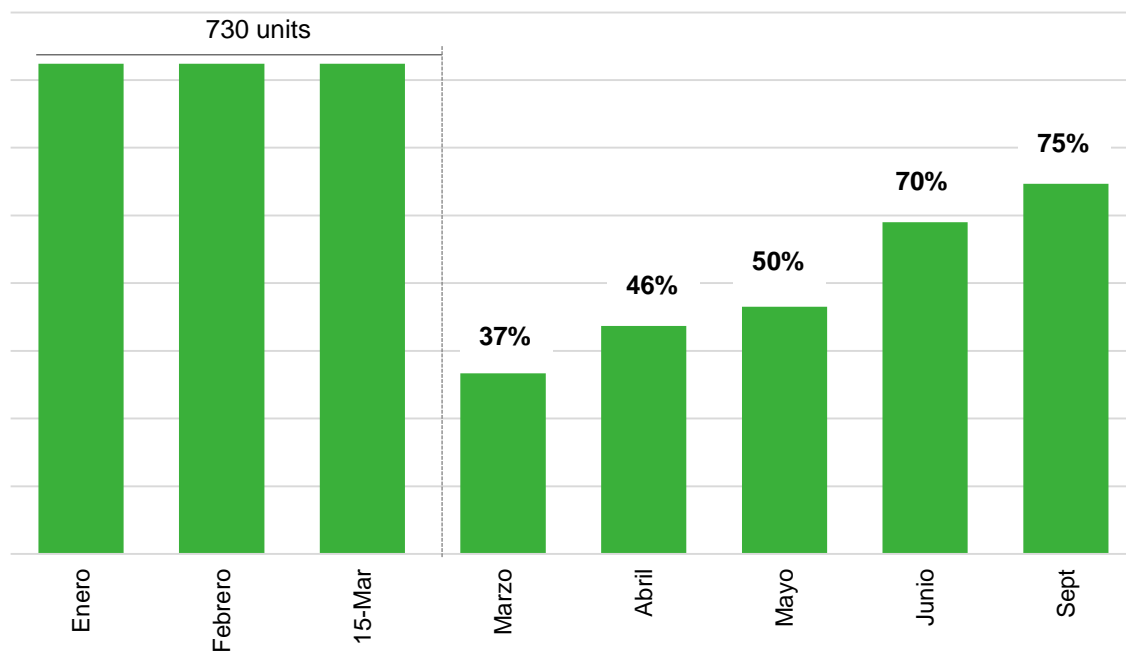


Mining and Construction

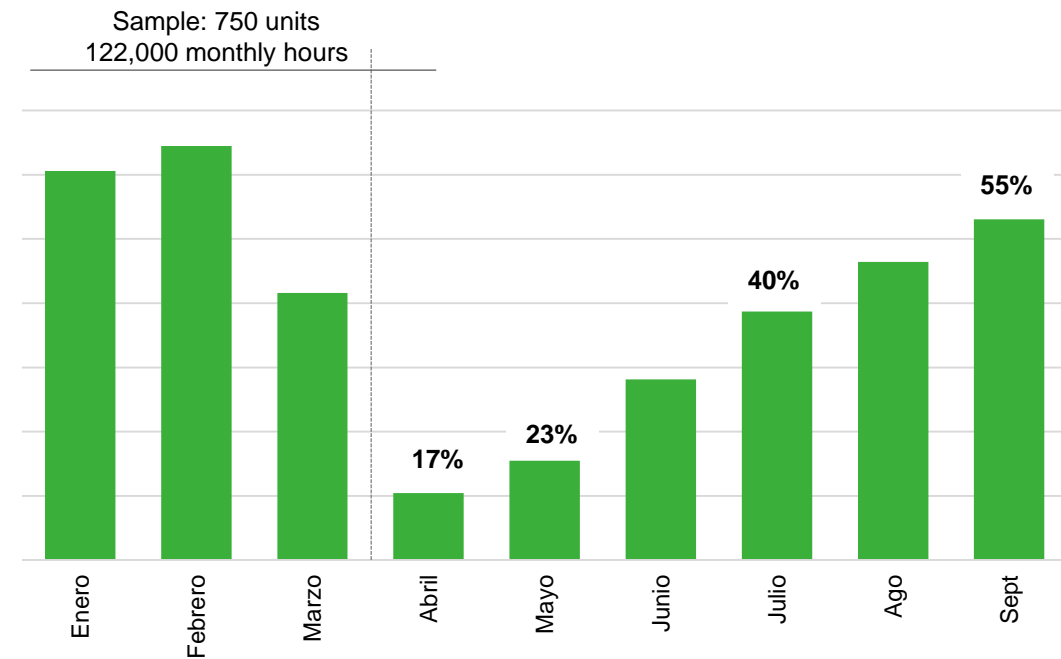
Customers machines connected and monitored



Open pit mining equipment
(Units)



Heavy construction machines
(Monthly hours)



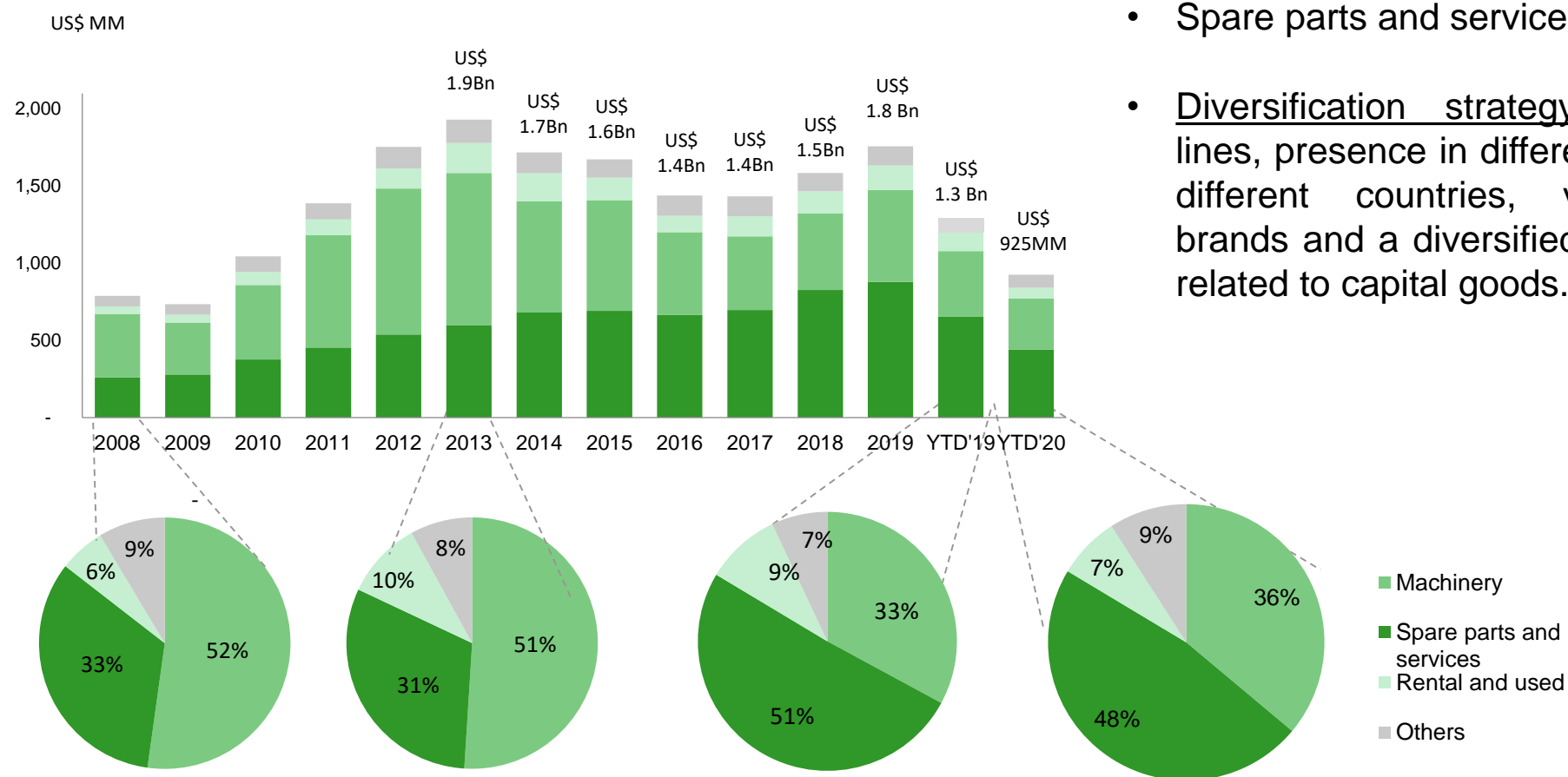


Fundamental of the Business

Resilient Business Model



Sales by Business Line



- Spare parts and services support business.
- Diversification strategy through business lines, presence in different economic sectors, different countries, various represented brands and a diversified portfolio of products related to capital goods.

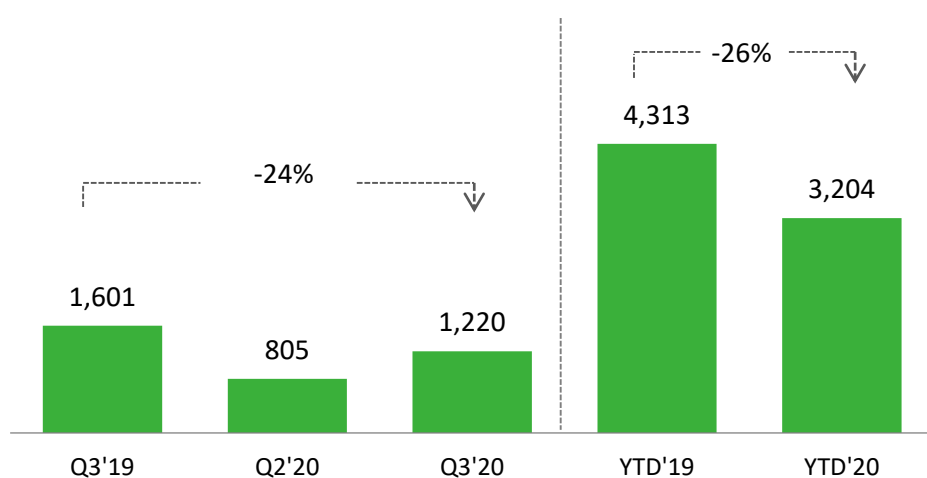
(* Other lines include: logistic businesses, lubricants and consumables.

Reflected in strong financial results

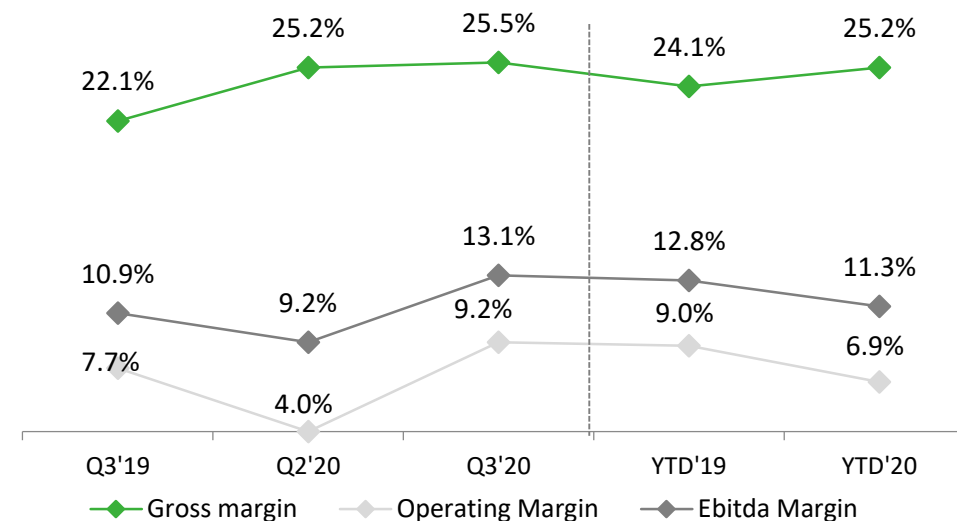


Million soles (S/ mm)

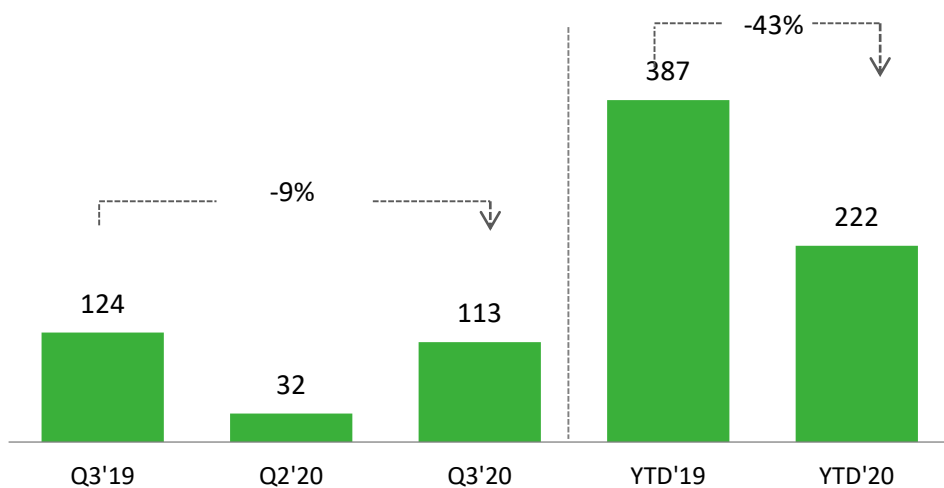
Sales



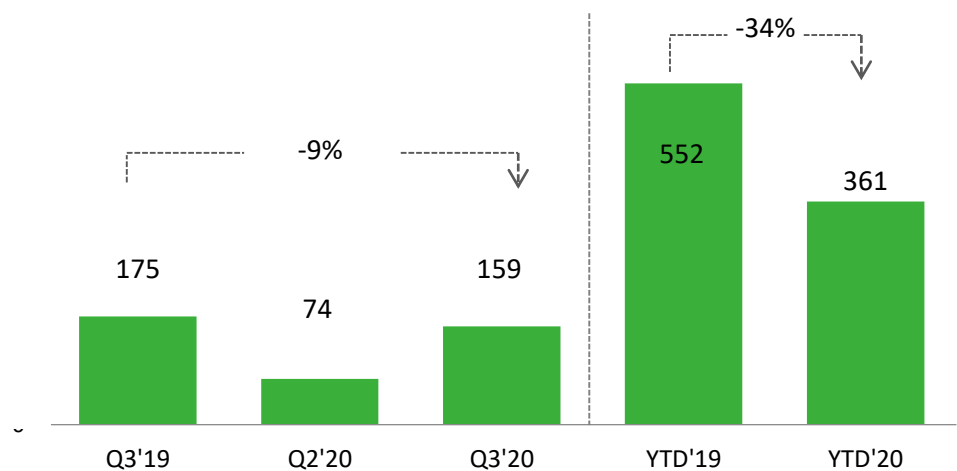
Margins



Operating Profit



EBITDA

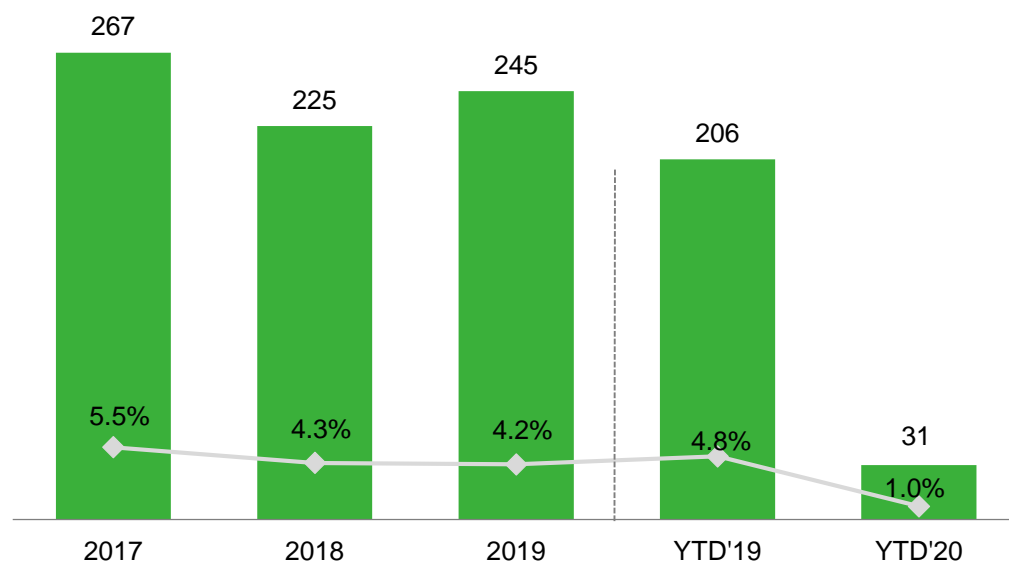


Net Profit impacted by FX Loss



Net Profit and Net Margin

(In million S/)



- FX loss as of Sept'20: S/ 105 million
- Recovered through:

- i) Inventory reserve as of September - S/ 64 million soles
- li) Recovery through gross margin – S/ 42 million soles



Sustainability and Social Responsibility



Positive Impact with Stakeholders



Community

- ✓ Ferreycorp Program for Professional Development - Ferreycorp Association
- ✓ Heavy Equipment Operators Club
- ✓ Think Big Program
- ✓ Works for taxes
- ✓ Corporate volunteering

Environment

- ✓ ISO 14001 in Fargoline and Trex
- ✓ Environmental Management Programs: planning, training and awareness, operational control and verification.
- ✓ Environmental and Sustainability Circle
- ✓ Platform indicators, waste management, measurement of energy footprints.

Customers

- ✓ Mutually beneficial and long-term relations.
- ✓ Varied portfolio of high quality products and services. Constant monitoring of customer satisfaction.
- ✓ Marketing and communications policy
- ✓ Efficient supply chain

Employees

- ✓ Health, safety and working conditions
- ✓ Professional and personal development
- ✓ Diversity and inclusion
- ✓ Relations with the unions
- ✓ Social activities

Government and Society

- ✓ Compliance system and policies
- ✓ Zero tolerance for corruption
- ✓ Ferreycorp is a member of the United Nations Global Compact Network
- ✓ Every year, the Corporation published a Progress Report about actions implemented consistently with subjects included in the ten principles of the UN Compact Network.

Shareholders

- ✓ Principles of Good Corporate Governance
- ✓ Respect of Shareholders' rights
- ✓ Transparent and timely reporting
- ✓ Highly qualified Board of Directors that represents all of the shareholders

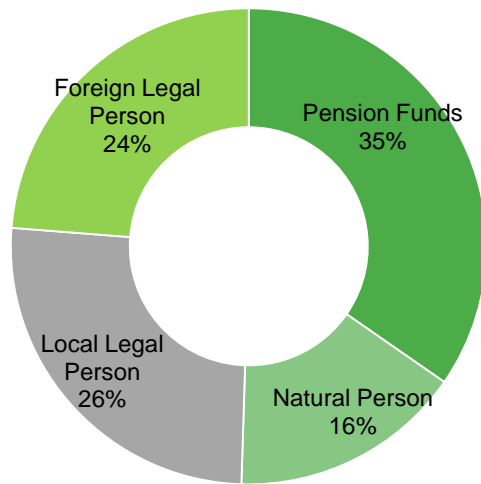
Suppliers

- ✓ Hiring policy: transparency, equitable treatment.
- ✓ Select suppliers based on: quality of product or service, price, delivery terms, human resources policies and practices, occupational health and safety programs.
- ✓ Formalization and development of local suppliers

Ferreycorp in the Capital Market



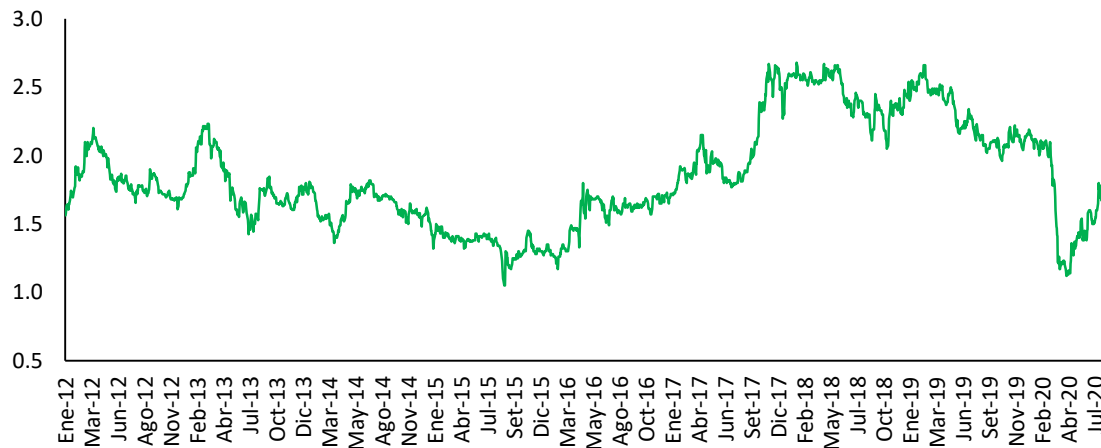
Shareholder Structure



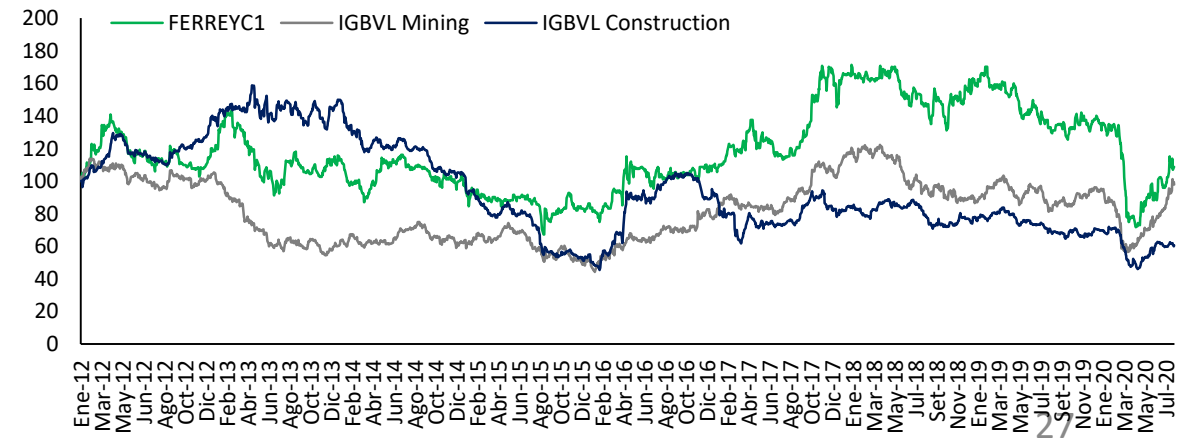
Main Shareholders

Shareholder	Share
Onyx Latin America Equity Fund LP	6.68%
RI-Fondo 2 (Prima AFP)	6.50%
IN-Fondo 3 (AFP Integra)	5.40%
IN-Fondo 2 (AFP Integra)	5.25%
PR-Fondo 2 (Profuturo AFP)	4.68%
Corporación Cervesur S.A.A.	4.42%
Interseguro Compañía de Seguros de Vida S.A.	4.35%
RI-Fondo 3 (Prima AFP)	4.22%

Share Price Evolution



Ferreycorp, Mining & Construction Indexes



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 launch in 2008.



Board of Directors:

- Conformed by 9 members
- The Board of Directors of Ferreycorp is complemented by four committees, 3 of them lead by independent directors:
 - ✓ Nominations, Remuneration, Corporate Governance and Sustainability Committee
 - ✓ Audit and Risk Committee
 - ✓ Innovation and Systems Committee
 - ✓ Investment Committee



Composition of the Board:

Independent Directors

- ✓ Alba San Martín
- ✓ Humberto Nadal
- ✓ Gustavo Noriega
- ✓ Javier Otero

Dependent Directors

- Andreas von Wedemeyer
- Manuel Bustamante
- Mariela García
- Raúl Ortiz de Zevallos
- Thiago Albuquerque

Recognitions

- Key of the Lima Stock Exchange: 2008, 2011, 2012, 2013, 2017, 2018 and 2019.
- 1st Place La Voz del Mercado 2020
- Member of the Companies Circle of the Latin America 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, Dow Jones Sustainability Index (2018, 2019).



That allows us to pay dividends



- ✓ In 1997, the company's Shareholders meeting 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 2013 Shareholders Meeting approved to increase the upper limit from 50% to 60% of freely available profits.
- ✓ The 2018 Shareholders Meeting modified the policy: dividends in advance.
- ✓ The 2019 Shareholders Meeting modified the policy: extraordinary dividends.

Period:	Cash 2019 dividend Millions	Payout (% 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
2017	132.1	55%	13.5465%	0.135465
2018	121.5	60%	12.4543%	0.124543
	50.0	25%	5.1246%	0.051246
2019	146.9	60%	15.3288%	0.153288

First payment:
S/ 73mm – Oct 15, 2020
Second payment
S/ 73mm - Dec 4, 2020



Ferreycorp

Thanks