

# Corporate Presentation

1Q 2019





# Ferreycorp and Strategy

 **Ferreycorp**

# CORPORATE STRUCTURE



BVL: FERREYC1

## Caterpillar dealers and allied brands in Peru



## Caterpillar dealers and other businesses in Central America



Guatemala



El Salvador



Belice



Nicaragua



El Salvador, Honduras

## Other subsidiaries in Peru and abroad



Chile, Colombia, Ecuador, Perú



# DIVERSIFICATION STRATEGY



As of March 2019  
(S/. Million)

Caterpillar dealers and allied  
brands in Peru

Caterpillar dealers and other  
businesses in Central America

Other subsidiaries in Peru and  
abroad

Sales

990

118

233

%of Total Sales

74%

9%

17%

EBITDA

142

16

25

% of Total EBITDA

77%

9%

14%

EBITDA Margin

14%

14%

11%

#of employees

4,684

742

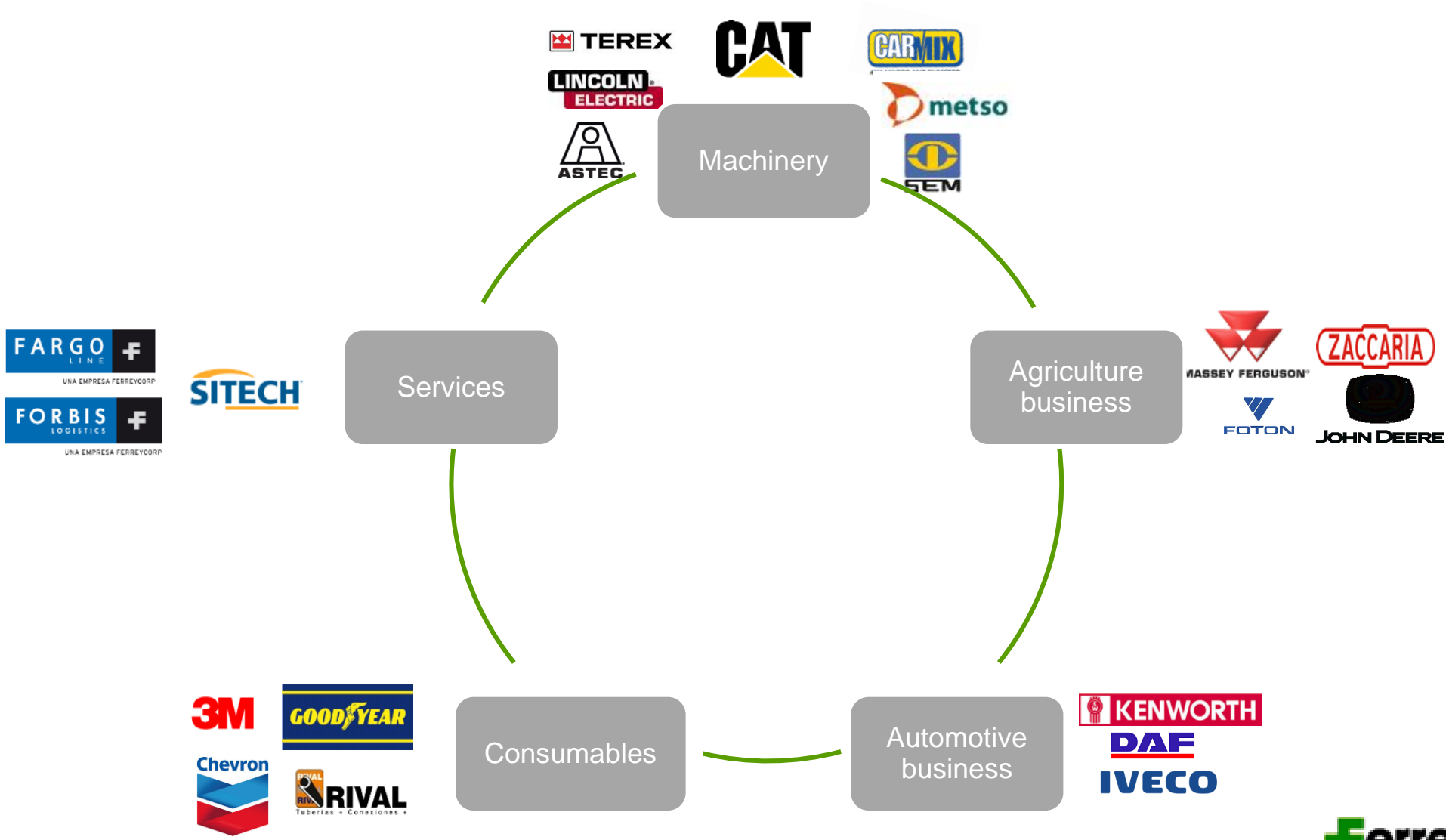
1,229

(\* ) Third group of companies increasing their share in total sales: 2013(10%), 2014 (11%), 2015 (12%), 2016 (15%), 2017 and 2018 (16%) – as a result of diversification strategy through complementary businesses.



# STRATEGY

## COMPLETE VALUE PROPOSITION



# PRESENCE IN SOUTH AND CENTRAL AMERICA REPRESENTING LEADER BRANDS



MASSEY FERGUSON™



# KEY CAPABILITIES CREATING VALUE



Long term strategic partnerships

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

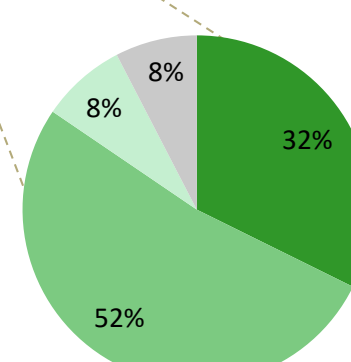
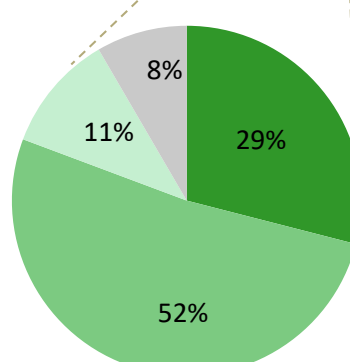
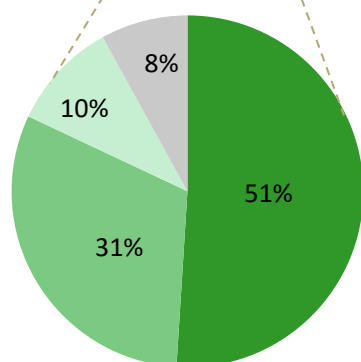
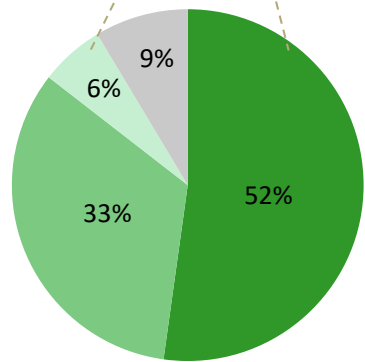
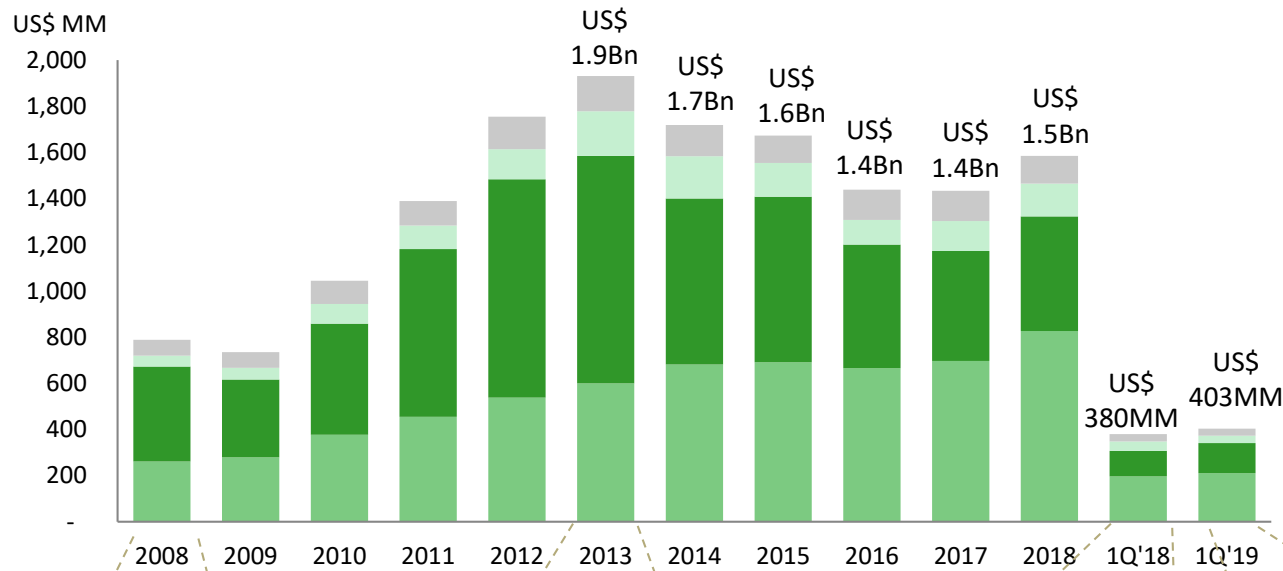


# Business Strengths



# SUSTAINABLE BUSINESS MODEL

SALES BY LINE OF BUSINESS



- Machinery
- Parts and Services
- Rental and used equipment
- Others

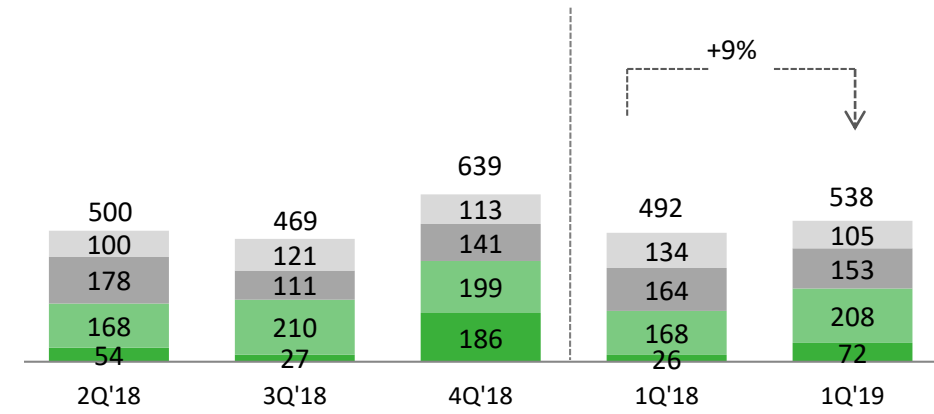
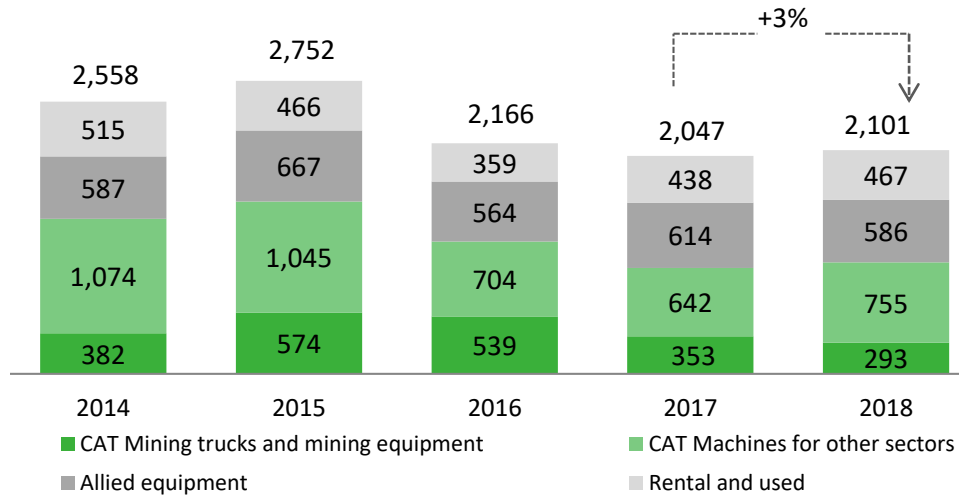
- Resilient business model.
- Spare parts and services support business.
- Diversification strategy through business lines, presence in different economic sectors, different countries, various represented brands and a diversified portfolio of products.

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

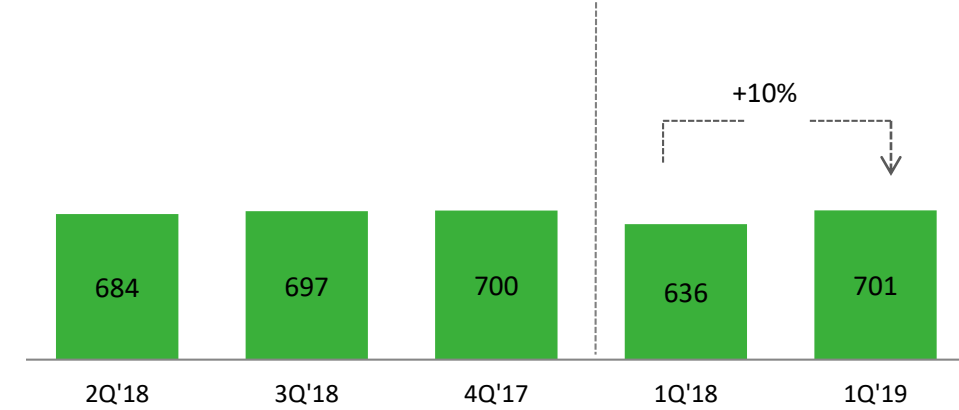
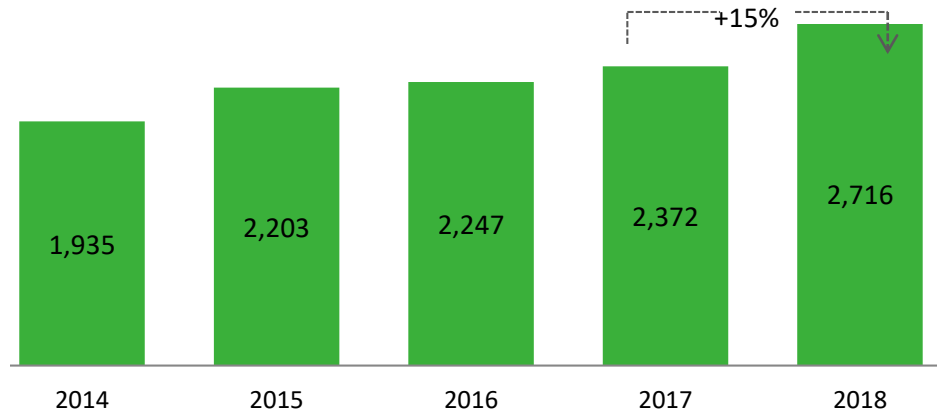
# OPERATIONAL RESULTS

Million soles (S/ mm)

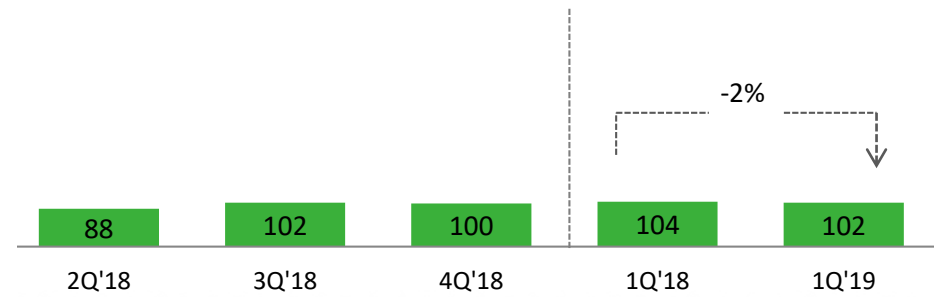
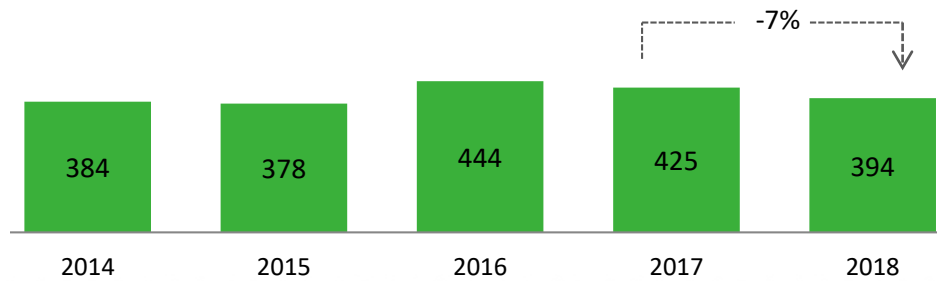
## MACHINERY



## SPARE PARTS AND SERVICES



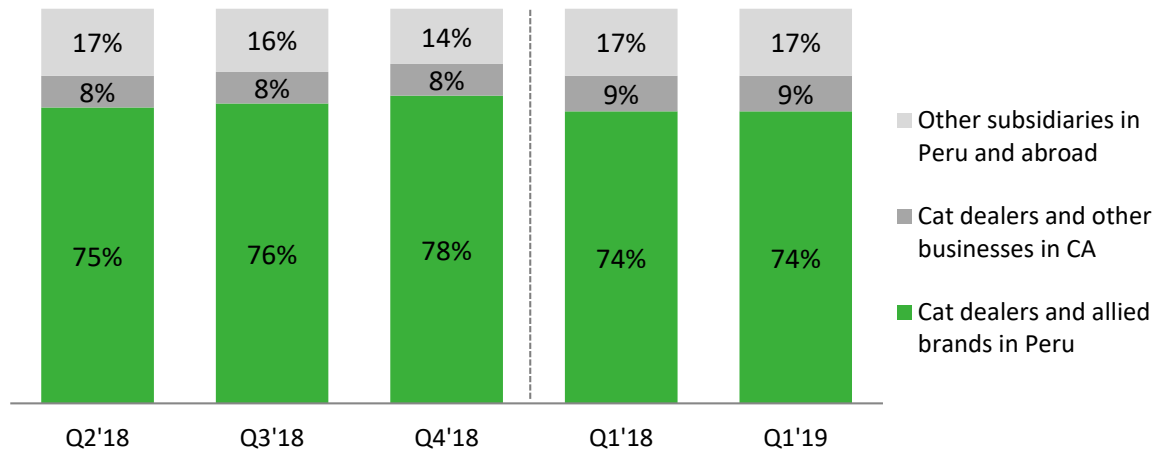
## OTHER LINES



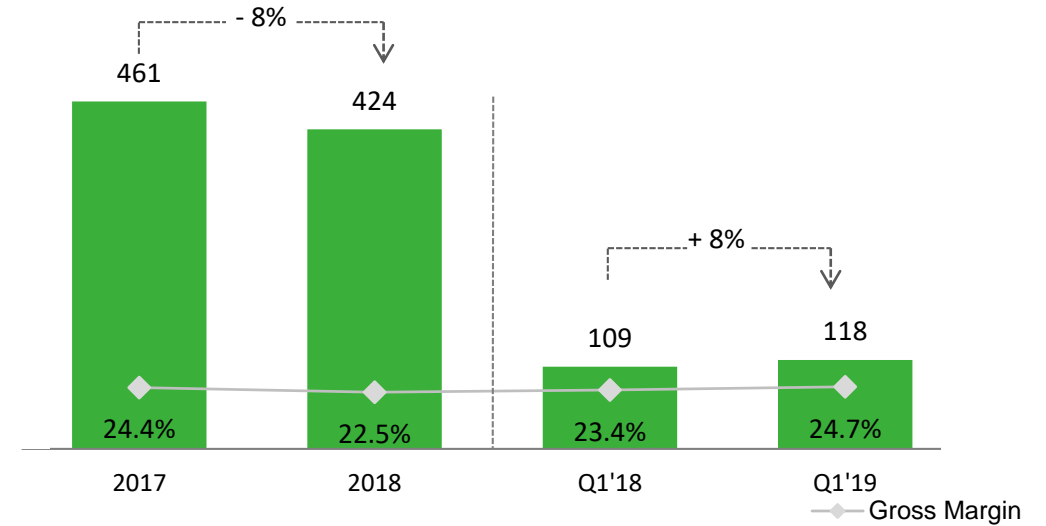
# SALES BY GROUP OF COMPANIES

Million Soles (S/ mm)

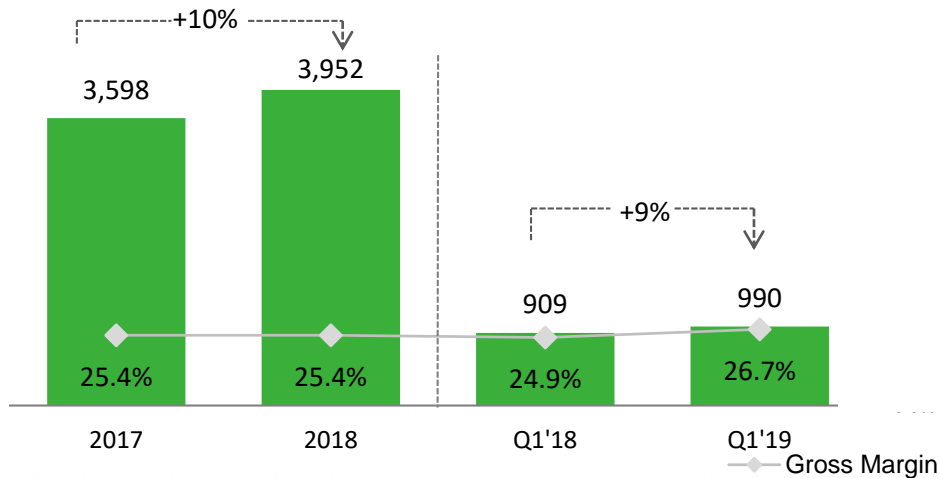
## SALES BY GROUP OF COMPANIES



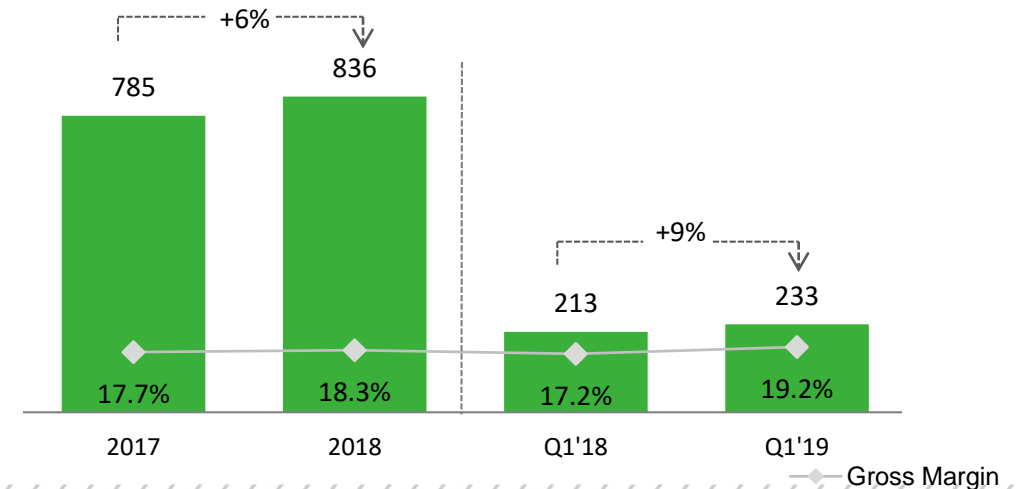
## CAT DEALERS AND OTHER BUSINESSES IN CA



## CAT DEALERS AND ALLIED BRANDS IN PERU

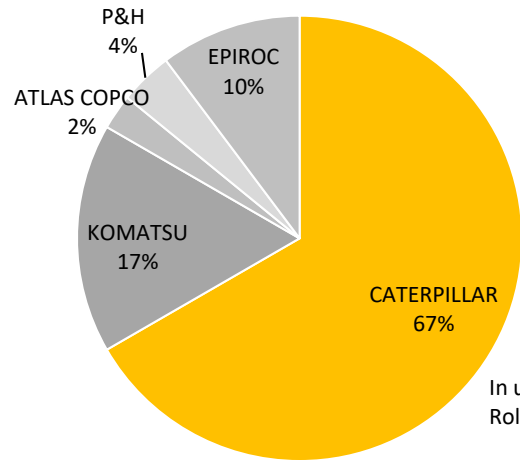


## OTHER SUBSIDIARIES IN PERU AND ABROAD



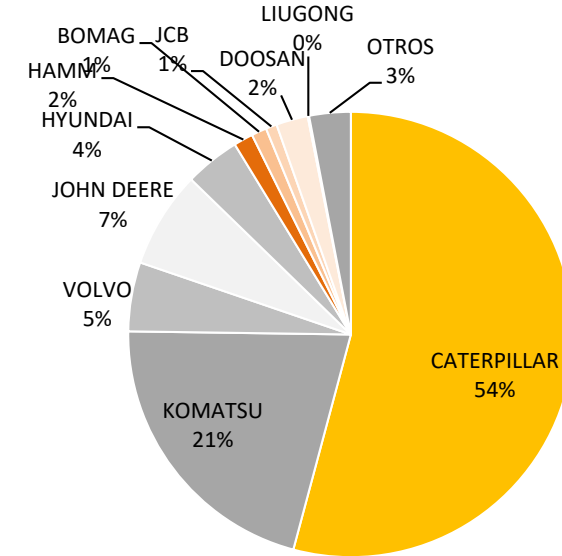
# CATERPILLAR MARKET SHARE IN PERU

## Minería tajo abierto



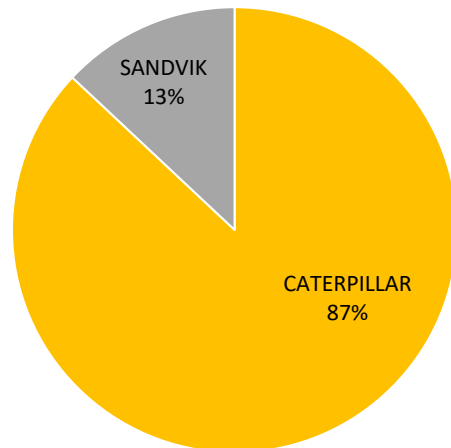
In units  
Rolling 12 months, Mar 2019

## Heavy construction



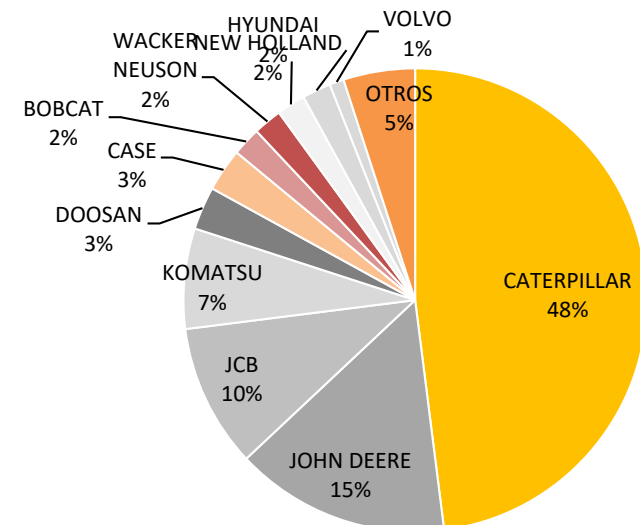
US\$ FOB  
Rolling 12 months, Mar 2019

## Underground mining



US\$ FOB  
Rolling 12 months, Mar 2019

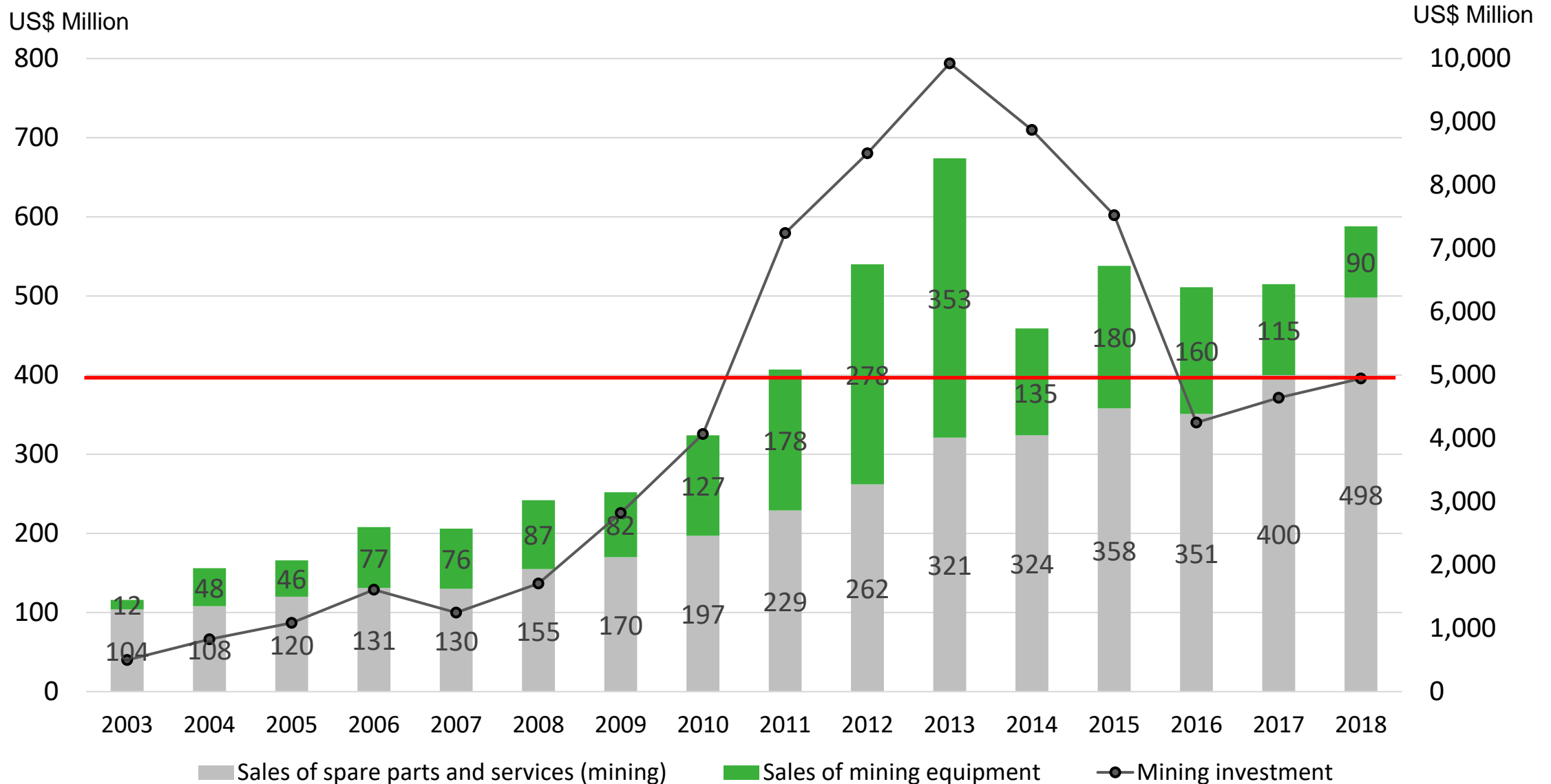
## General construction



US\$ FOB  
Rolling 12 months, Mar 2019

# MINING INVESTMENT

## MINING MACHINERY, SPARE PARTS AND SERVICES

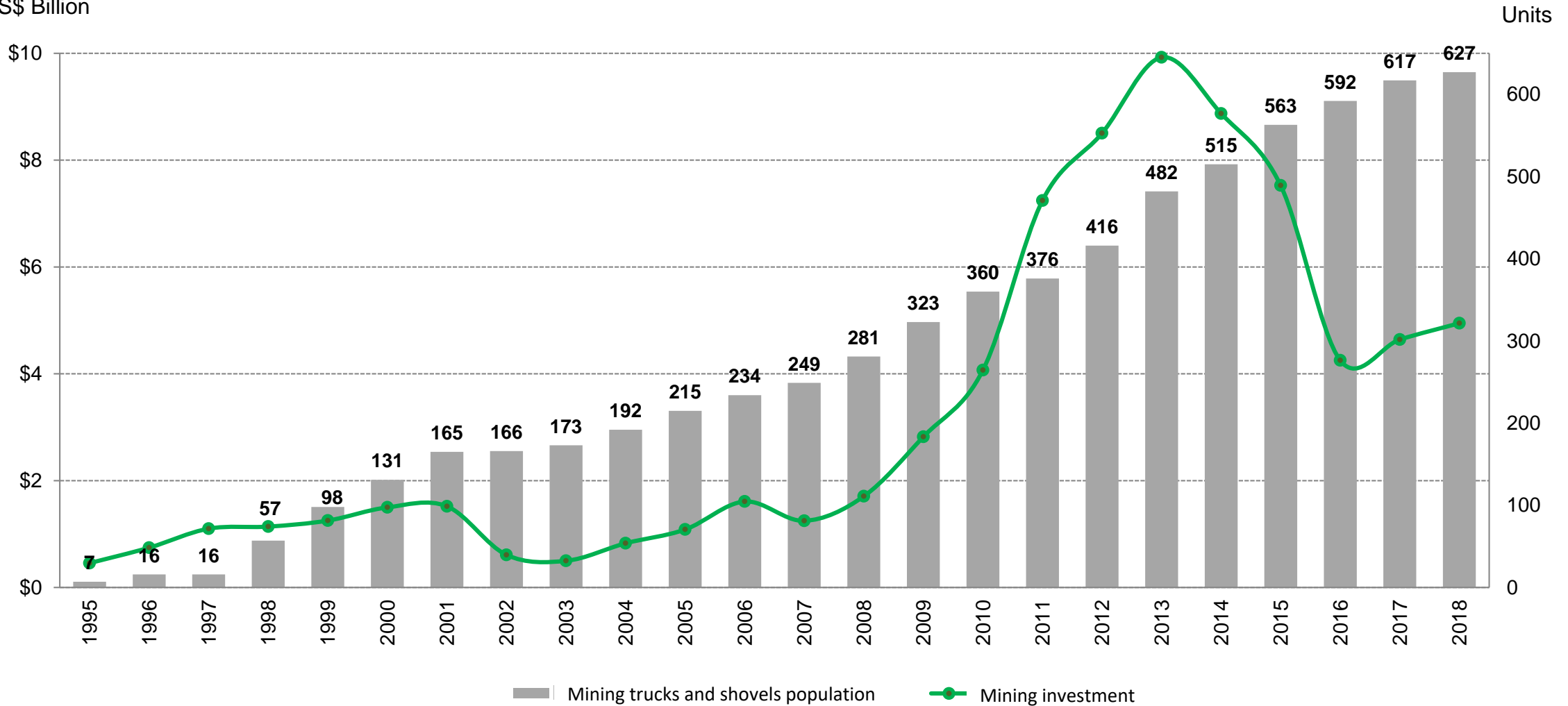


Source: Minem y Ferreyros

# MINING INVESTMENT EVOLUTION

## CATERPILLAR EQUIPMENT FOR MINING

Mining Investment  
US\$ Billion



\*Considers mining trucks 785 onwards + electric and hydraulic shovels former Bucyrus

# MINING PROJECTS PORTFOLIO

## US\$ 59 BILLION

### Pre Feasibility

US\$31 BILLION

- Yanacocha Sulfuros
- Anubia
- Los Chancas
- Quicay II
- San Gabriel
- Haquira
- Michiquillay
- Antilla
- AZOD
- Bayovar 12
- Cotabamba
- Don Javier
- El Galeno
- Fosfato Mantaro
- Hierro Apurimac
- La Granja
- Los Calatos
- Macusani
- Pukaqaqa
- Racaycocha Sur
- Rondoni
- Trapiche

### Feasibility

US\$13 BILLION

- Amp Pachapaqui
- Integración Coroccohuayco
- Zafranal
- Fosfatos Pacífico
- Magistral
- Amp Bayóvar
- Cañon Florida
- Conga
- Cañariaco
- El Padrino e Hilarión
- Ollachea
- Quechua
- Río Blanco
- San Luis

### Engineering

US\$5 BILLION

- Amp Santa María
- Optimización Lagunas Norte
- Corani
- Tia Maria
- Pampa de Pongo

### Construction

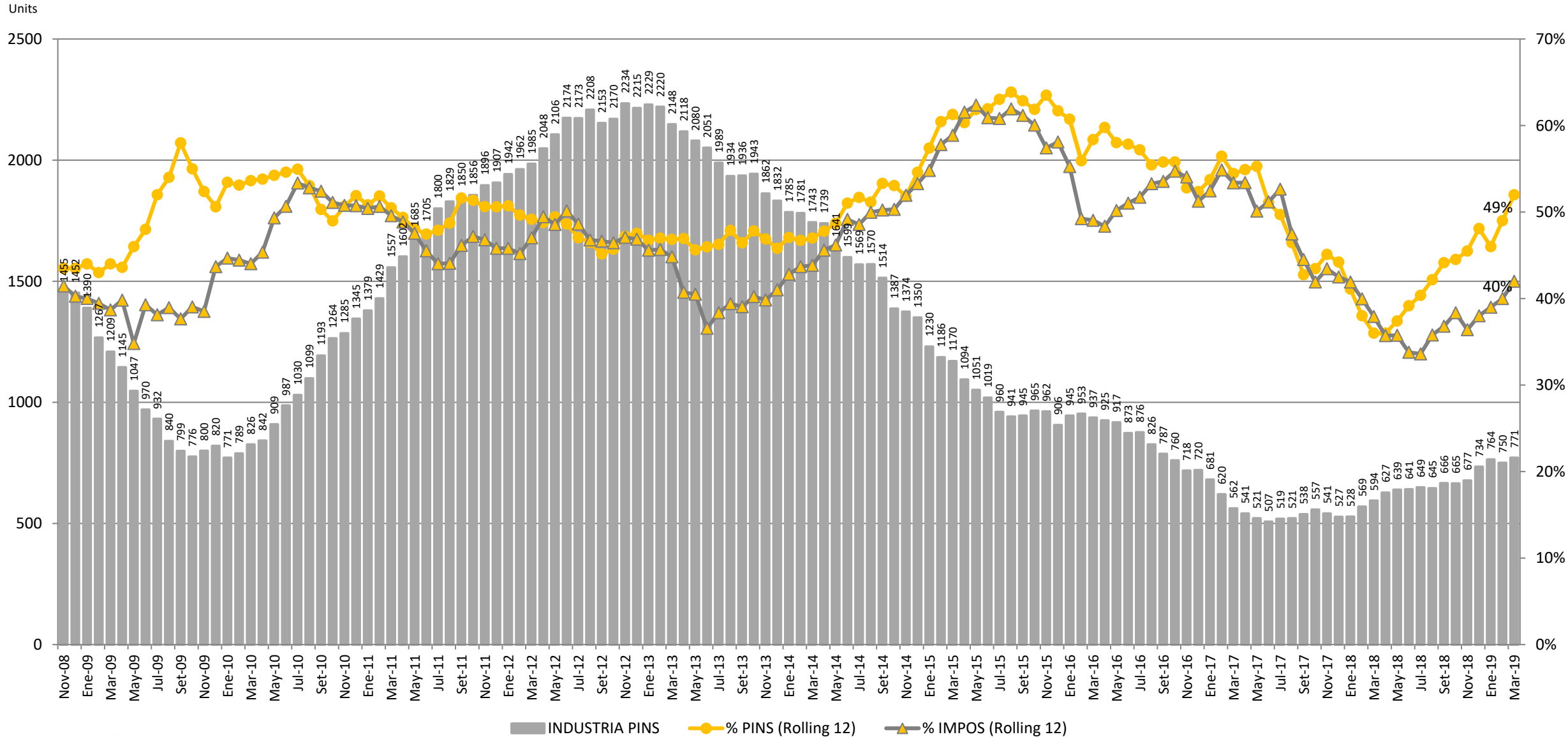
US\$10 BILLION

- Amp Toquepala
- Quecher Main
- Relaves B2 San Rafael
- Amp Toromocho
- Ariana
- Mina Justa
- Quellaveco

#### PROJECTS IN CONSTRUCTION

PROJECT	INVESTMENT (US\$ MM)	Período de Ejecución				
		2018	2019	2020	2021	2022
Quellaveco	5,300	█	█	█	█	█
Mina Justa	1,600	█	█	█		
Amp Toromocho	1,355	█	█	█		
Amp Toquepala	1,255	█	█	█		
Quecher Main	300	█	█			
Relaves B2 San Rafael	200	█	█			
Ariana	125	█	█	█	█	█
	<b>10,135</b>					

# HEAVY CONSTRUCTION INDUSTRY EVOLUTION





# MAIN INVESTMENT PROJECTS IN CONSTRUCTION

PROYECTO	INVERSIÓN (US\$ MILLONES)	REGIÓN	FECHA ESTIMADA DE FIN DE PROYECTO	SECTOR
<b>Quellaveco</b> [Anglo American]	5 300	Moquegua	2022	Minería
<b>Mina Justa</b> [Minsur e Inversiones Alxar]	1 600	Ica	2020	Minería
<b>Ampliación Toromocho</b> [Chinalco]	1 300	Junin	2020	Minería
<b>Mejoramiento y operación de la carretera Huánuco – Conococha. Tramo: Huánuco- La Unión – Huallanca</b> [China Railway 20 Bureau Group Corporation]	375	Áncash y Huánuco	Mejoramiento: 2021 Mantenimiento: 2030	Obra pública
<b>Planta de fabricación de molienda</b> [Metalúrgica Peruana]	260	Lima	2020	Industria
<b>Parque Industrial Macrópolis</b> [Centenario]	250	Lima	2024	Logística
<b>Nuevo complejo de acería</b> [Aceros Arequipa]	180	Ica	2019	Industria
<b>Real Plaza Puruchuco</b> [InRetail]	150	Lima	2019	<i>Retail</i>
<b>Mejoramiento de la carretera Oyón – Ambo. Tramo II: Desv. Cerro de Pasco - Desv. Chacayán</b> [China Gezhouba Group Company Limited]	135	La Libertad	2019	Obra pública

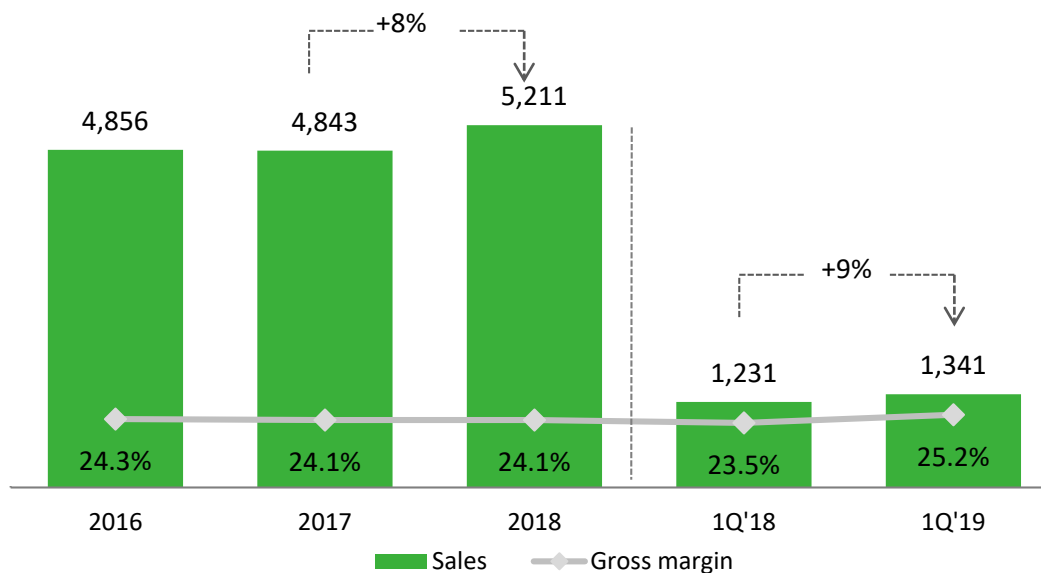


# Financial Performance

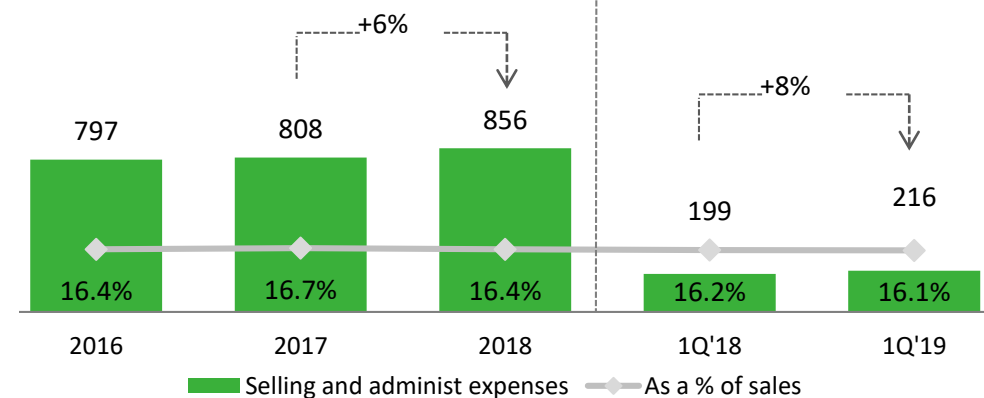
# FINANCIAL RESULTS

Million soles (S/ mm)

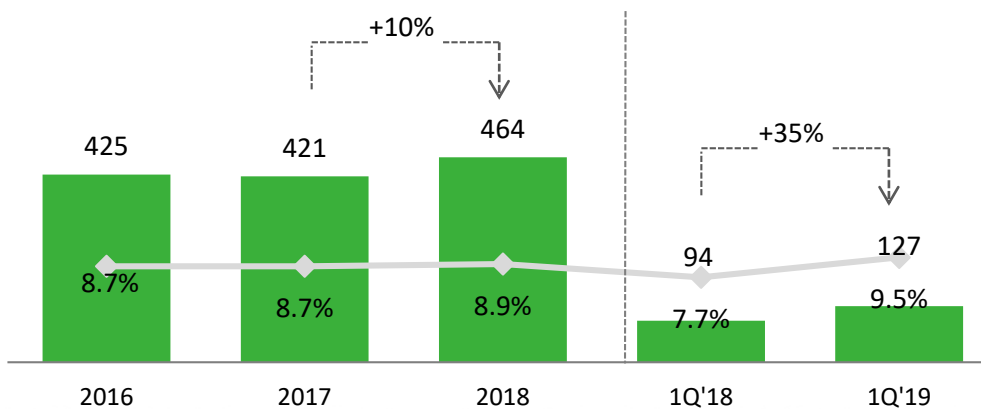
## SALES AND GROSS MARGIN



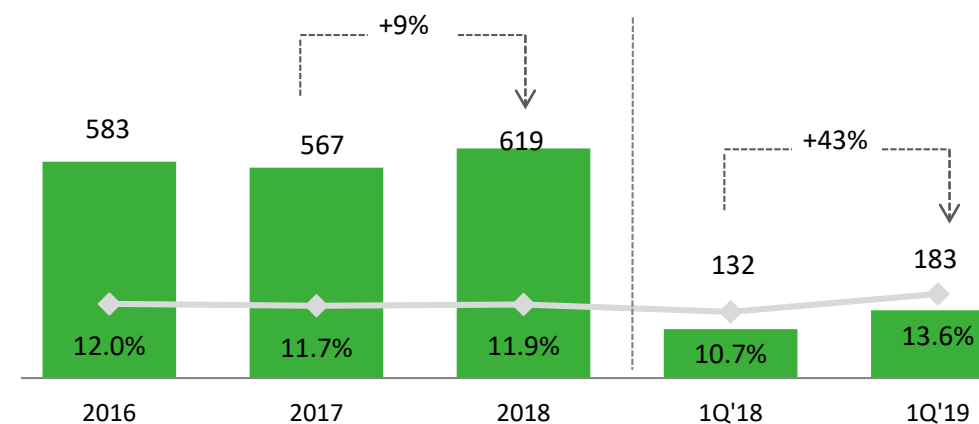
## SALES AND ADM EXPENSES



## OPERATING PROFIT AND OPERATING MARGIN



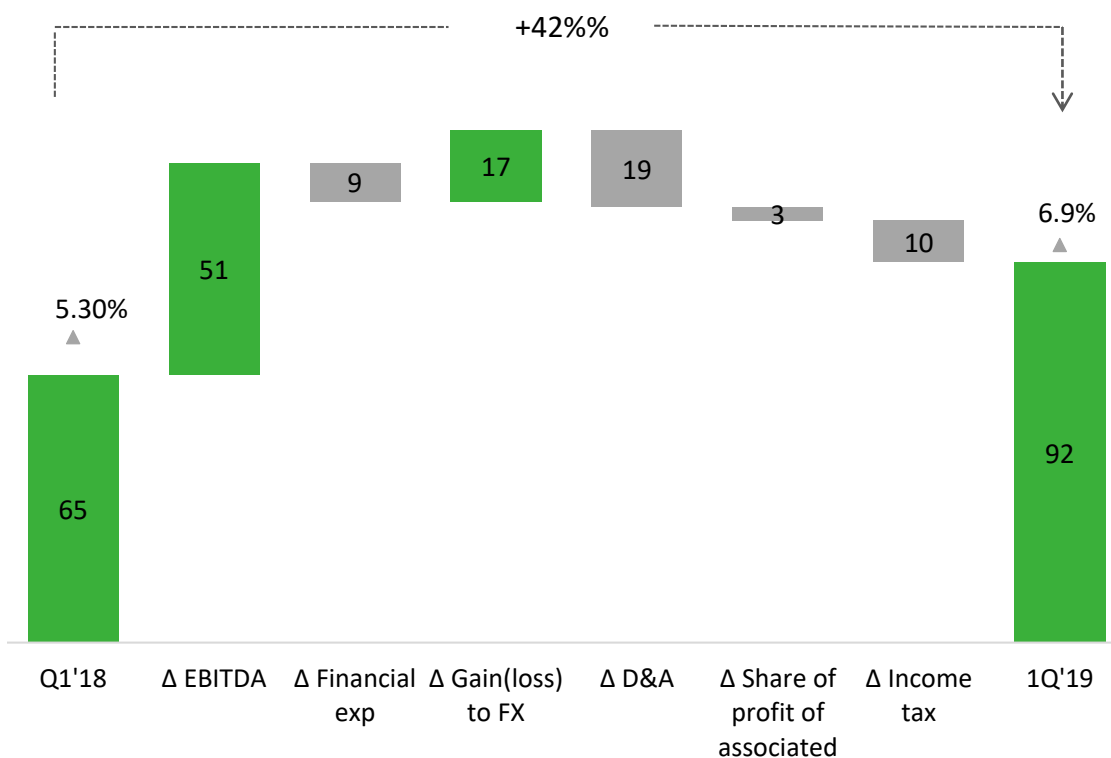
## EBITDA AND EBITDA MARGIN



# FINANCIAL RESULTS

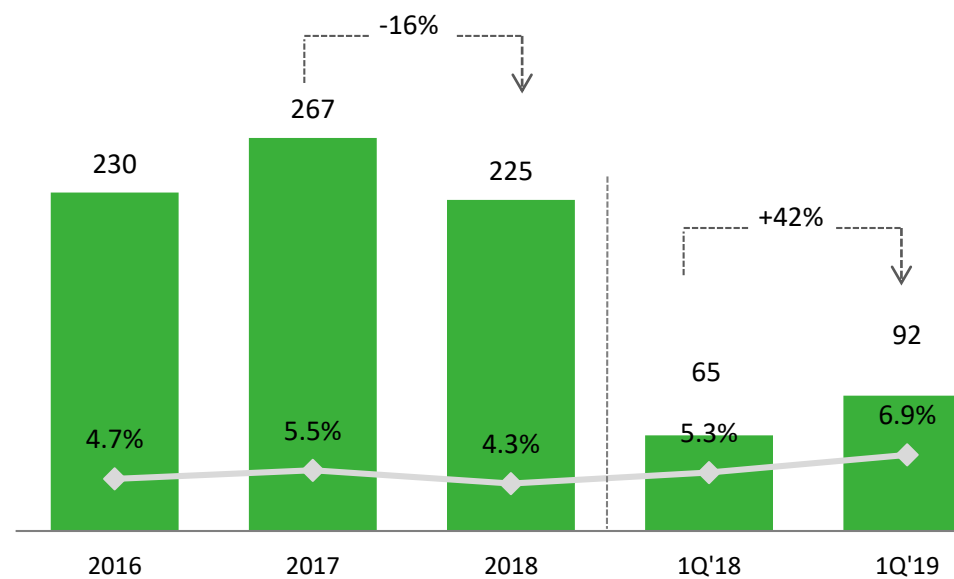
Million soles (S/ mm)

## NET INCOME Q1'19



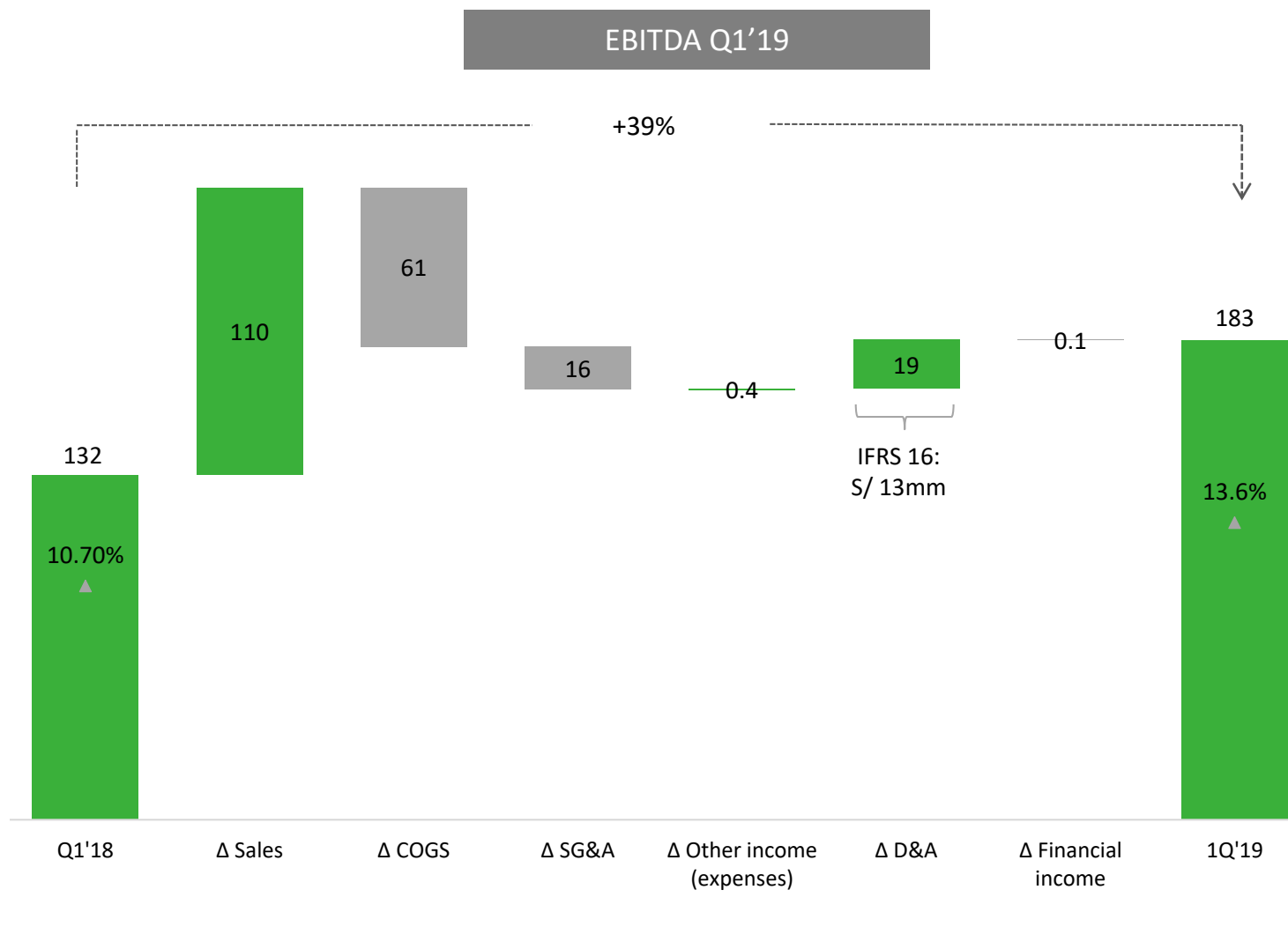
- Positive variations
- Negative variations

## NET INCOME AND NET MARGIN



# EBITDA

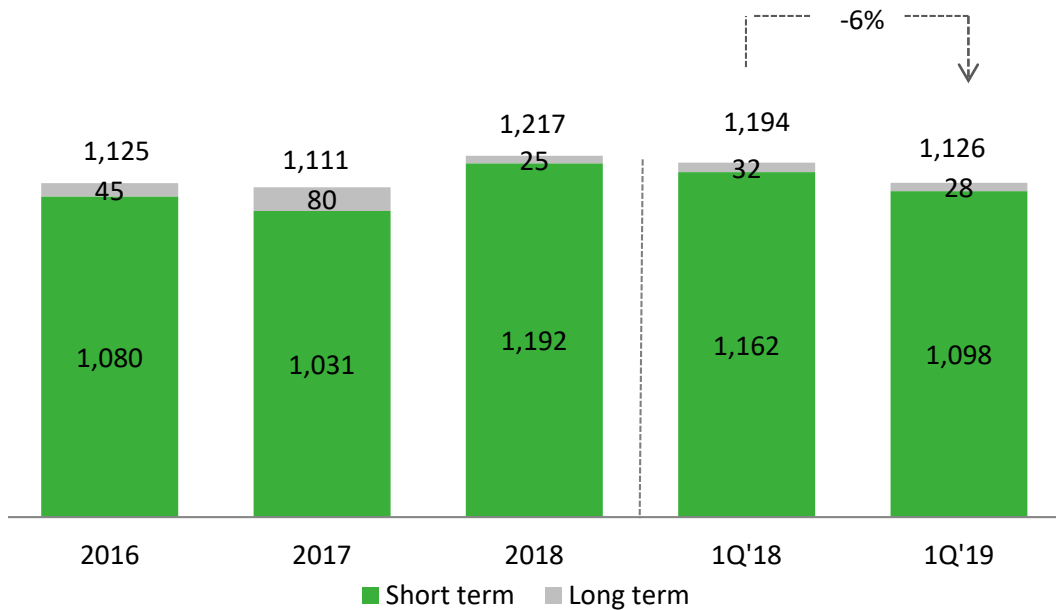
Million soles (S/ mm)



# INVESTMENT IN ASSETS

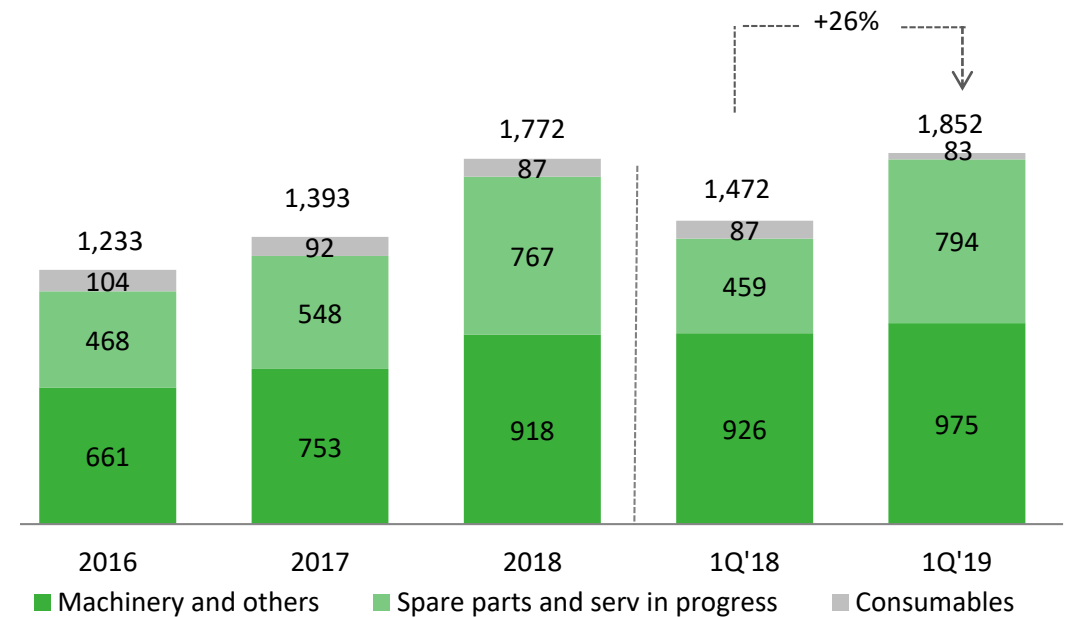
Million soles (S/ mm)

## ACCOUNTS RECEIVABLE EVOLUTION



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

## INVENTORY EVOLUTION

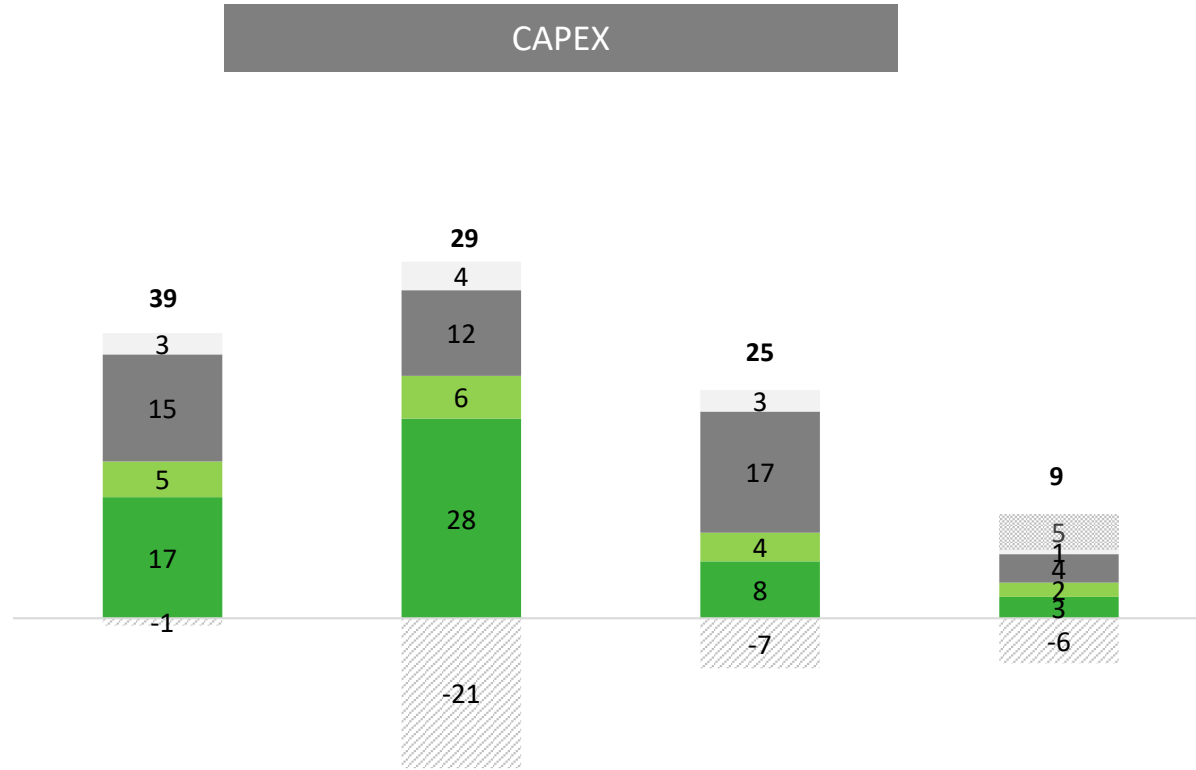


- Inventories: components, factory delays in the supply of spare parts, mining equipment.

# FIXED ASSETS AND CASH CYCLE

Million dollars (US\$ mm)

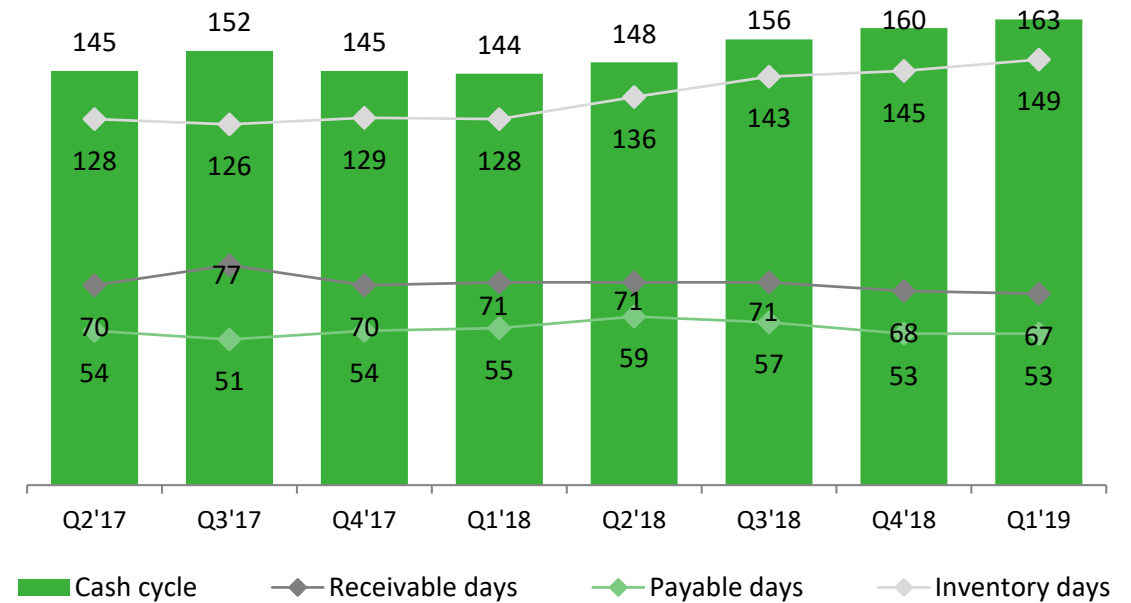
## CAPEX



■ Infrastructure  
■ Machinery and equipment  
■ Rental Fleet  
■ Vehicles, furniture and equipment  
■ Sale of fixed assets  
■ Fixed assets IFRS16

- Intangibles: ERP SAP implementation
- 2017: US\$ 13mm
- 2018: US\$ 23mm
- Budget 2019: US\$ 15mm, As of Mar'19 US\$ 4mm

## CASH CYCLE



### Targets:

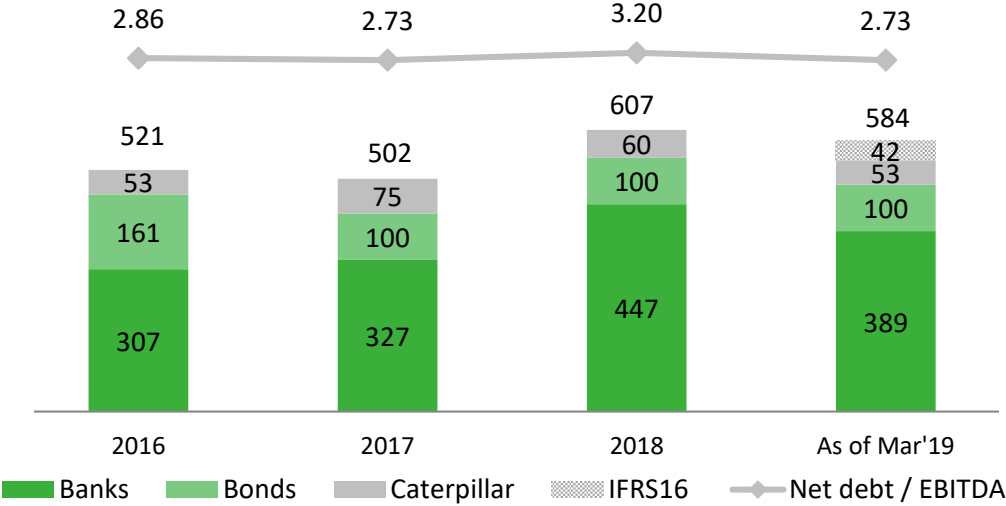
Inventory 120 days  
 Payable 45 days  
 Receivable 45-60 days  
 3.0x



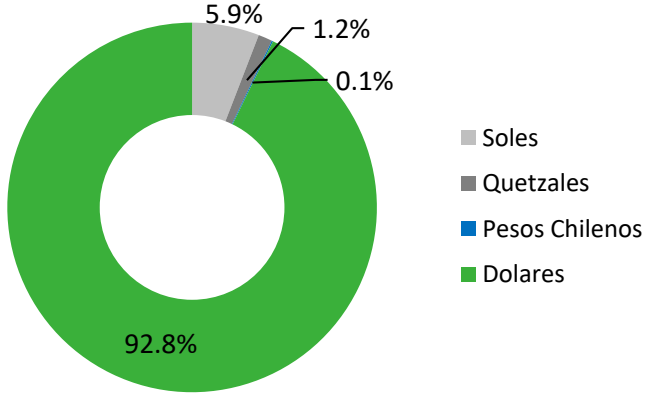
# CONSOLIDATED FINANCIAL DEBT

Million dollars (US\$ mm)

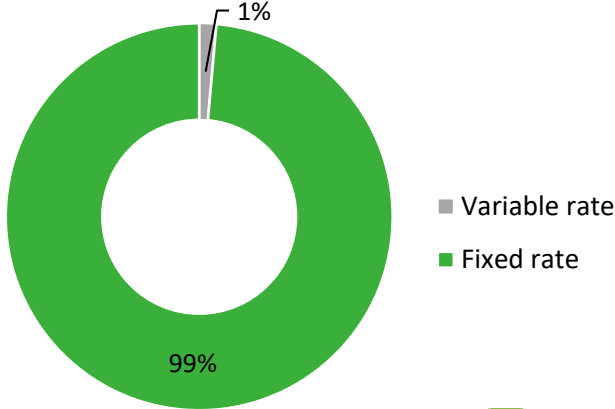
## DIVERSIFIED FUNDING BASE



## DEBT BY CURRENCY



## DEBT BY RATE

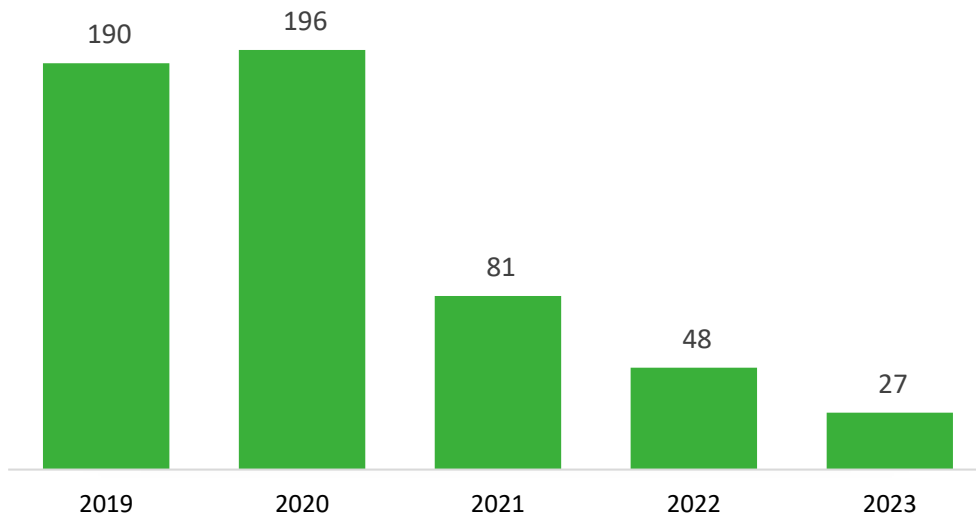




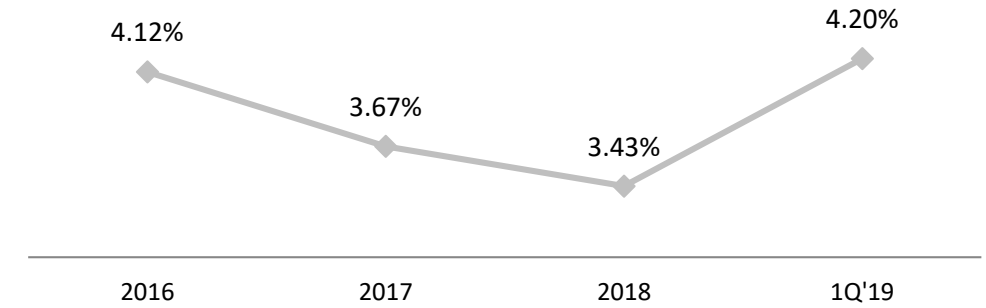
# CONSOLIDATED FINANCIAL DEBT

Million dollars (US\$ mm)

## DEBT MATURITY

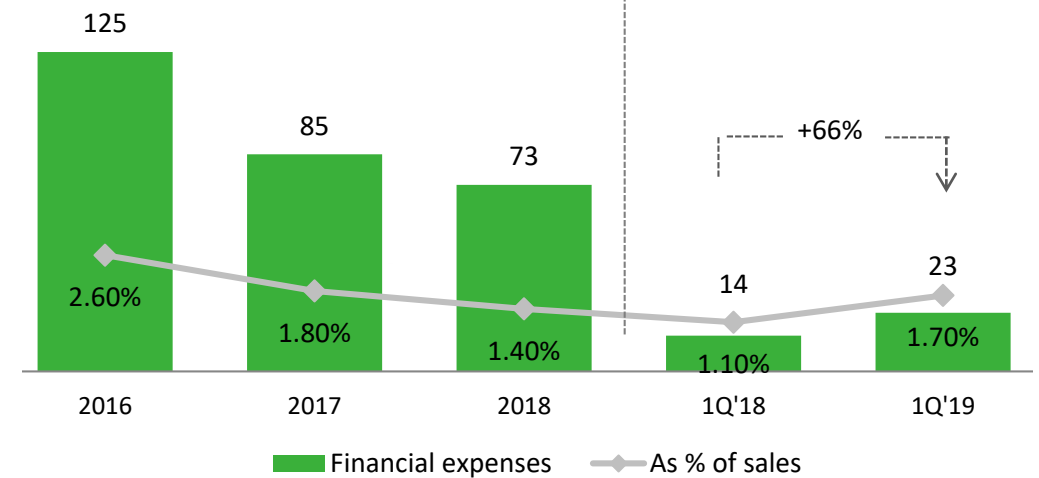


## AVG COST OF DEBT



## FINANCIAL EXPENSES

Million soles (S/ mm)

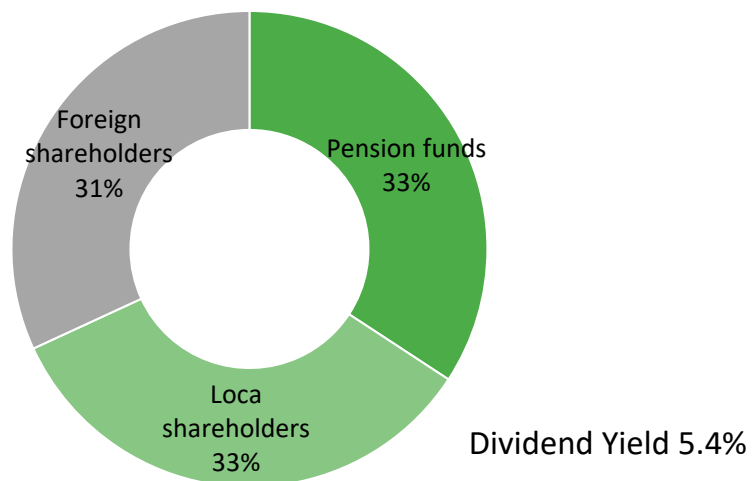




# Ferreycorp in the Capital Market

# FERREYCORP IN THE CAPITAL MARKET

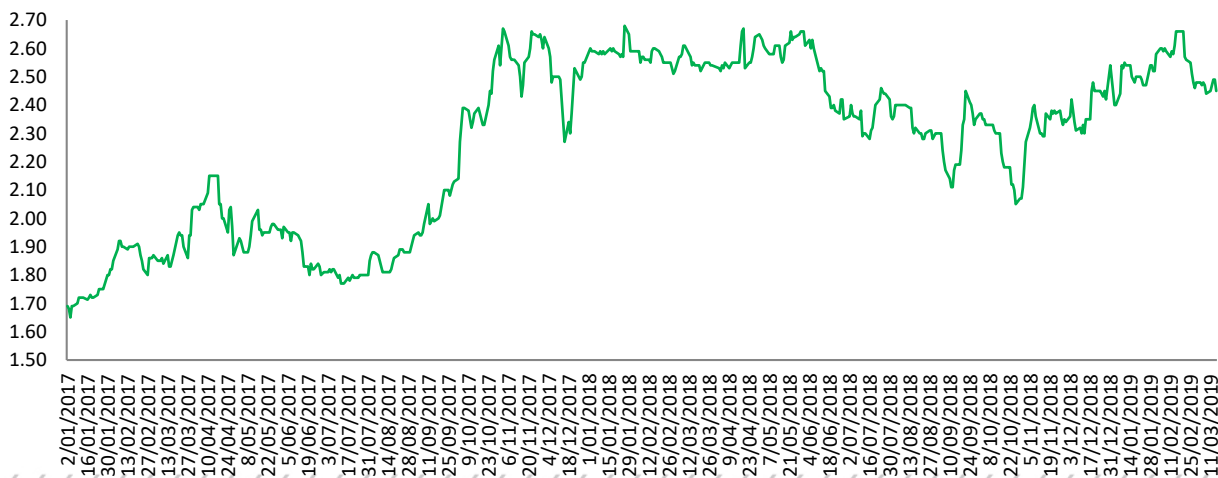
## SHAREHOLDERS COMPOSITION AS OF MARCH 2019



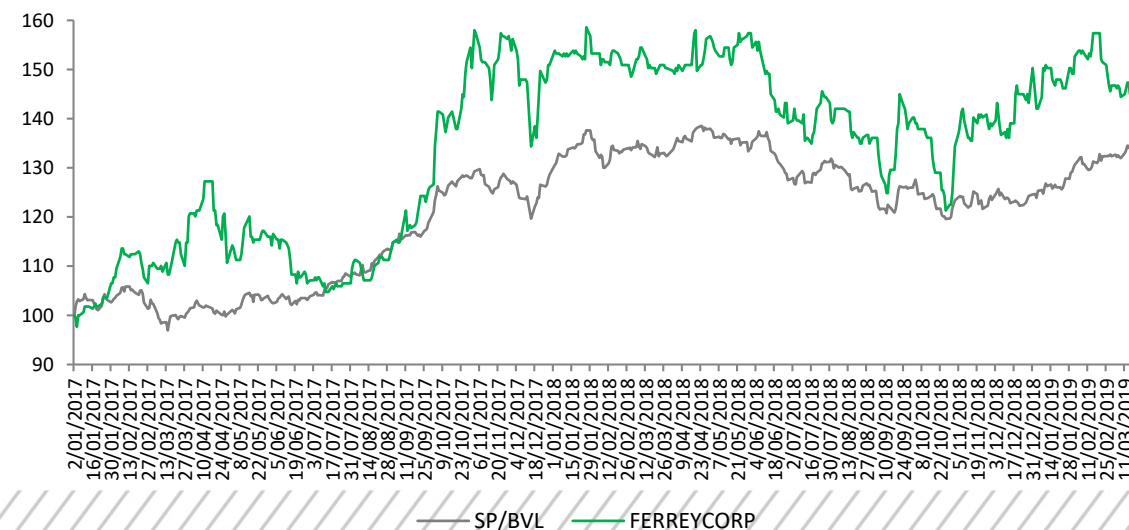
## MAIN SHAREHOLDERS > 4% AS OF MAR 2019

Shareholders	%
RI-Fondo 2 (Prima AFP)	7.00%
IN-Fondo 2 (AFP Integra)	5.70%
Onyx Latin America Equity Fund LP	5.73%
IN-Fondo 3 (AFP Integra)	5.09%
PR-Fondo2 (Profuturo AFP)	4.84%
RI-Fondo 3 (Prima AFP)	4.34%
PR-Fondo2 (Profuturo AFP)	4.06%

## STOCK PERFORMANCE 2017-2018 (S/)



## FERREYCORP AND SP/BVL PERU



— SP/BVL — FERREYCORP

# DIVIDEND POLICY

## ANNUAL COMPLIANCE

- ✓ 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 dividend (*)	% Dividend / Net Profit	Cash dividend per share (%)	Dividend per share (S/.)
2003	9.1	50%	<b>4.46%</b>	0.0446
2004	11.9	48%	<b>5.50%</b>	0.055
2005	13.3	49%	<b>5.50%</b>	0.055
2006	28.4	36%	<b>11.00%</b>	0.110
2007	40.2	35%	<b>13.20%</b>	0.132
2008	20.7	29%	<b>5.50%</b>	0.055
2009	28.0	31%	<b>6.00%</b>	0.066
2010	31.8	26%	<b>6.00%</b>	0.066
2011	41.9	29%	<b>6.00%</b>	0.060
2012	48.1	30%	<b>6.00%</b>	0.060
2013	55.7	60%	<b>5.90%</b>	0.059
2014	60.8	52%	<b>6.00%</b>	0.060
2015	87.3	60%	<b>8.87%</b>	0.0887
2016	124.4	60%	<b>12.8457%</b>	0.128457
2017	132.1	55%	<b>13.5465%</b>	0.135465
2018	121.5	60%	<b>12.4543%</b>	0.124543
	50.0	25%	<b>5.1246%</b>	0.051246



(\*) In million

(\*\*) Upper Limit: 60%



# Corporate Governance and Sustainability

# SUSTAINABILITY STAKEHOLDERS

## Community

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

## Customers

- ✓ Mutually beneficial and long-term relations.
- ✓ Comprehensive solutions for their business.
- ✓ Varied portfolio of high quality products and services.
- ✓ Constant monitoring of customer satisfaction.
- ✓ Respect for customers' privacy.
- ✓ Training customers.

## Government and Society

- ✓ 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

## 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

## Environment

- ✓ Standard Environmental Management System based on the ISO 14001 standard
- ✓ Comprehensive Policy on Health, Safety and the Environment
- ✓ Environmental Management Programs: planning, training and awareness, operational control and verification.

## Employees

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

## 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

# 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 launch in 2008.



### Board of Directors:

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



### Composition of the Board:

#### Independent Directors

- ✓ Jorge Ganoza
- ✓ Humberto Nadal
- ✓ Gustavo Noriega
- ✓ Javier Otero

#### Dependent Directors

- Oscar Espinosa
- Carlos Ferreyros
- Juan Manuel Peña
- Andreas von Wedemeyer
- Manuel Bustamante

### Recognitions

- Key of the Lima Stock Exchange: 2008, 2011, 2012, 2013, 2017 and 2018.
- 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)





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Elizabeth Tamayo: [Elizabeth.Tamayo@ferreycorp.com.pe](mailto:Elizabeth.Tamayo@ferreycorp.com.pe)