

# Corporate Presentation

April 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



una empresa Ferreycorp



UNA EMPRESA FERREYCORP

Chile, Colombia, Ecuador, Perú



UNA EMPRESA FERREYCORP



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UNA EMPRESA FERREYCORP



UNA EMPRESA FERREYCORP

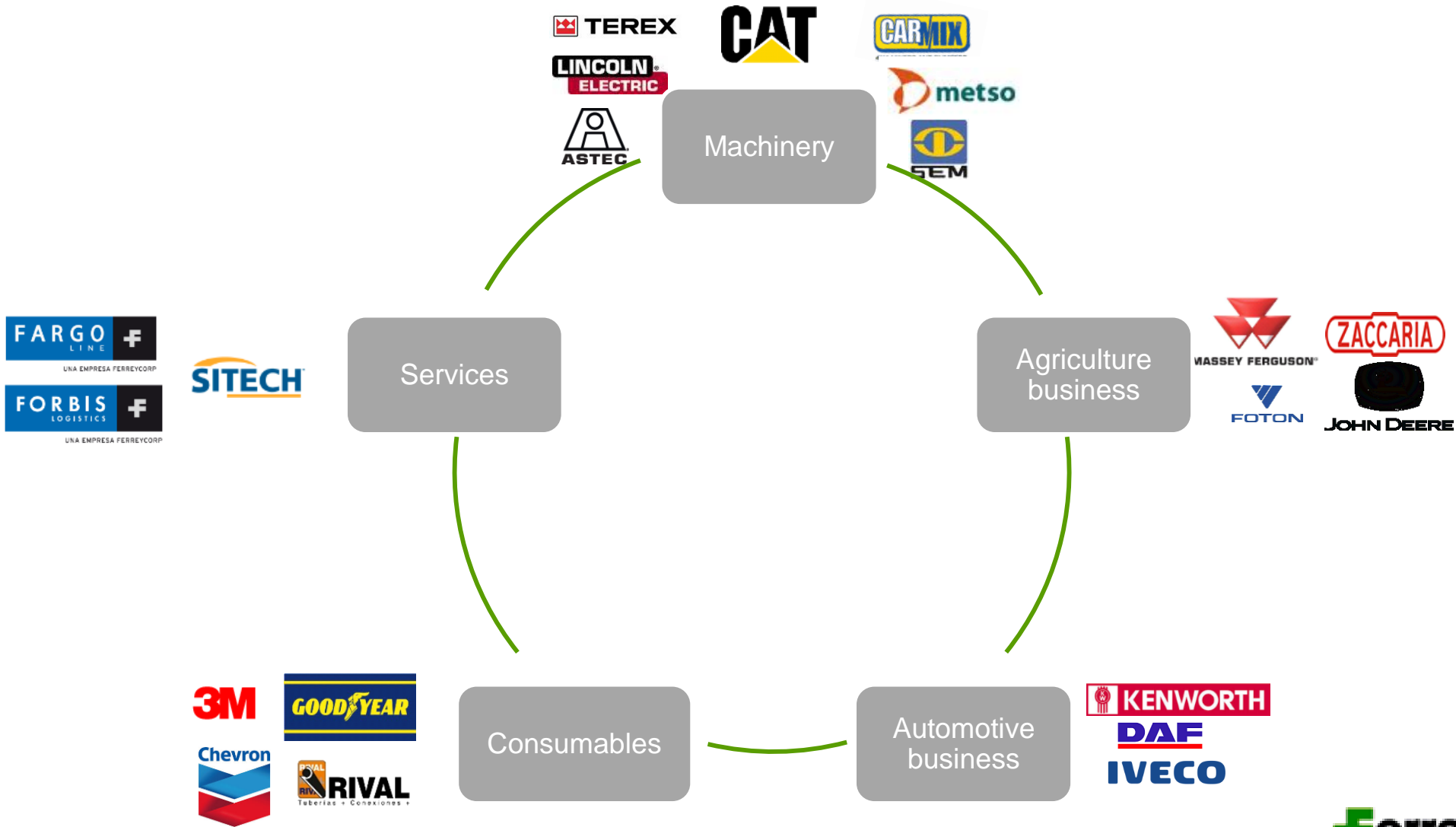


UNA EMPRESA FERREYCORP



# 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

# DIVERSIFICATION STRATEGY



2018 (S/. Million)	Caterpillar dealers and allied brands in Peru	Caterpillar dealers and other businesses in Central America	Other subsidiaries in Peru and abroad
Sales	3,952	424	836
%of Total Sales	76%	8%	16%
EBITDA	527	21	26
% of Total EBITDA	92%	4%	4%
EBITDA Margin	13%	5%	3%
#of employees	4,562	757	1,225

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





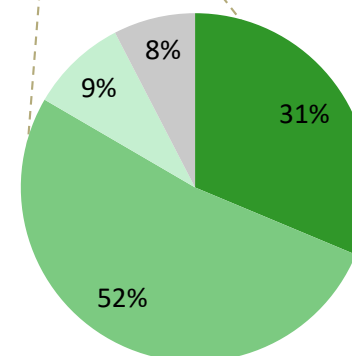
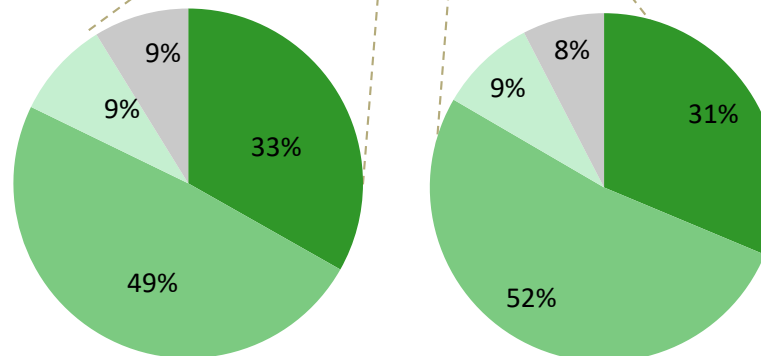
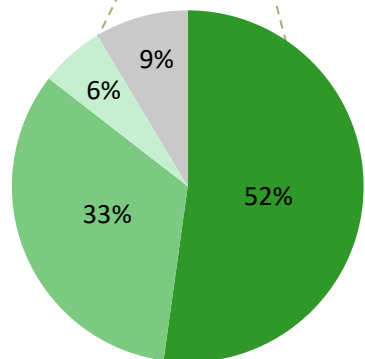
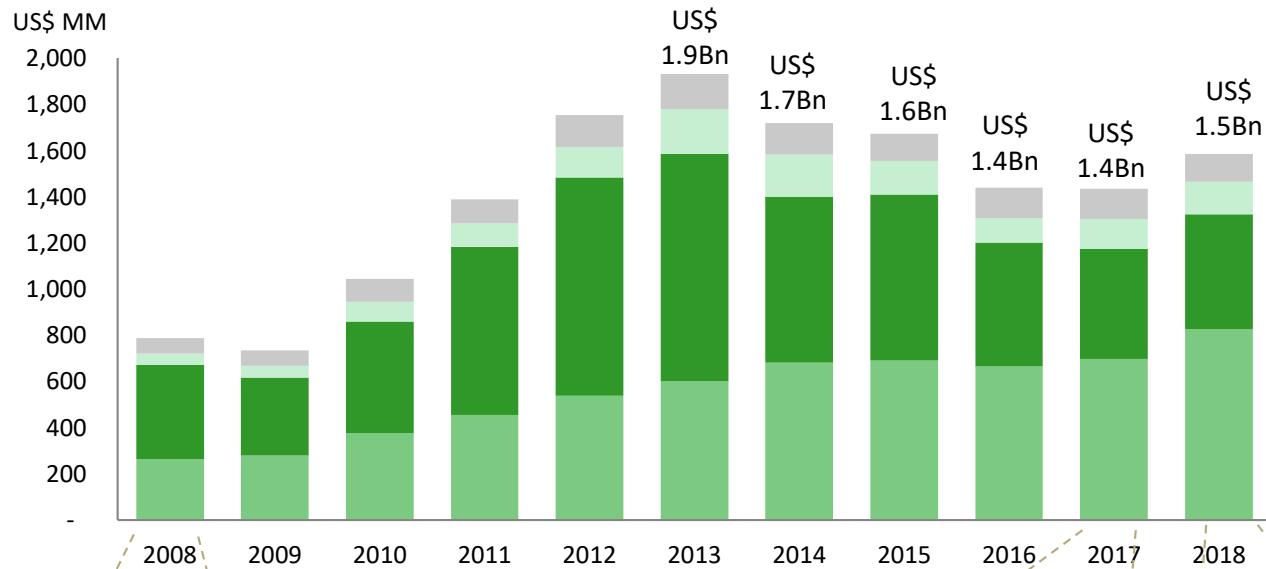


# Business Strengths



# SUSTAINABLE BUSINESS MODEL

SALES BY LINE OF BUSINESS



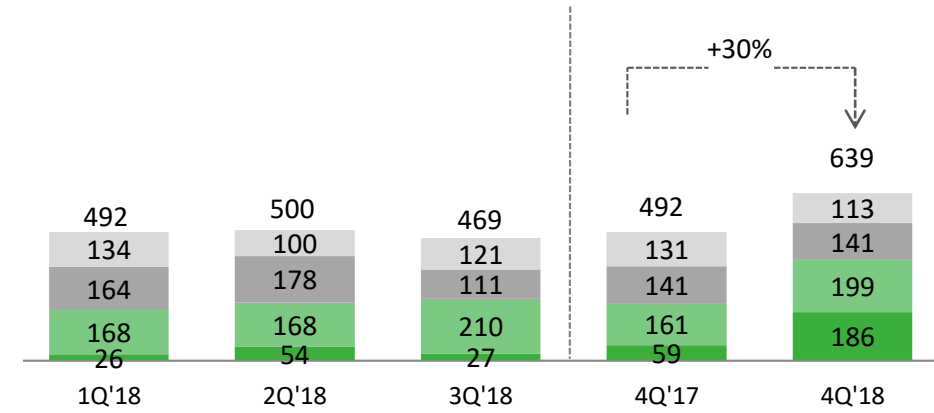
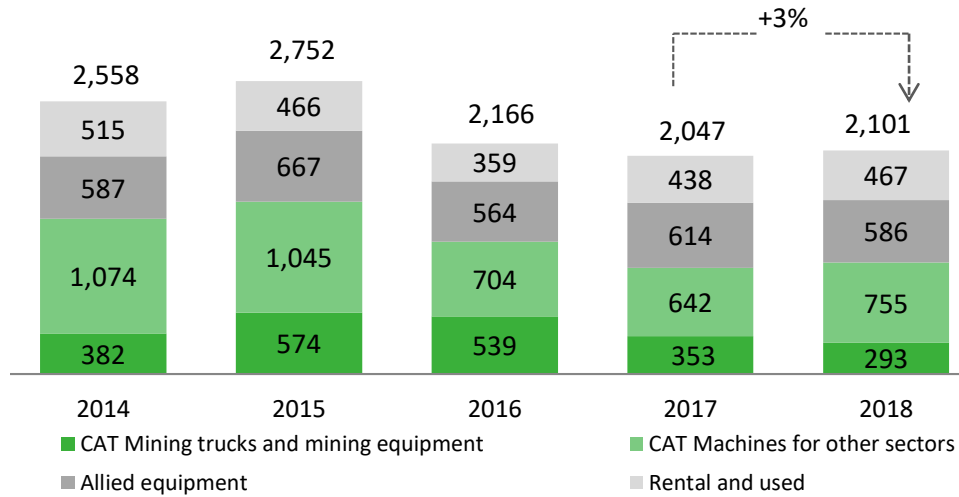
- Resilient business model.
- Spare parts and services support business.
- Diversification strategy through business lines, presence in different economic sectors, different countries, various represented brands and a diversified portfolio of products.

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

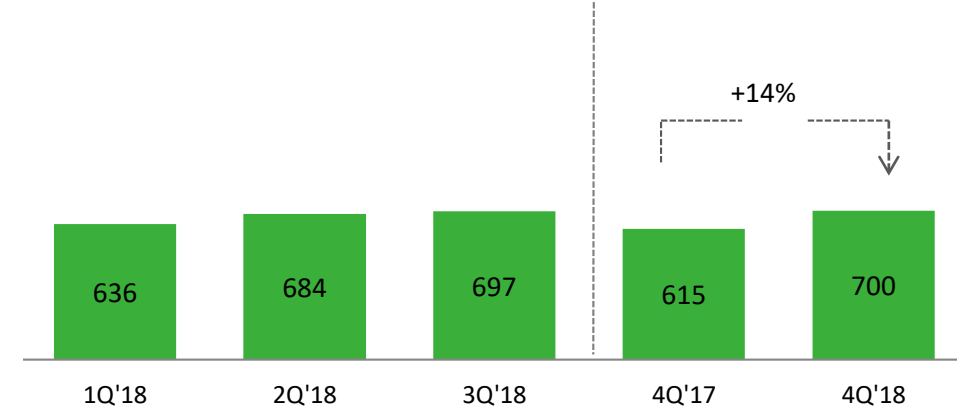
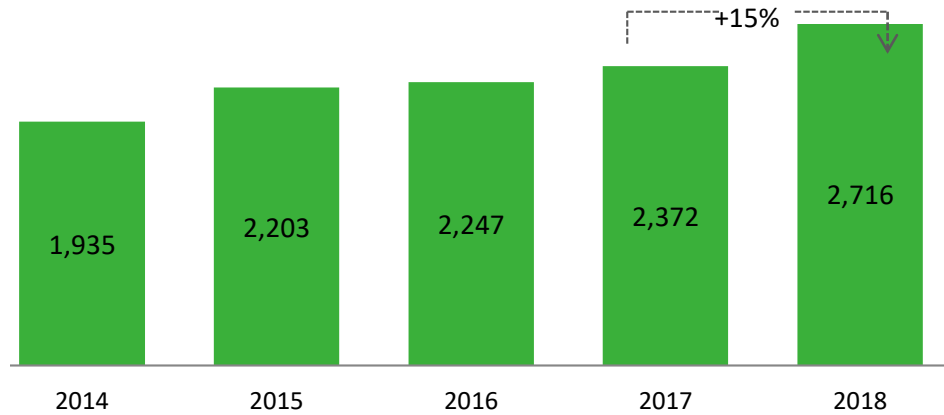
# OPERATIONAL RESULTS

Million soles (S/ mm)

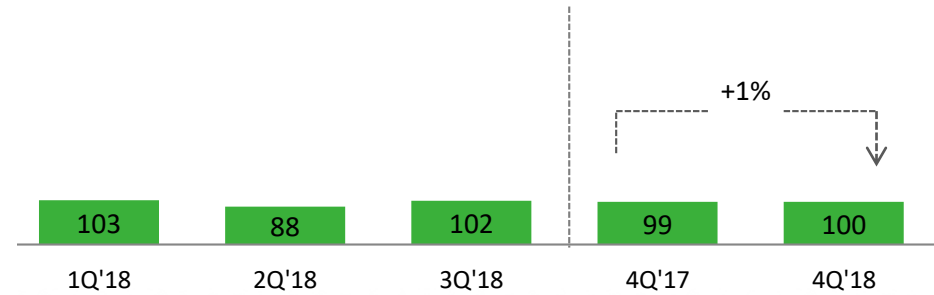
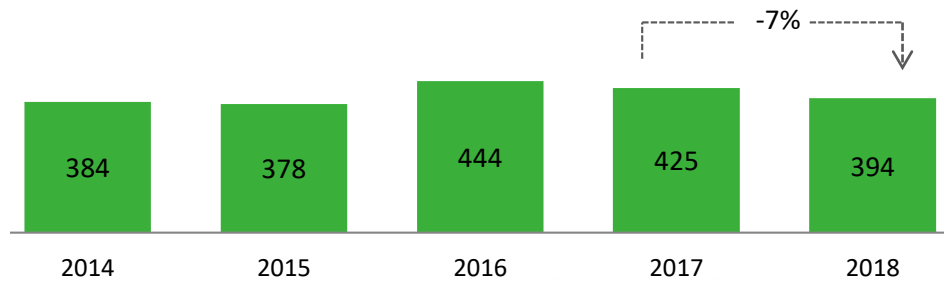
## MACHINERY



## SPARE PARTS AND SERVICES



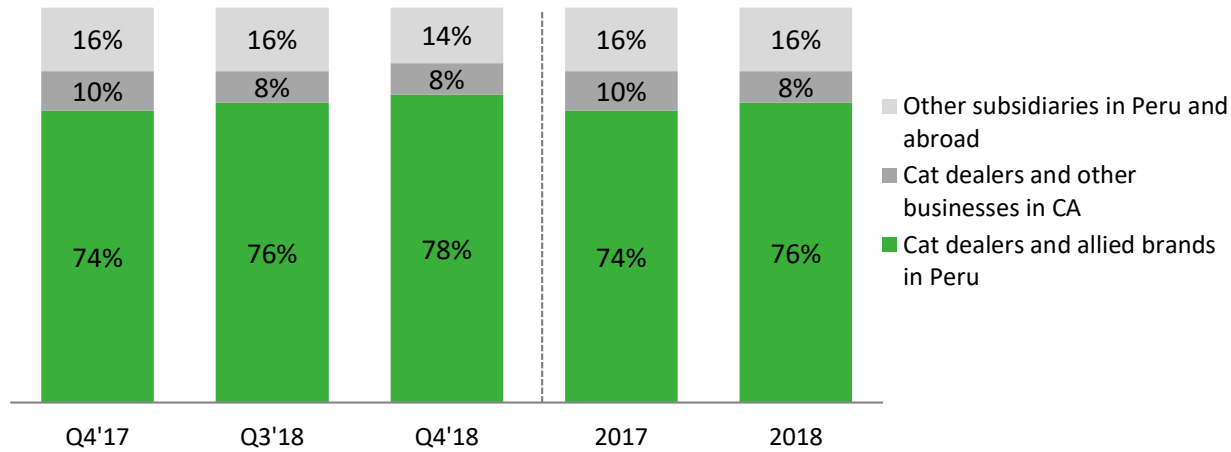
## OTHER LINES



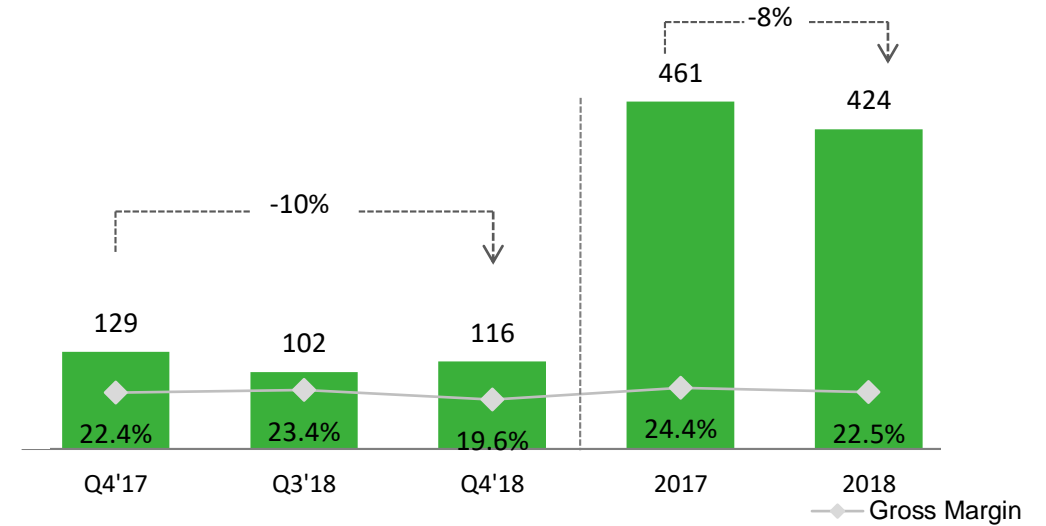
# SALES BY GROUP OF COMPANIES

Million Soles (S/ mm)

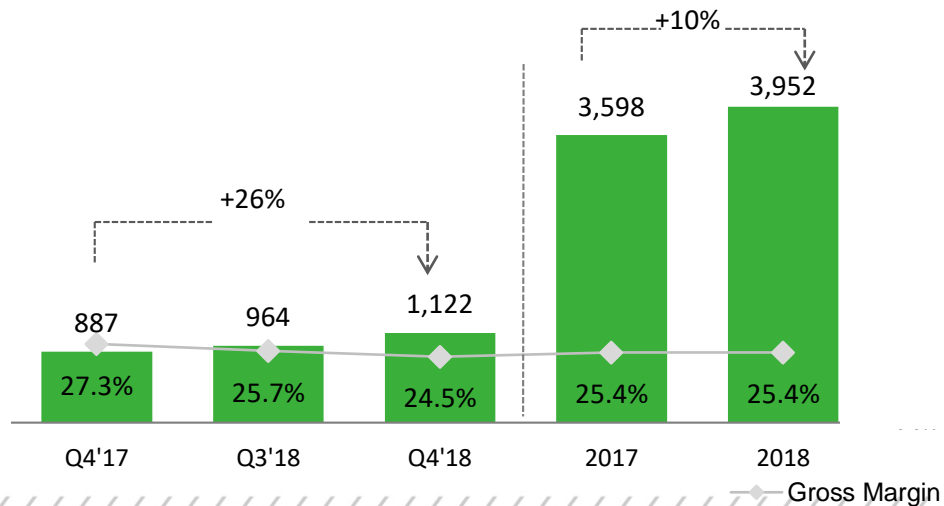
## SALES BY GROUP OF COMPANIES



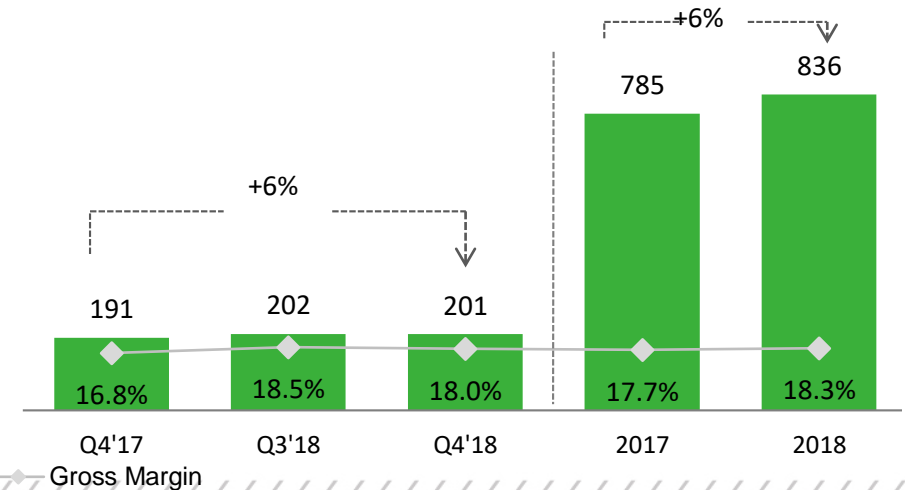
## CAT DEALERS AND OTHER BUSINESSES IN CA



## CAT DEALERS AND ALLIED BRANDS IN PERU



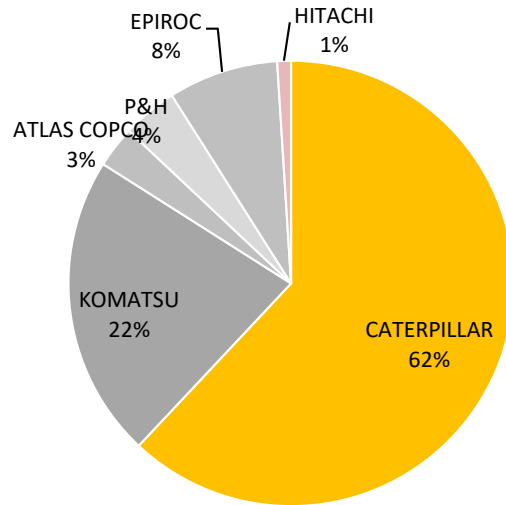
## OTHER SUBSIDIARIES IN PERU AND ABROAD





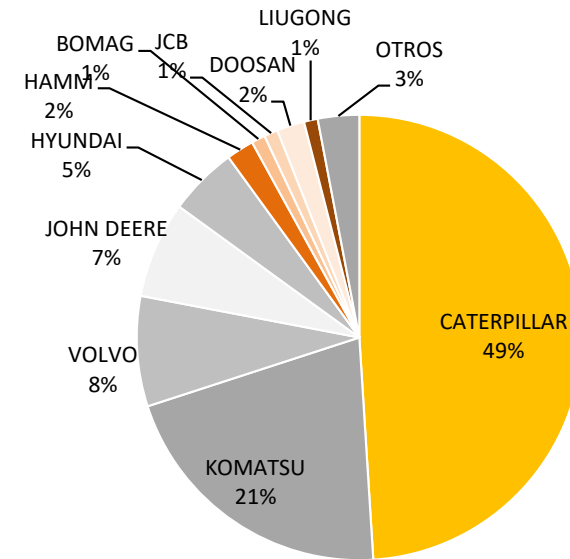
# CATERPILLAR MARKET SHARE IN PERU

## Minería tajo abierto



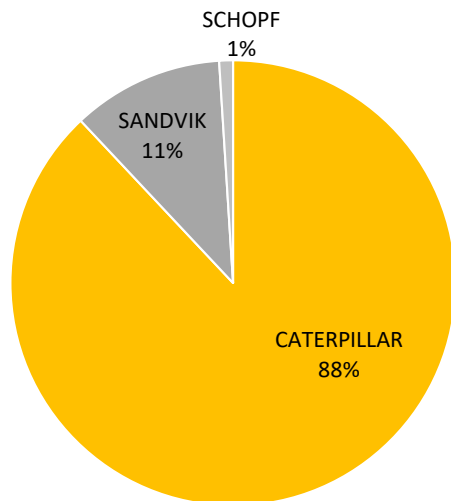
In units  
Rolling 12 months, Dec 2018

## Heavy construction



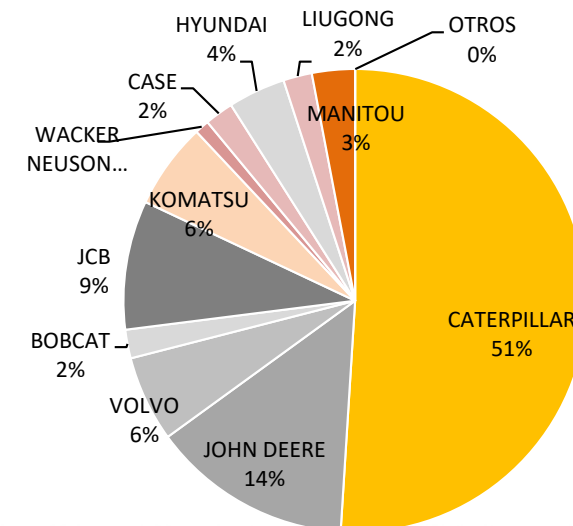
US\$ FOB  
Rolling 12 months, Dec 2018

## Underground mining



US\$ FOB  
Rolling 12 months, Dec 2018

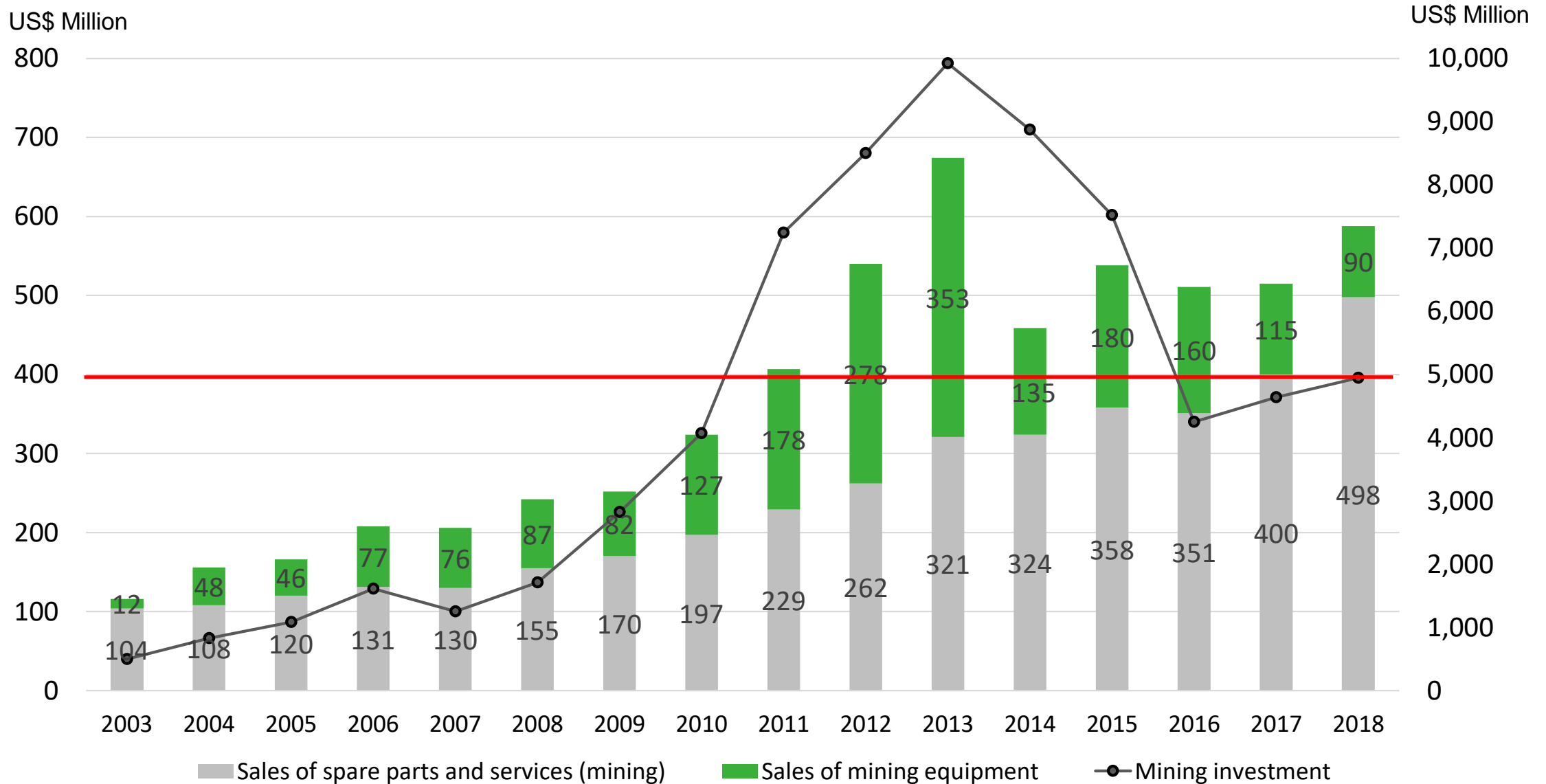
## General construction



US\$ FOB  
Rolling 12 months, Dec 2018

# MINING INVESTMENT

## MINING MACHINERY, SPARE PARTS AND SERVICES

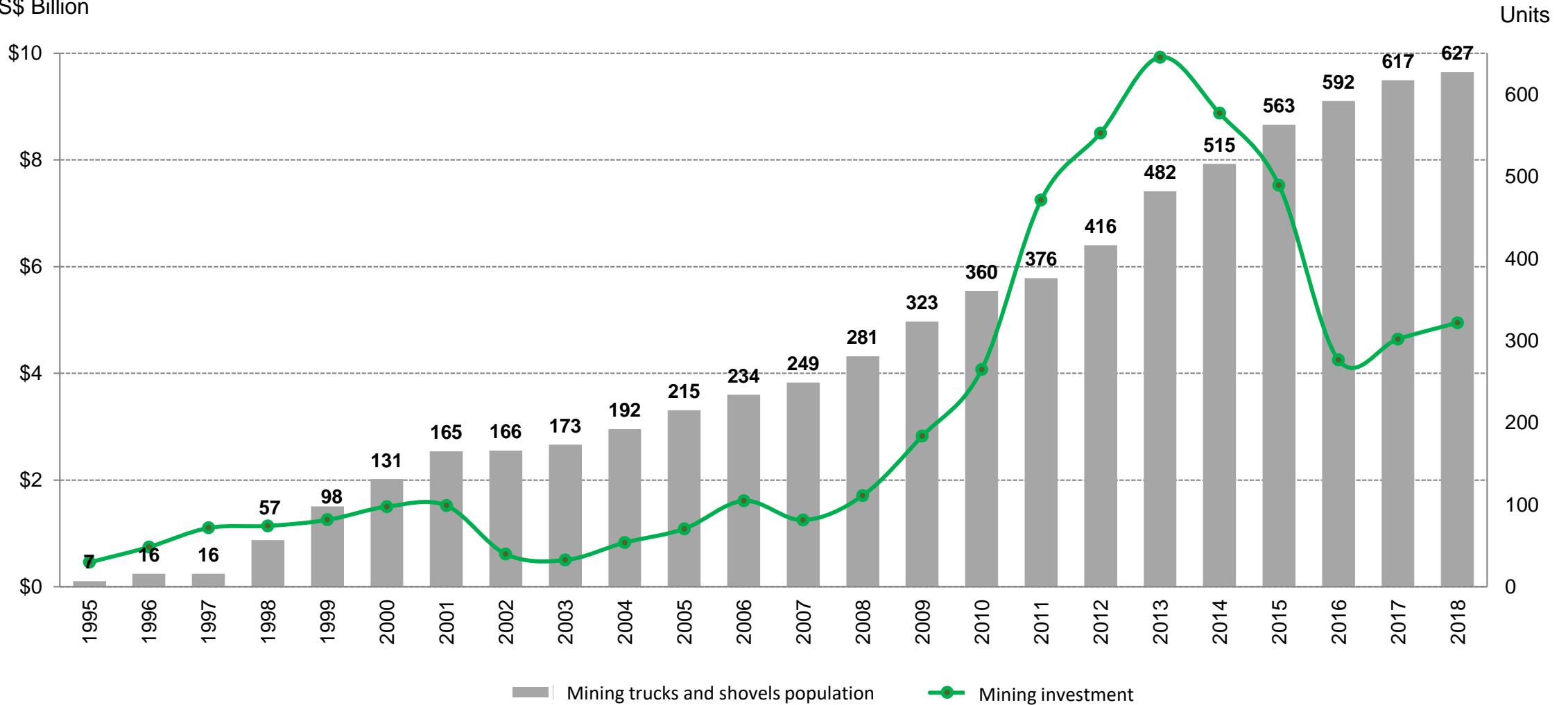


Source: Minem y Ferreyros

# MINING INVESTMENT EVOLUTION

## CATERPILLAR EQUIPMENT FOR MINING

Mining Investment  
US\$ Billion



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

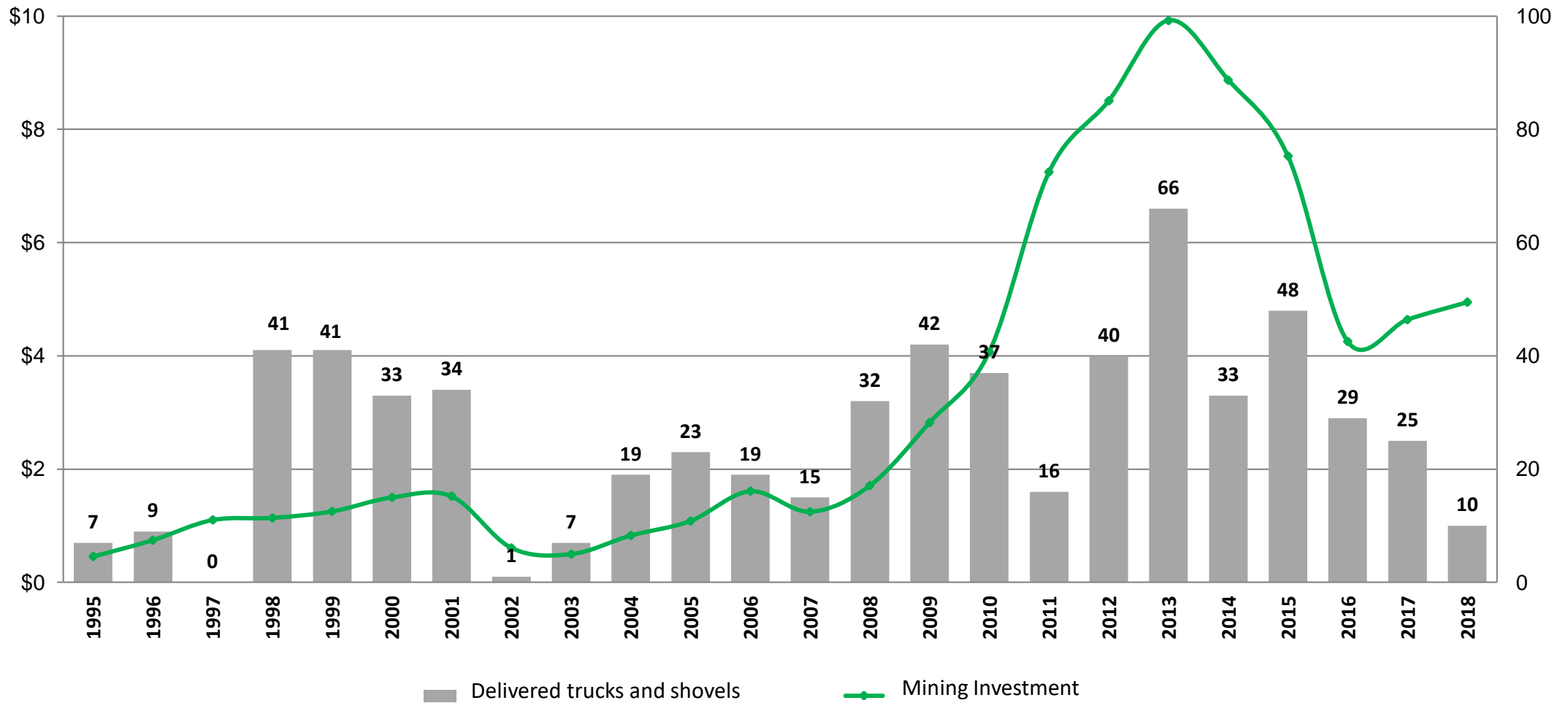


# MINING INVESTMENT

## ANNUAL MINING EQUIPMENT SALES

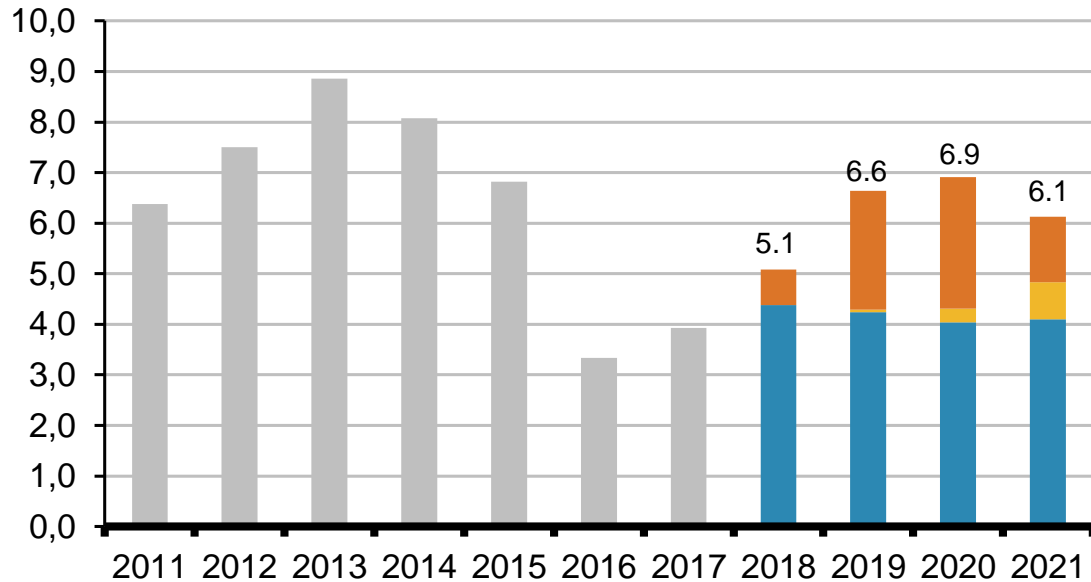
Mining Investment  
Billion US\$

Units



# MINING INVESTMENT

MINING INVESTMENT (US\$ Billion)



■ Projects that start construction in 2018  
■ Projects that start construction in 2019  
■ Remaining investment (exploration, Opex, smaller projects)

Source: Apoyo Consultoría

## PROJECTS IN CONSTRUCTION PHASE

Project	Company	Investment (US\$ MM)	Start production
Relaves B2	Minsur	230	2019
Quecher Main	Newmont y BVN	300	2019
Mina Justa	Minsur	1,600	2020
Amp Toromocho	Chinalco	1,300	2020
Quellaveco	Anglo American	5,300	2022
		<b>8,730</b>	

## PROJECTS THAT WILL START CONSTRUCTION IN 2020-2021

Project	Company	Investment (US\$ MM)	Start production
Amp Pachapaqui	Korean Zinc Group	117	2021
Amp Santa Maria	Grupo Arias	110	2021
Coroccohuayco	Glencore	590	2022
San Luis	SSR Mining	90	2022
		<b>907</b>	

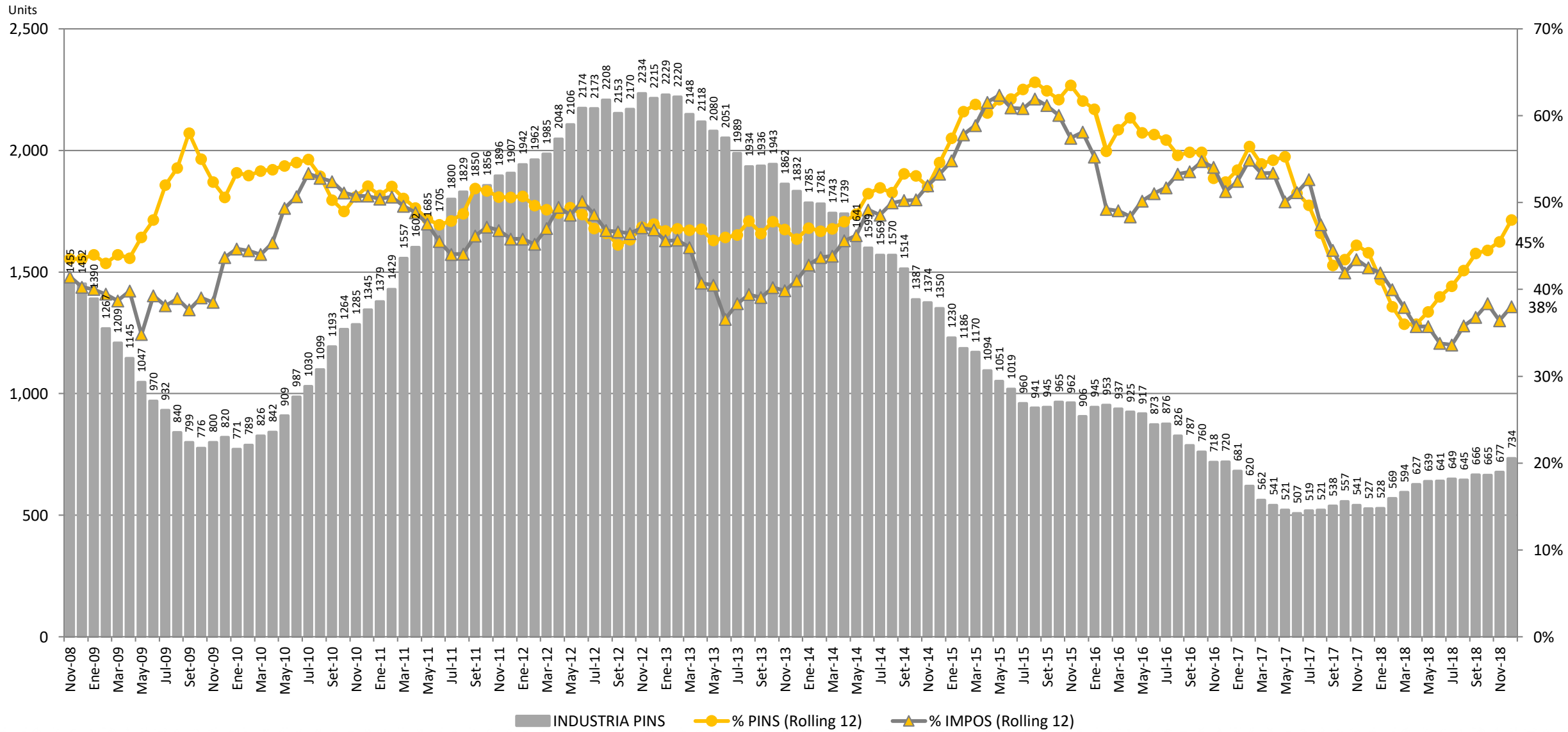
## PROJECTS THAT WILL START CONSTRUCTION BEYOND 2021

Project	Company	Investment (US\$ MM)	Start production
San Gabriel	Buenaventura	430	2024
Pukaqaqa	Nexa Resources	700	2024
Magistral	Nexa Resources	480	2025
Trapiche	Buenaventura	700	2026
Los Chanchas	Southern	2,800	2027
		<b>5,110</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: Dev. Cerro de Pasco - Dev. Chacayán</b> [China Gezhouba Group Company Limited]	135	La Libertad	2019	Obra pública

# INFRASTRUCTURE PUBLIC INVESTMENT

## Public Investment:

- Tracks delay investment execution
- Delays, expropriations and land reclamation
- Regional and municipal elections

### 1. North Reconstruction:

- Budget: \$7.9 Bn
- Delays in execution – 2018: US\$ 300 mm mostly in preventive works.
- Al 2021: just 35% of the total budget will be executed.

### 2. Special Projects: Panamericans and Talara

- Lower contribución en el 2019, are at 90%-80% of execution

## Portfolio Main Public Investment Projects to be Awarded

Project	Region	Investment (S/ MM)
Mejoramiento y ampliación servicios de salud Alto Inclan	Arequipa	70
Construcción puente comuneros entre Av. Daniel Alcides Carrión y Ca. Max Hongler	Junín	143
Instalación Sistema de Agua Potable Y Alcantarillado Sanitario en Virgen Del Socorro, Víctor Raúl, Sol Naciente Y Aledaños	La Libertad	65
Instalación del interceptor y construcción de la planta de tratamiento de aguas residuales en Huaral	Lima	95
Mejoramiento de la carretera departamental Palca - Tapa - Antacucho - Ricran - Abracayan - Yauli - Pacan	Junín	149
Mejoramiento de la carretera Chuqicara - Puente Quiroz - Tauca - Cabana - Huandoval - Pallasca, Tramo: Tauca - Pallasca	Áncash	227
Ampliación complejo penitenciario de Arequipa	Arequipa	192
Ampliación sistema de agua potable y alcantarillado sectores 136 Y 137 del distrito Lurigancho	Lima	119
Mejoramiento carretera Quistococha - Zungarococha - Llanchama , Maynas - Loreto	Loreto	62
Mejoramiento carretera Oyón - Ambo, Tramo II: Desv. Cerro de Pasco - Desv. Chacayán	Pasco	444
Ejecución De La Obra: Mejoramiento De La I.E. Mariscal Castilla	Junín	71
Construcción y mejoramiento de la carretera Bambamarca - El Trinifo	Cajamarca	163
Mejoramiento centro de salud Fredy Vallejo Oré, Yanahuanca - Daniel Alcides Carrión - Pasco	Pasco	88
Mejoramiento de las capacidades hospitales San Miguel y San Francisco	Ayacucho	159
Mejoramiento carretera Shupluy - Primorpampa - Bellavista - Anta - San Isidro - Poncos - Kochayoc - Chacahuain - Oratorio - Pampamarca - Putaca, Shupluy - Yungay - Áncash	Áncash	52
Mejoramiento Servicios de Salud Del Hospital De Apoyo De Huanta	Ayacucho	112
Sectorización y ampliación de los sistemas de agua potable y alcantarillado - Distrito de San Antonio de Huarochiri	Lima	292
Proyecto integrado del sistema de agua potable y alcantarillado de Bagua	Amazonas	62
Sectorización del sistema de agua potable y alcantarillado de la parte alta de Chorrillos:	Lima	423
Mejoramiento y ampliación servicios de Salud Del Hospital Ernesto Germán Guzmán Gonzales	Pasco	105
Total		3,094



# MAIN PROJECTS

## PRIVATE INVESTMENT

Project	Investment (US\$ MM)	Location	Stage
<b>Hydrocarbons</b>			
Planta petroquímica	1,500	Ica	EIA presentado
Plantas petroquímicas de nitrato de amonio y amoniaco	1,100	Ica	EIA aprobado
Planta petroquímica	600	Moquegua	EIA aprobado
Amp. Oleoducto Norperuano, etapa 1	71	Loreto, Amazonas, Cajamarca y Piura	Reevaluación
Amp. Oleoducto Norperuano, etapa 2	912	Loreto, Amazonas, Cajamarca y Piura	Estudios
<b>Transport</b>			
Amp. Jorge Chávez	1,500	Lima	Terrenos entregados – avance lento obras preliminares
Primer grupo de aeropuertos regionales	340	Zona norte (Tumbes, Talara, Piura, Chiclayo, Trujillo, Anta, Cajamarca, Chachapoyas, Tarapoto, Iquitos, Pucallpa)	Modernización del aeropuerto de Chiclayo (pendiente la aprobación del EIA).
Modernización del Terminal Portuario Multipropósito de Salaverry	240	La Libertad	Recién adjudicado
Muelle Norte - Fase 3, 4, 5 y 6	730	Lima	Requiere la actualización de estudios de demanda
Conexión La Molina - Angamos	520	Lima	Proyecto en stand-by
Muelle Sur - Fase 2	220	Lima	Requiere aprobación de adenda para realizar un ajuste tarifario
Vía Expresa Sur	200	Lima	Entrega de terrenos y aprobación de permisos por parte de la Municipalidad de Lima
Hidrovía Amazónica	95	Amazonas, Loreto, Ucayali	Estudios de Ingeniería y EIA pendientes
<b>Irrigation</b>			
Majes Siguas II	550	Arequipa	Adenda pend/ const paralizada
Chavimochic III	630	La Libertad	Adenda pend/ const paralizada

### ProInversión: Projects to be awarded

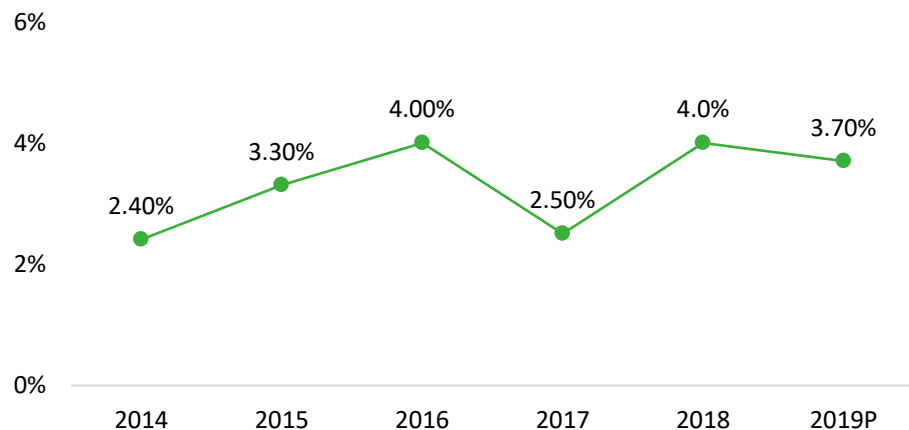
Sector	Project	Investment (US\$ MM)	Date to be awarded	Location
Telecom	Banda ancha para la conectividad integral y desarrollo social	359	4T2018	Ancash, Arequipa, Huánuco, La Libertad, Pasco y San Martín
Energía Energía Energía	Masificación de Uso de Gas Natural	400	4T2018	Ucayali, Junín, Huancavelica, Ayacucho, Apurímac, Cusco y Puno
	Línea Transmisión Carabayllo - Chimbote - Trujillo y Compensador SE Trujillo	90	4T2018	Lima, Ancash y La Libertad
	Nueva subestación La Planicie	20	Por definir	Lima
Transporte	Ferrocarril Huancayo - Huancavelica	227	1S2019	Junín y Huancavelica
	Terminal Portuario de Marcona	540	2S2019	Ica, Arequipa
	Terminal Internacional de contenedores de Chimbote	110	2S2019	Ancash
	Longitudinal de la sierra Tramo 4	464	1S2020	Junín, Huancavelica, Ayacucho y Apurimac
	Anillo vial periférico	2,049	2S2020	Lima y Callao
Agua y saneamiento	PTAR Titicaca Proponente: Tedagua y Acciona	263	1T2019	Puno
	Obras de Cabecera y Conducción para el Abastecimiento de Agua Potable para Lima	720	1S2020	Junín y Lima
	PTAR Ciudad de Cajamarca, Chiclayo, Cusco, Cañete, Chincha, Tarapoto, Huaraz	260	2S2020	
Total		5,502		

**Ferreycorp**

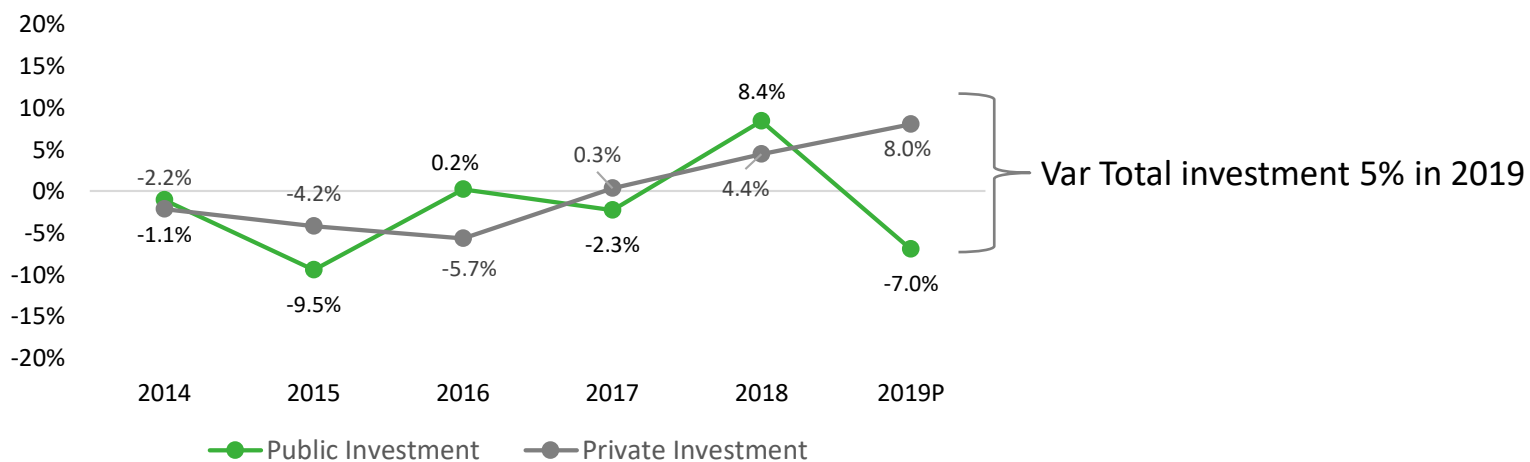
Source: Apoyo Consultoría

# MARKET CONDITIONS

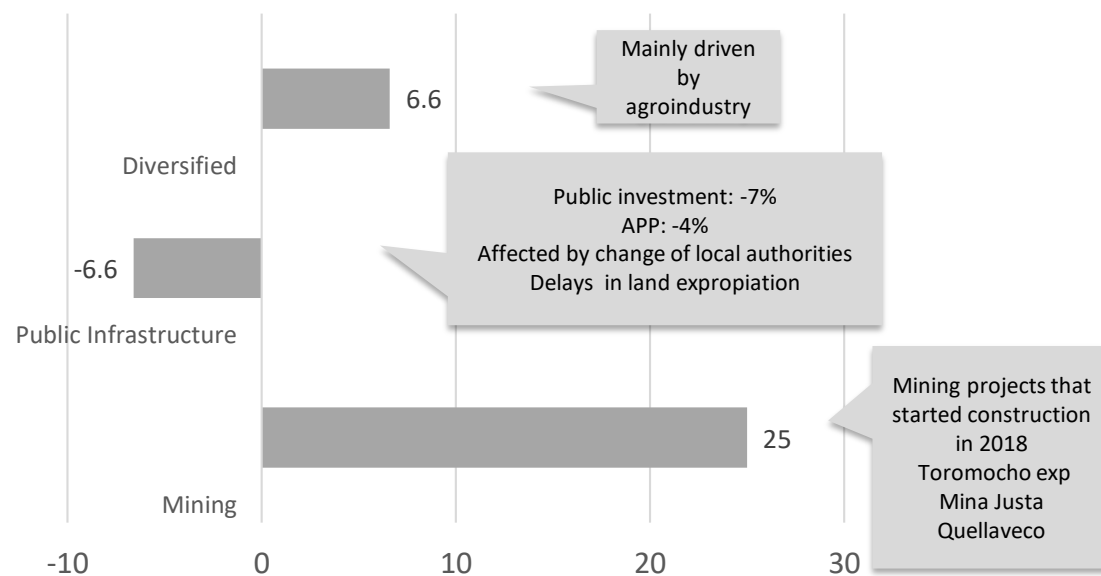
### GDP (Var. %)



### Public and Private Investment (Var. %)



### 2019 Investment by component



Source: Apoyo Consultoria



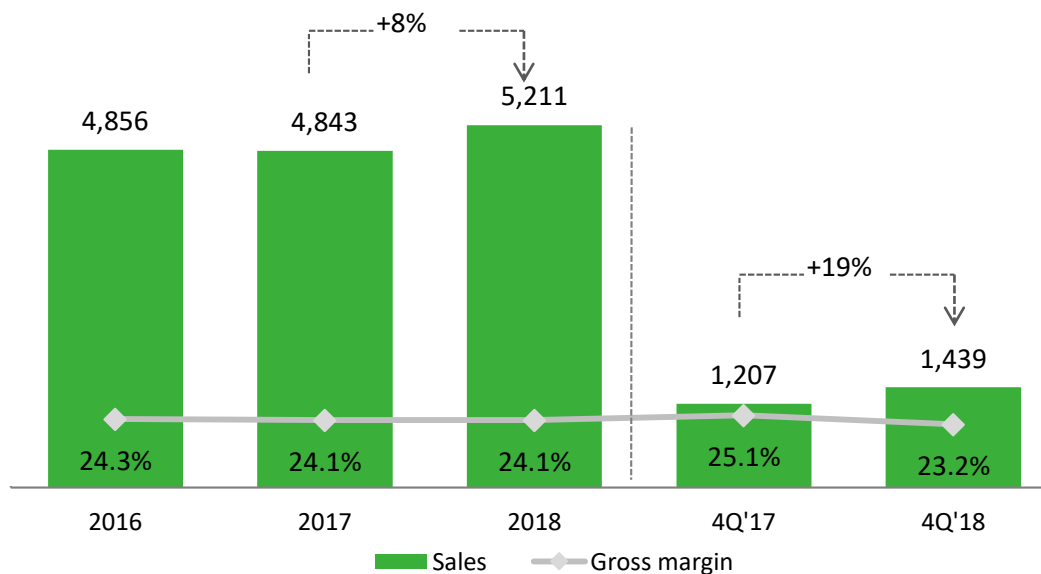
# Financial Performance



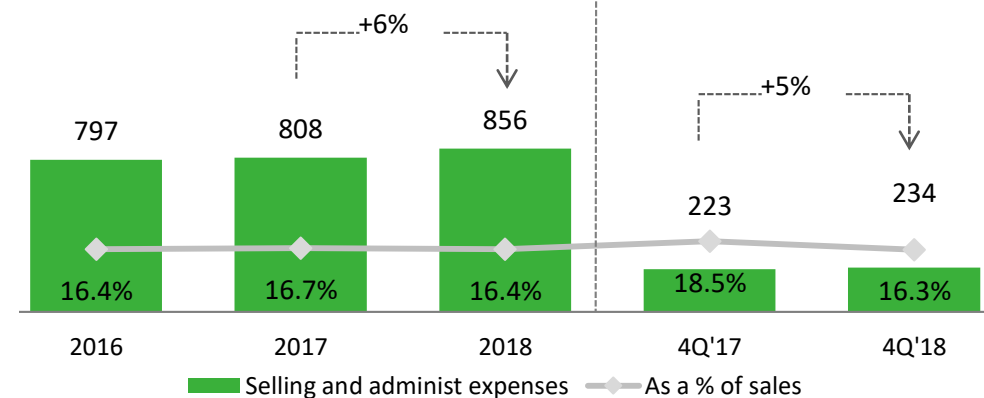
# FINANCIAL RESULTS

Million soles (S/ mm)

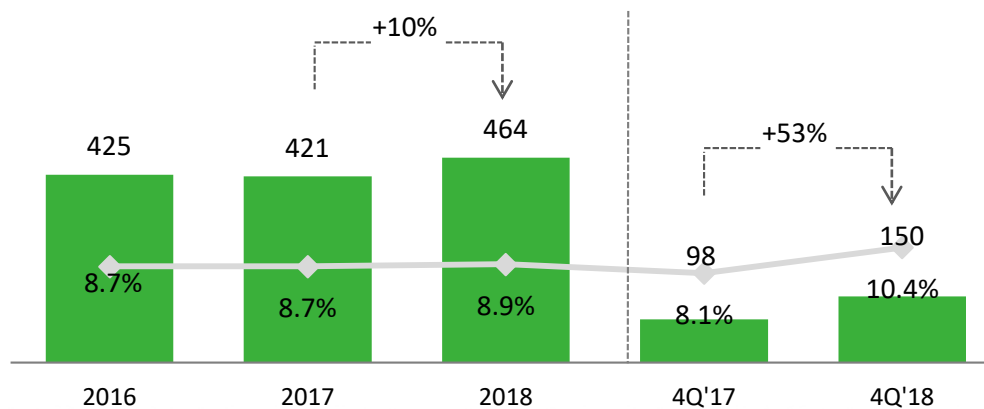
## SALES AND GROSS MARGIN



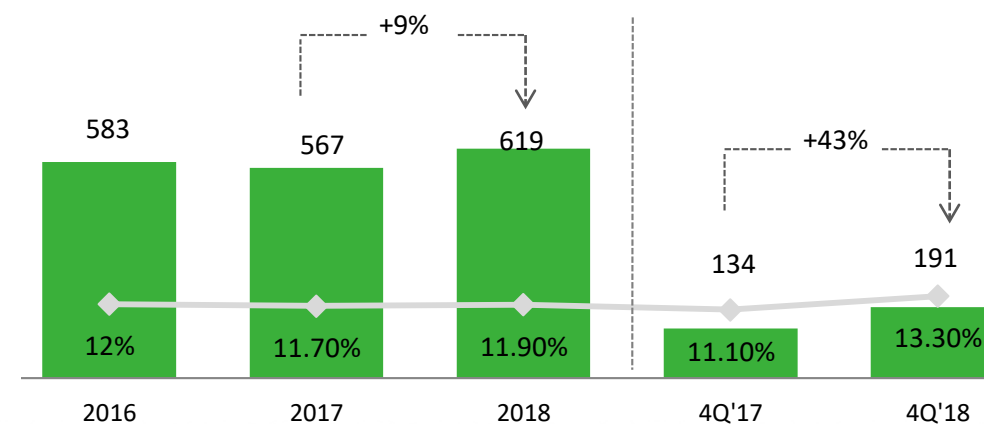
## SALES AND ADM EXPENSES



## OPERATING PROFIT AND OPERATING MARGIN



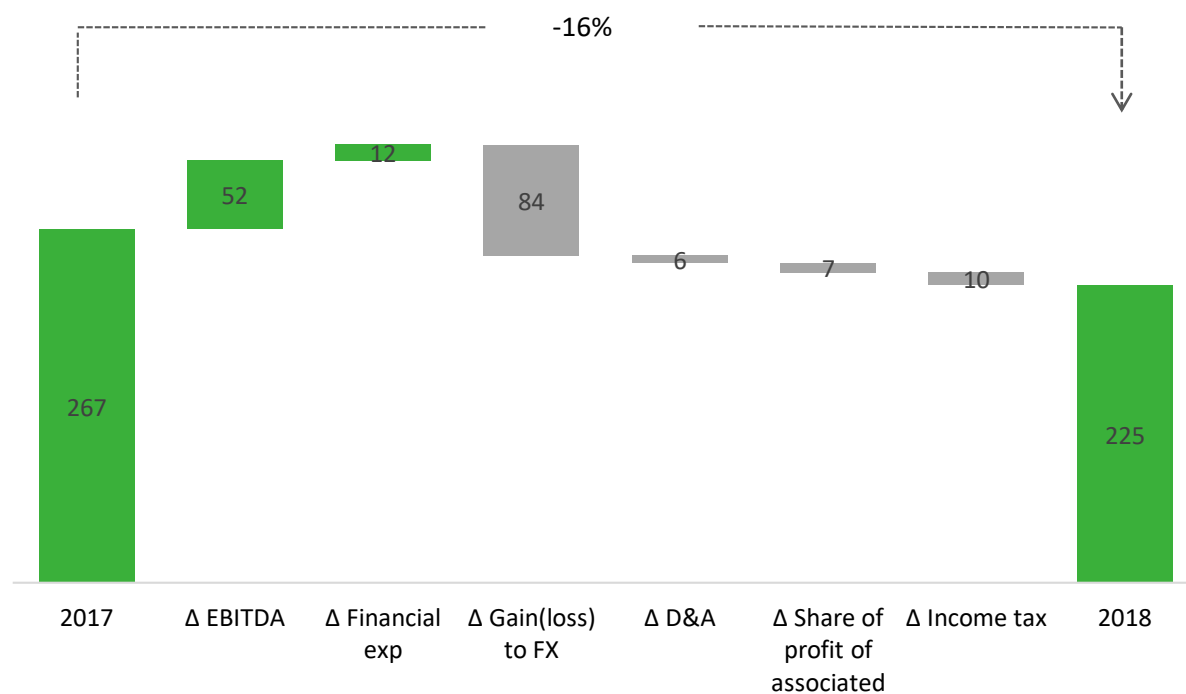
## EBITDA AND EBITDA MARGIN



# FINANCIAL RESULTS

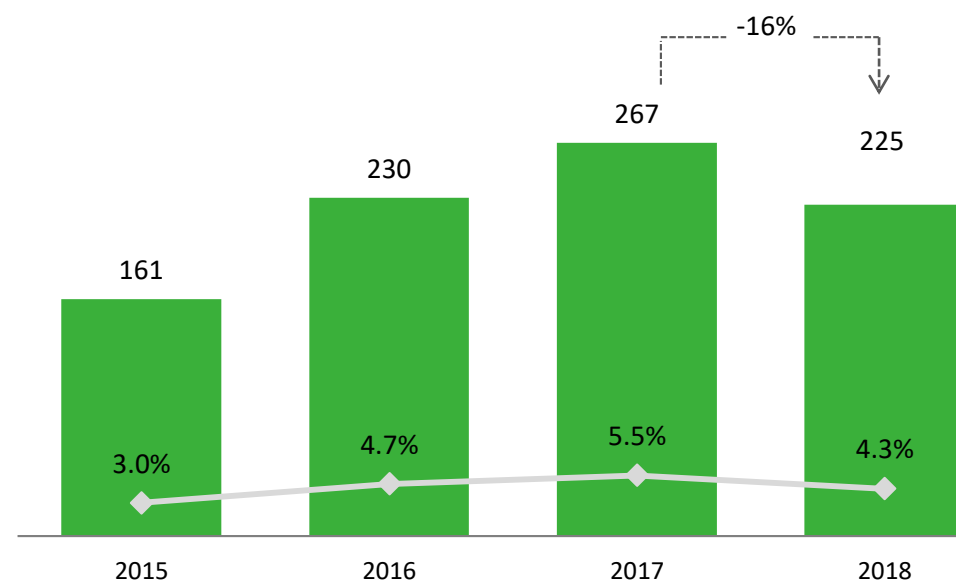
Million soles (S/ mm)

## NET INCOME 2018



■ Positive variations  
■ Negative variations

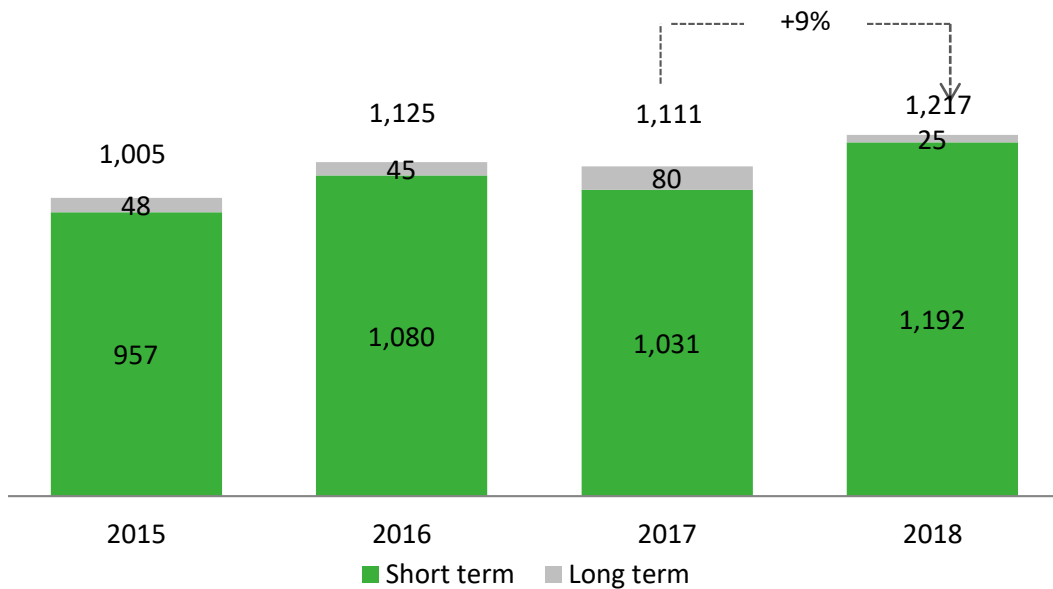
## NET INCOME AND NET MARGIN



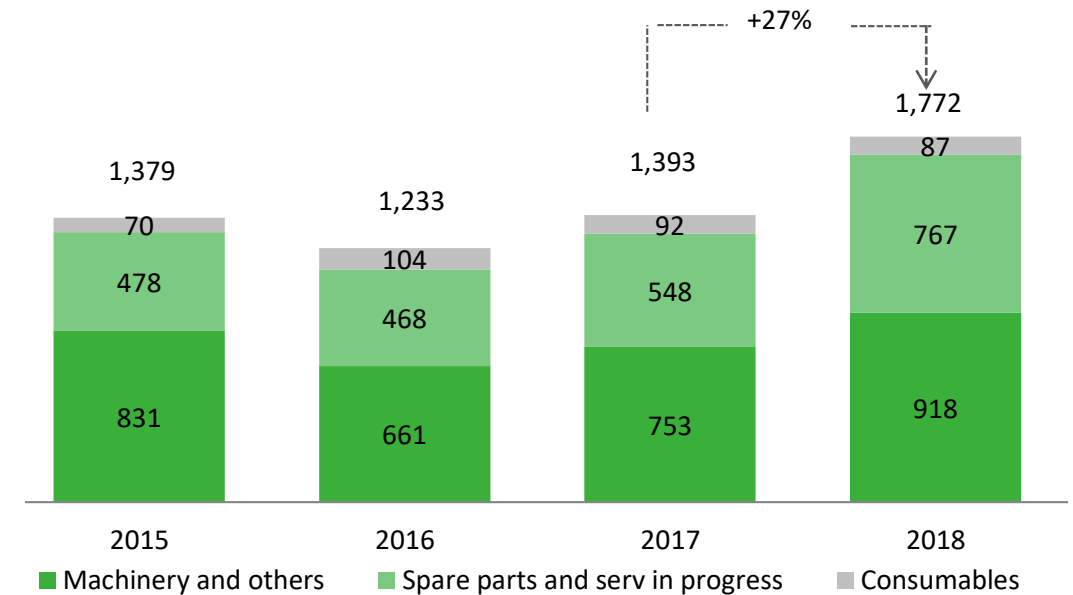
# INVESTMENT IN ASSETS

Million soles (S/ mm)

## ACCOUNTS RECEIVABLE EVOLUTION



## INVENTORY EVOLUTION



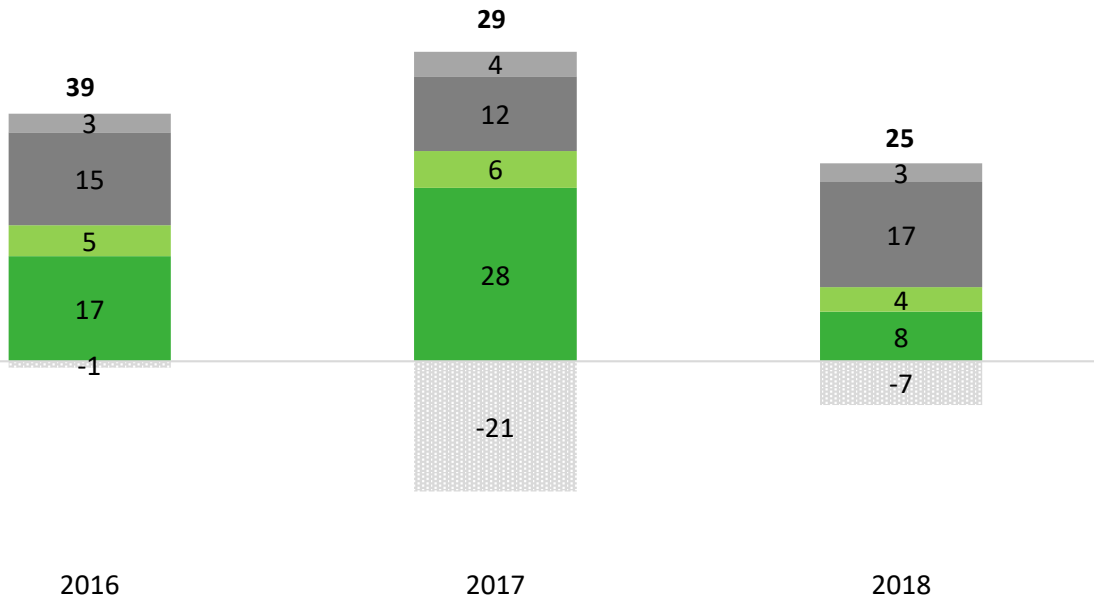
- Common practice, 30 days for collection once invoice is delivered to customer.

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

# FIXED ASSETS AND CASH CYCLE

Million dollars (US\$ mm)

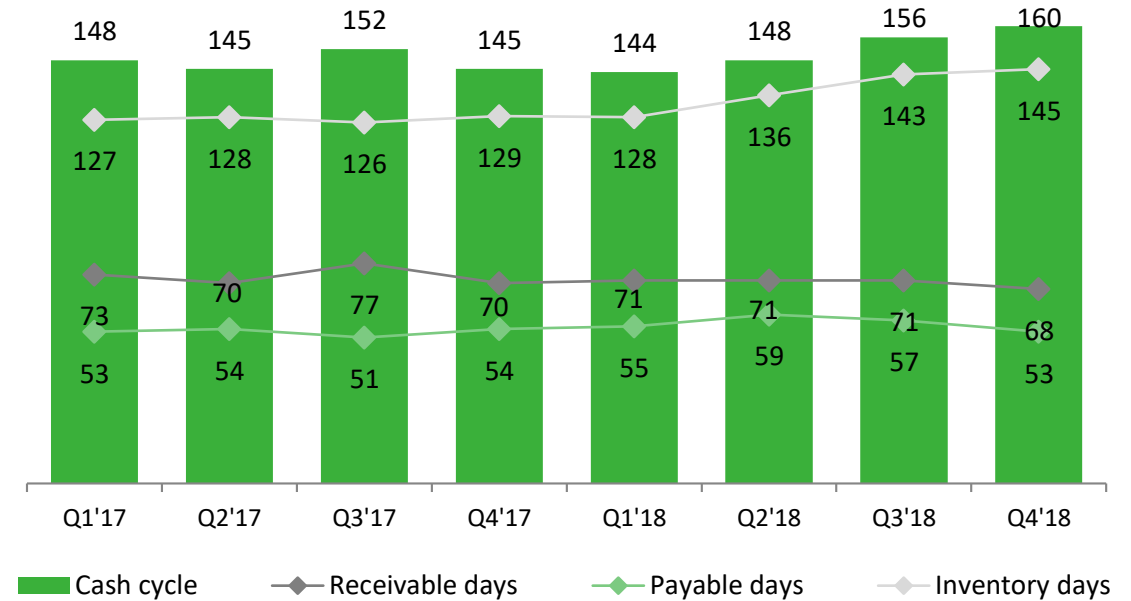
## CAPEX



- Infrastructure
- Machinery and equipment
- Rental fleet
- Vehicles, furniture and equipment
- Sale of fixed assets

- Intangibles: ERP SAP implementation
- 2017: US\$ 13mm
- 2018: US\$ 23mm
- Budget 2019: US\$ 15mm

## CASH CYCLE



### Targets:

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

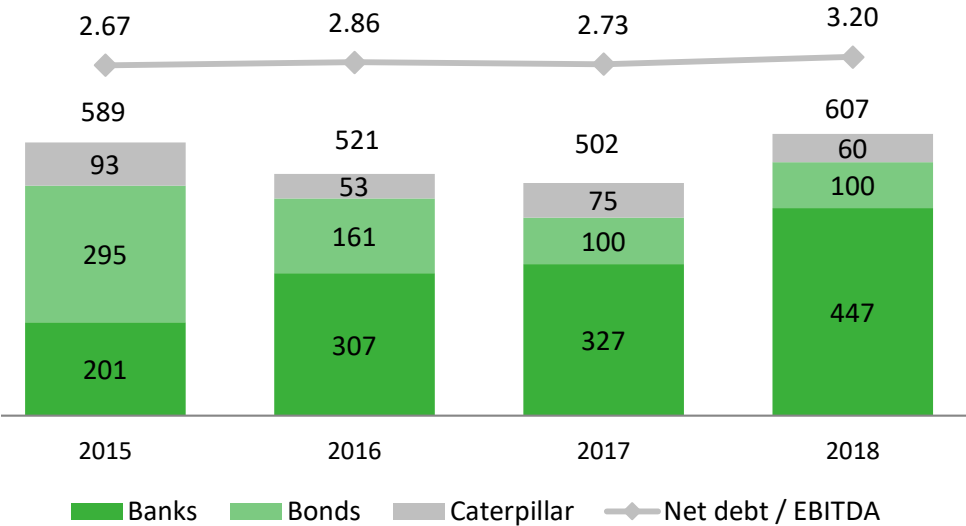




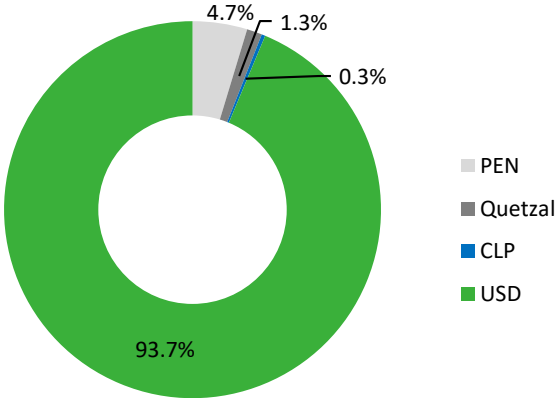
# CONSOLIDATED FINANCIAL DEBT

Million dollars (US\$ mm)

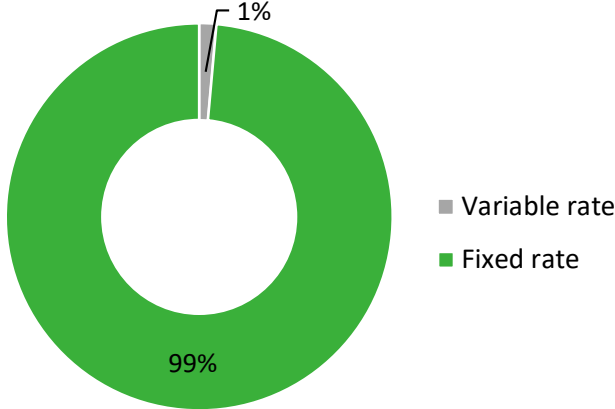
## DIVERSIFIED FUNDING BASE



## DEBT BY CURRENCY



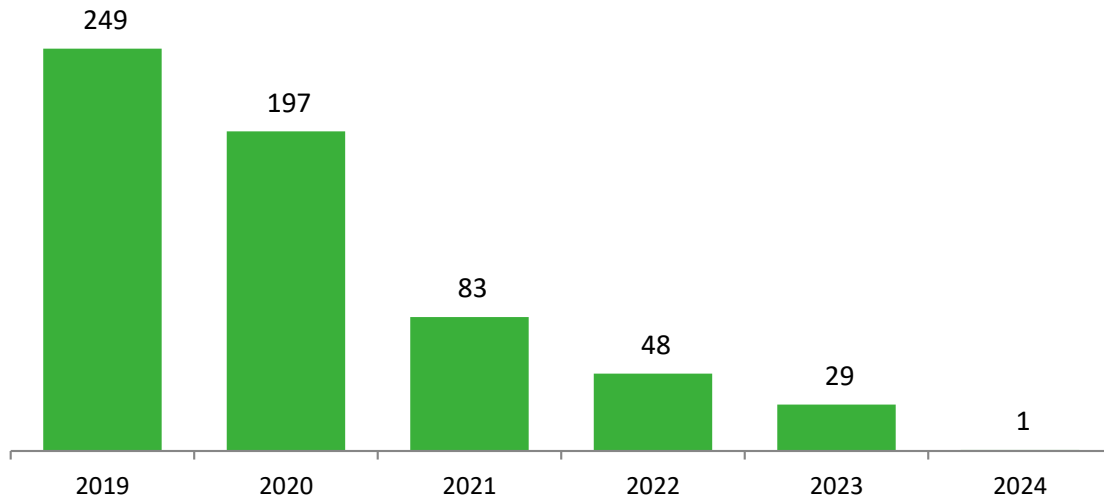
## DEBT BY RATE



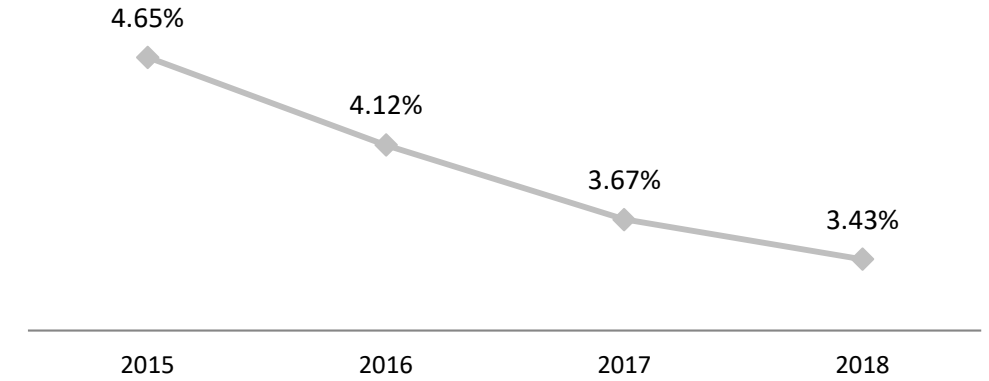
# CONSOLIDATED FINANCIAL DEBT

Million dollars (US\$ mm)

## DEBT MATURITY

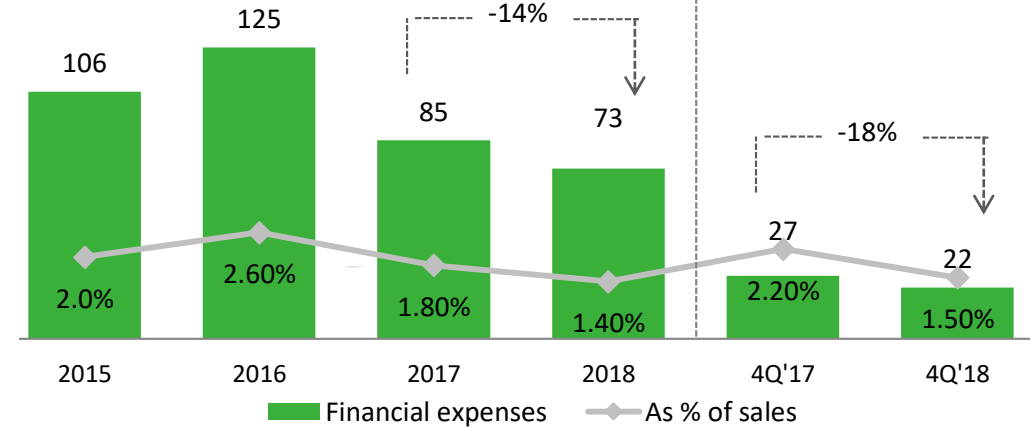


## AVG COST OF DEBT



## FINANCIAL EXPENSES

Million soles (S/ mm)



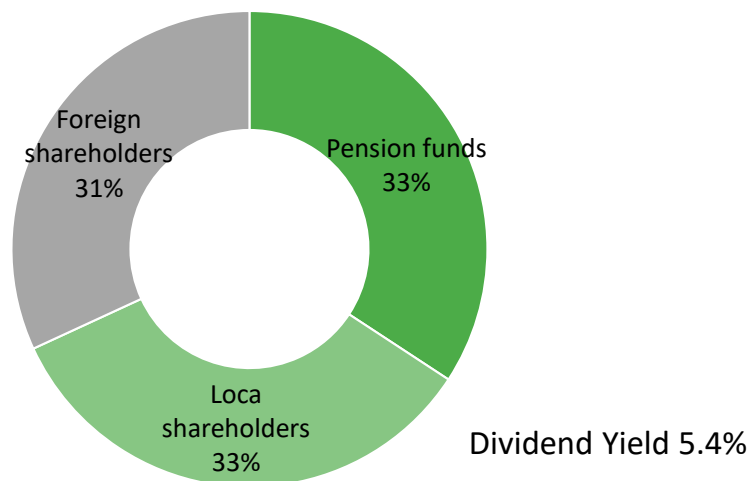


# Ferreycorp in the Capital Market

 **erreycorp**

# FERREYCORP IN THE CAPITAL MARKET

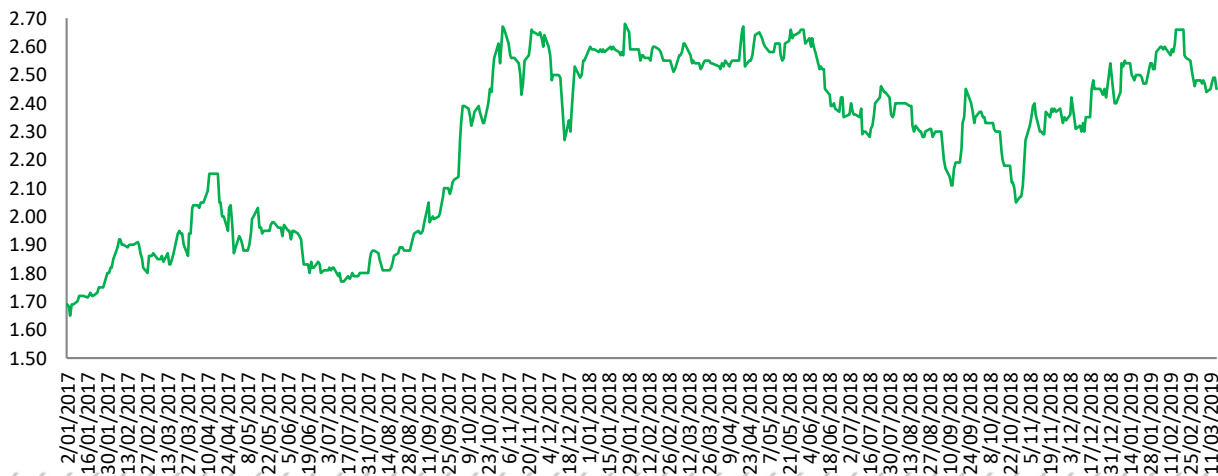
## SHAREHOLDERS COMPOSITION AS OF MARCH 2019



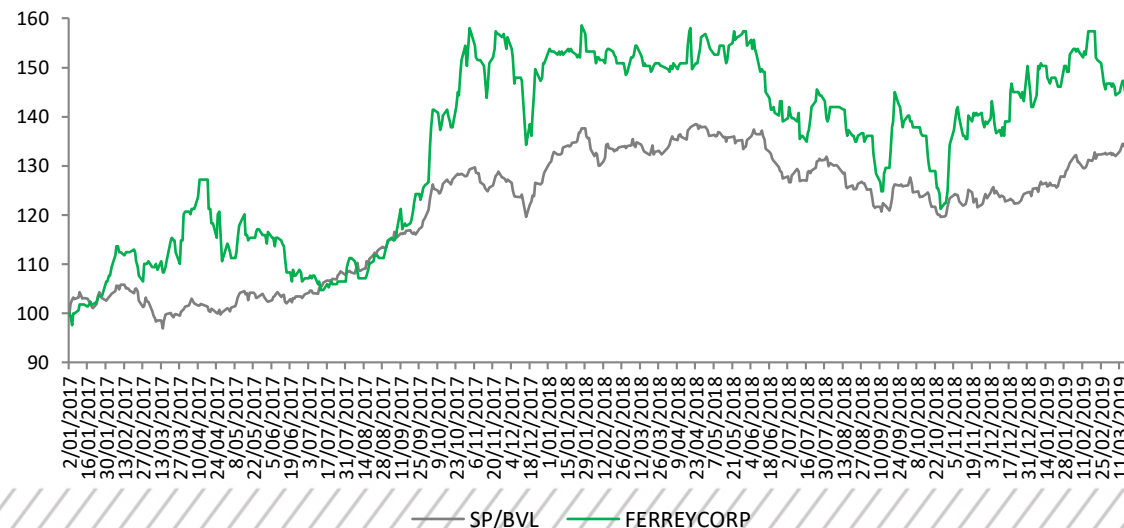
## MAIN SHAREHOLDERS > 4% AS OF MAR 2019

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





# 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



(\*) 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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