

Corporate Presentation

November 2017



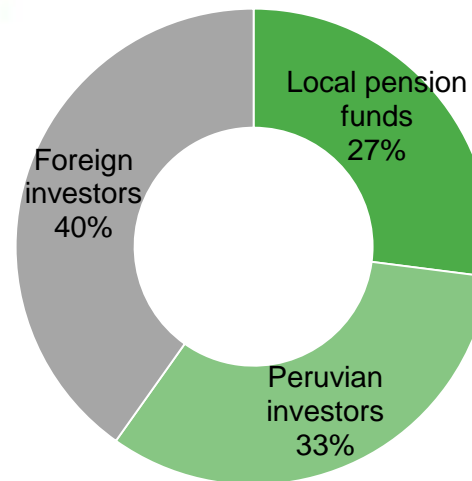


Company Overview

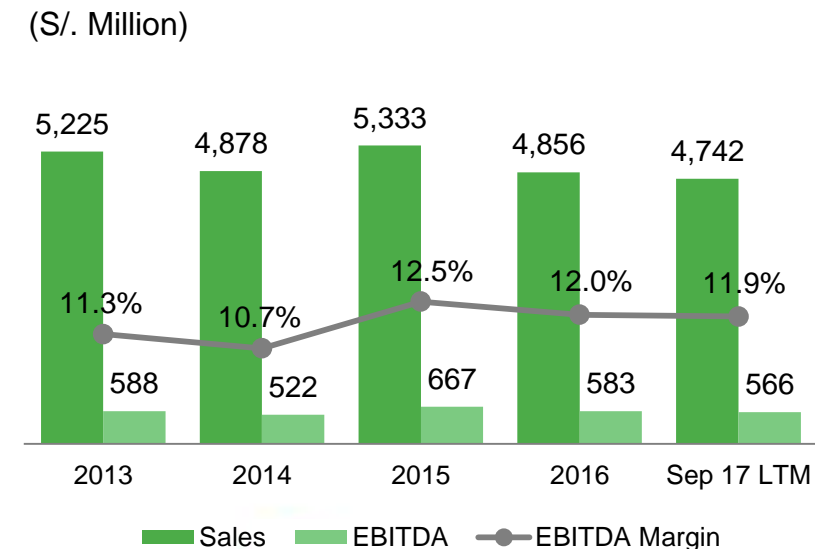
HIGHLIGHTS

- 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 (Sep-2017) ~\$790MM
 - Shareholders +2,500

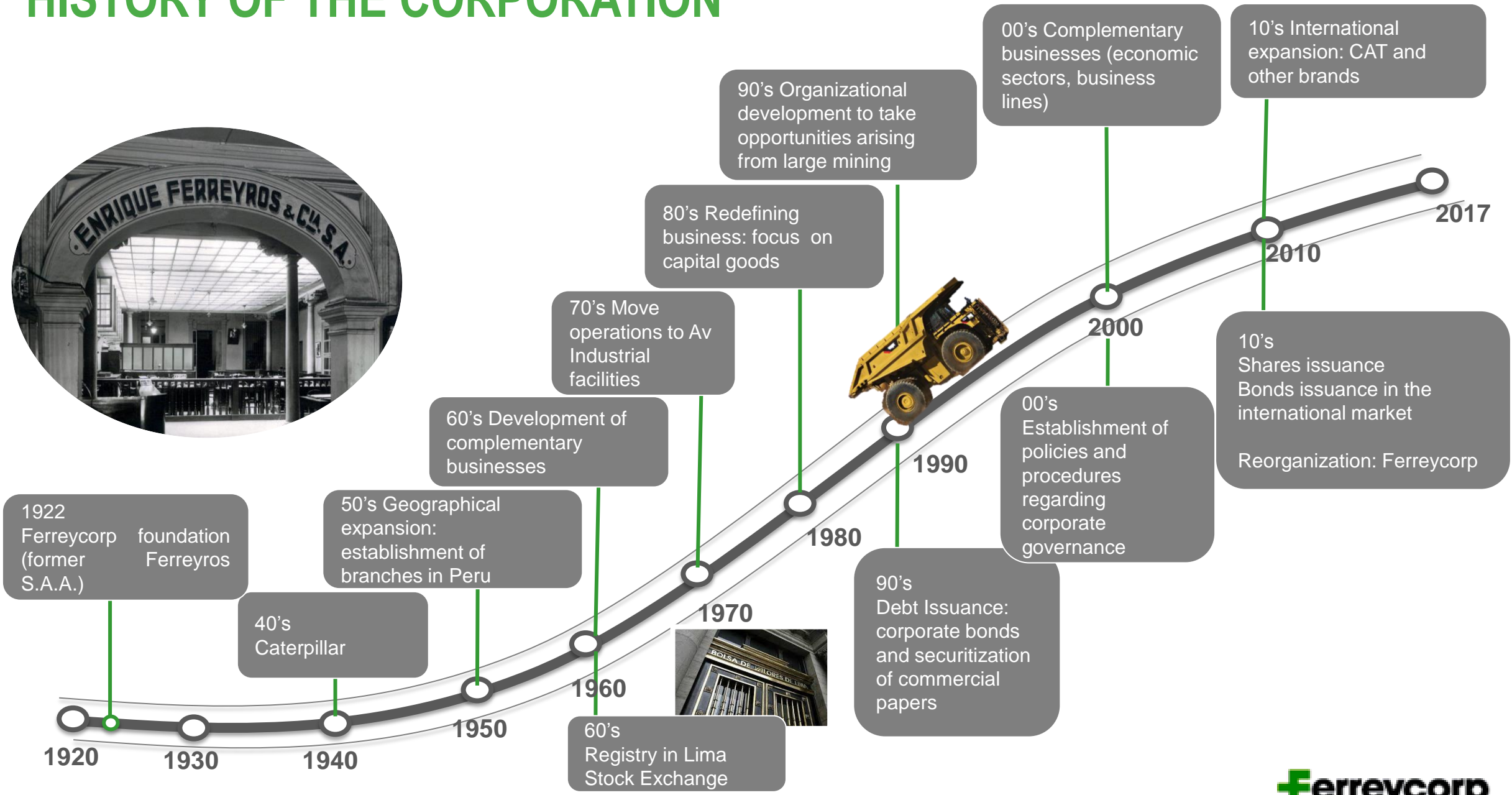
SHAREHOLDER STRUCTURE



CONSISTENT FINANCIAL PERFORMANCE



HISTORY OF THE CORPORATION



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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FERREYCORP AT A GLANCE



As of Sep 2017
(S/. Million)

Caterpillar dealers and
allied brands in Peru

Caterpillar dealers and other
businesses in Central America

Other subsidiaries in
Peru and abroad

Sales

2,711

332

594

% of Total Sales

75%

9%

16%

EBITDA

348

32

18

% of Total EBITDA

87%

8%

5%

EBITDA Margin

13%

10%

3%

of Employees

4,208

835

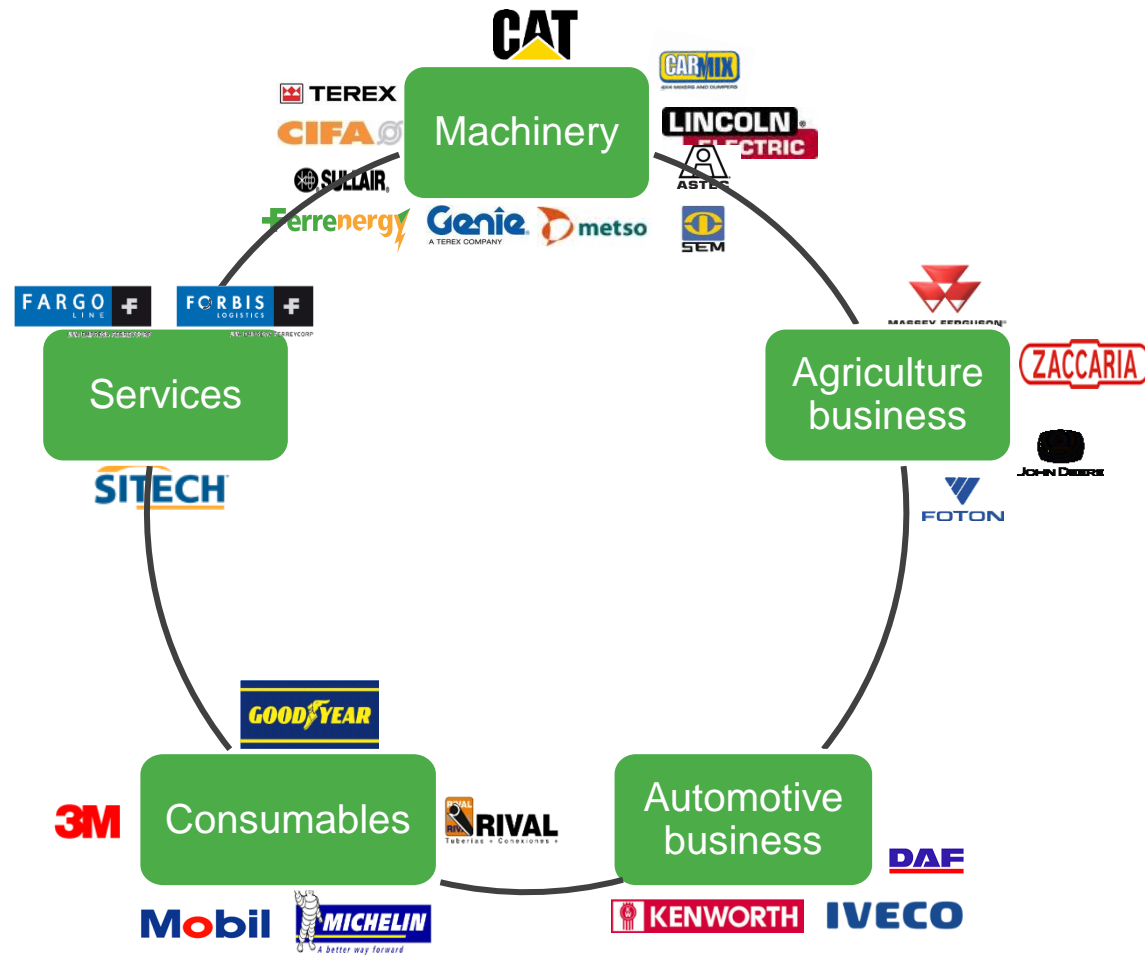
1,162

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



STRATEGY

COMPLETE VALUE PROPOSITION





Key Capabilities

KEY CAPABILITIES



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

PRESENCE IN SOUTH AND CENTRAL AMERICA REPRESENTING LEADER BRANDS



MASSEY FERGUSON™



MARKET COVERAGE



- F** Ferreyros: 6 locations in Lima, 17 branches and offices
- U** Unimaq: main location in Lima and 8 branches in Piura, Cajamarca, Lambayeque, Trujillo, Huancayo, Arequipa, Cusco e Ilo. 3 Offices in Cerro de Pasco, Andahuaylas and Ayacucho
- O** Orvisa: main office in Iquitos and 2 branches in Pucallpa and Tarapoto. 4 Offices in Huánuco, Bagua, Jaén and Madre de Dios
- M** Motored: 2 locations in Lima and 3 branches in Arequipa, Trujillo and Cajamarca
- S** Soltrak: main location in Lima and 7 branches in Talara, Trujillo, Arequipa, Huancayo, Huánuco, Pucallpa and Loreto
- MINING, CONSTRUCTION AND ENERGY PROJECTS

UNMATCHED LOGISTICS CAPABILITIES



890,000 m2

TO SERVE OUR CUSTOMERS

170+

POINTS OF CONTACT

US\$120M

INVENTORY OF PARTS

365 DAYS

24x7 OPERATIONS

- 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

INNOVATION AND TECHNOLOGY



- ✓ Innovative customer solutions
 - ✓ E-commerce
 - ✓ Performance solutions: condition monitoring
 - ✓ CRM: follow business opportunities and increase customer coverage
- ✓ Processes and systems: SAP platform
- ✓ Design Thinking

SUSTAINABILITY STAKEHOLDERS

Community

- ✓ Ferreycorp Association
- ✓ “Operadores de equipo pesado Ferreyros” Club
- ✓ Think Big Program
- ✓ “Jóvenes con Futuro” Program
- ✓ Tax works
- ✓ Corporate volunteering

Customers

- ✓ Long-term relations with mutual benefit
- ✓ Products and services of high quality, specialized attention by sectors
- ✓ Continuous monitoring of Customer’s Satisfaction and Complaint Management
- ✓ Marketing and trade policy

Government and society

- ✓ Sustainability Report
- ✓ Global Compact Progress Report
- ✓ Socially Responsible Company

Suppliers

- ✓ Recruitment policy: transparency and equal treatment
- ✓ Preference for suppliers based on: quality of product or service, price, delivery terms, treatment of staff, implementation of security programs.
- ✓ ABE diffusion between suppliers
- ✓ Drivers' committee that shares good practices

Environment

- ✓ Environmental management system based on ISO 14001
- ✓ Environmental Management Programs: planning, training and awareness, operational control and verification.
- ✓ Measuring Carbon Footprint

Collaborators

- ✓ Health care, safety and working conditions
- ✓ Training and professional development
- ✓ Appreciation and respect for diversity
- ✓ Labor Inclusion Program
- ✓ Personal and family development

Shareholders

- ✓ Principles of Good Corporate Governance
- ✓ Respect of Shareholders’ rights
- ✓ Transparent and timely reporting
- ✓ Efficient representation with our Board of Directors

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 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 and 2017.
- 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

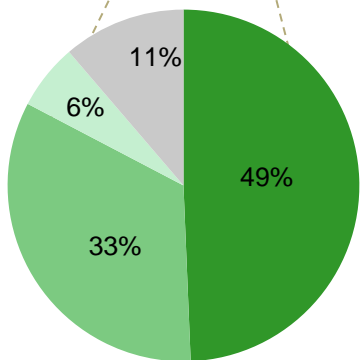
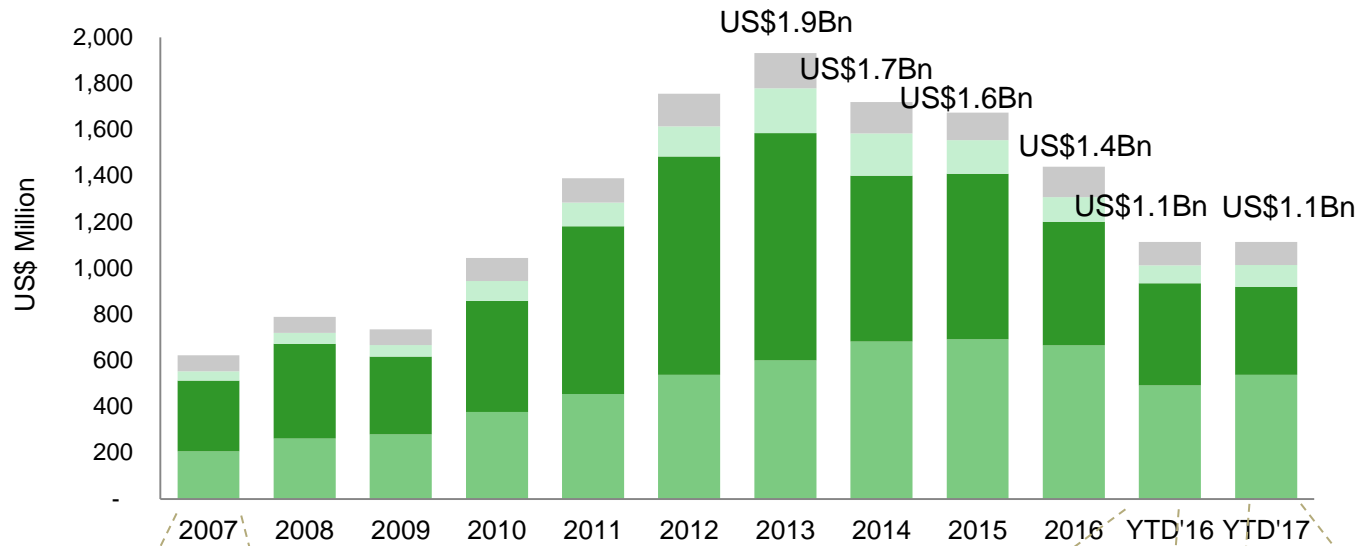




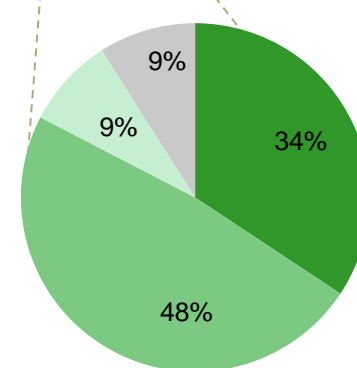
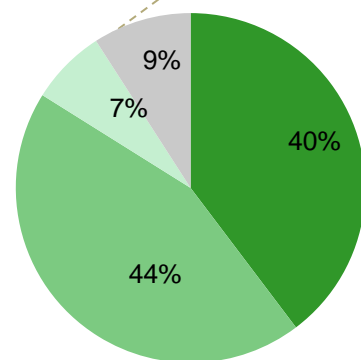
Financial Performance

SUSTAINABLE BUSINESS MODEL

SALES BY LINE OF BUSINESS



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

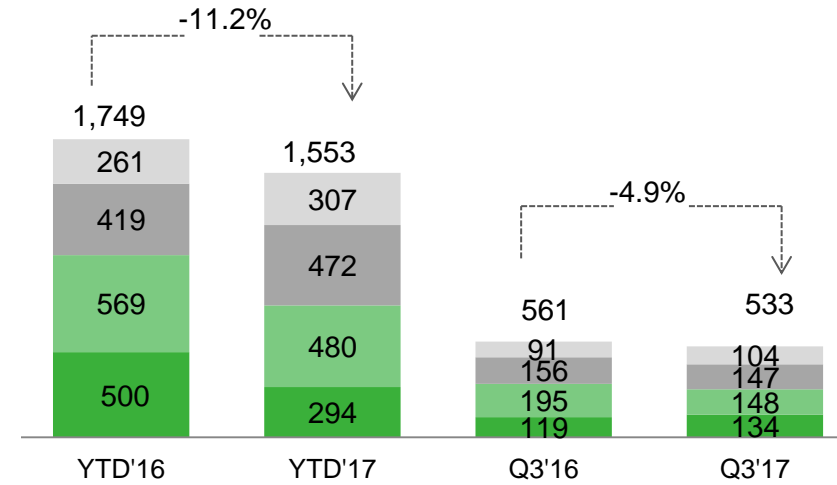
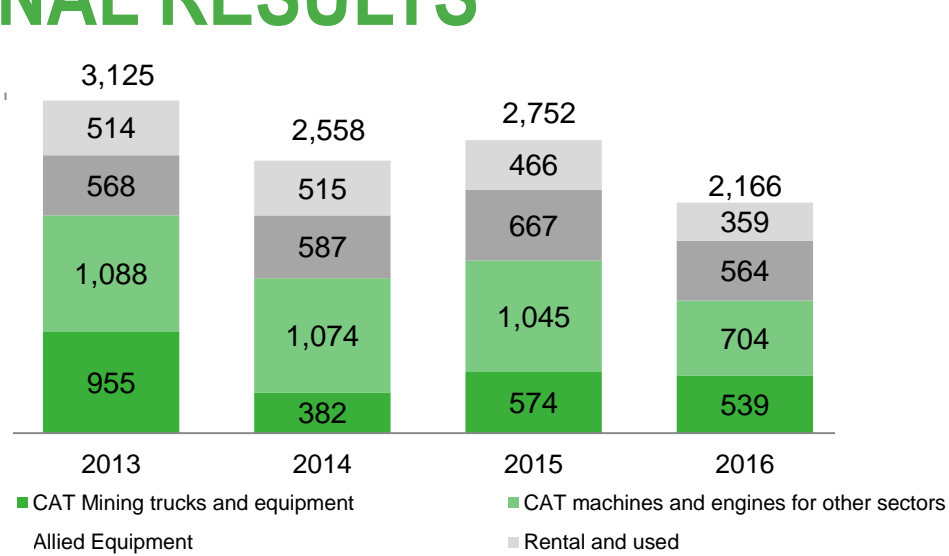


- In a context of poor momentum in mining investment and delayed infrastructure projects
- Resilient business model
- Stable product support business
- Diversification strategy through business lines, presence in different economic sectors, different countries, various represented brands and a diversified portfolio of products.

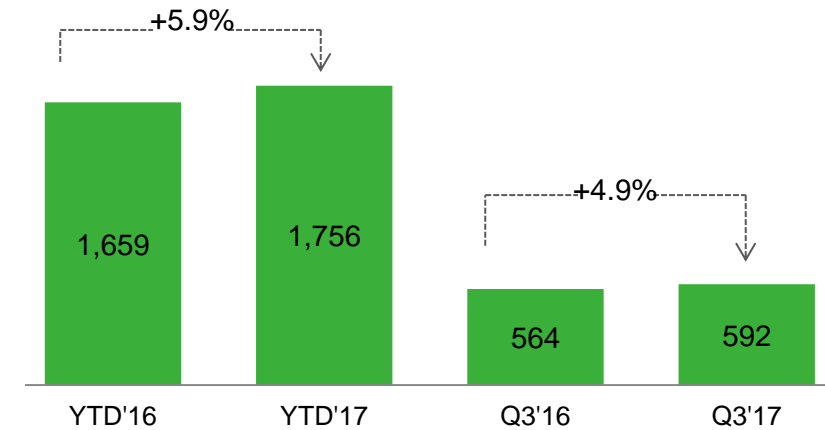
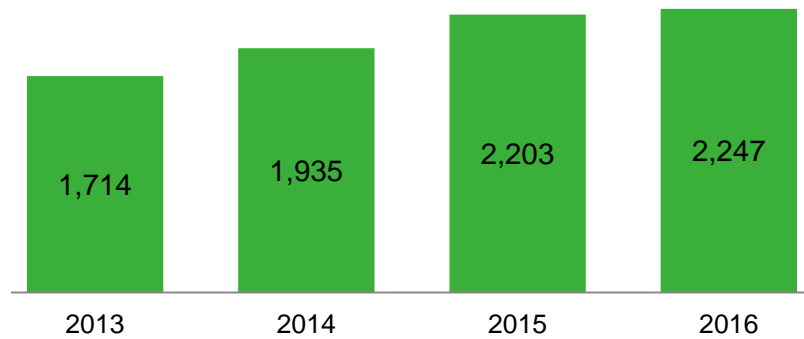
OPERATIONAL RESULTS

Million Soles (S/ mm)

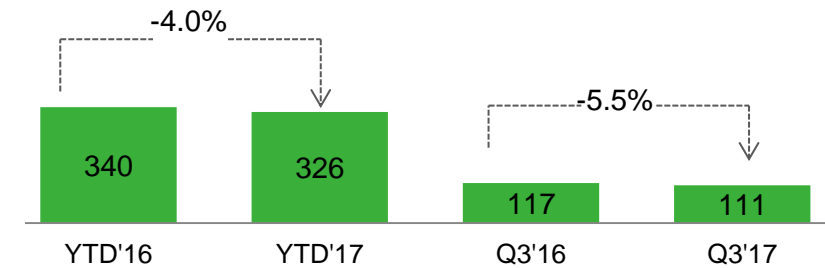
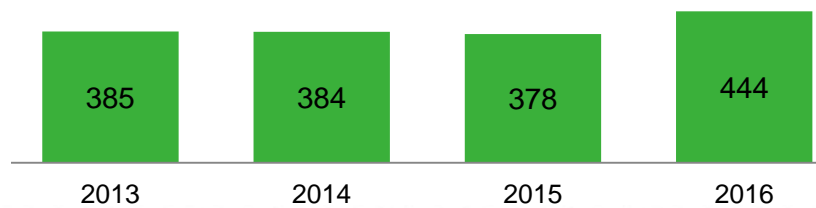
MACHINERY



SPARE PARTS AND SERVICES



OTHER LINES

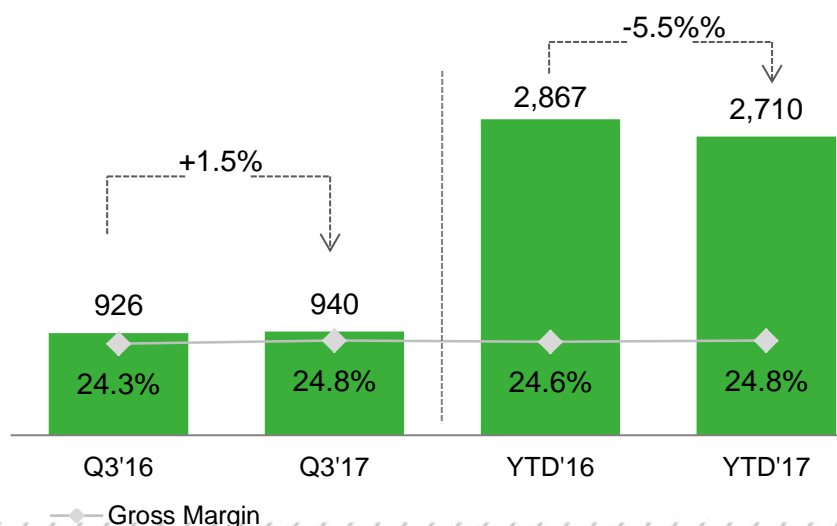


SALES BY GROUP OF COMPANIES

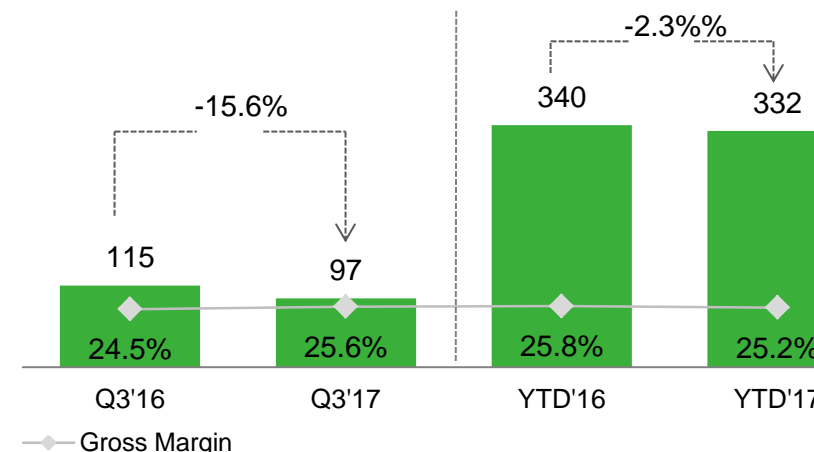
Million Soles (S/ mm)

- Caterpillar dealers in Peru (76% of total sales): +1.5% driven by spare parts and services (56% of total revenues) and Ferreyros mining equipment (+12%)
- The companies that carry Caterpillar business and other allied lines in Central America (8% of total sales): -15.6% affected by less activity in economic sectors driven by political issues
- The local subsidiaries and businesses abroad that complement the Caterpillar's business (16% of total revenues): -1.9%

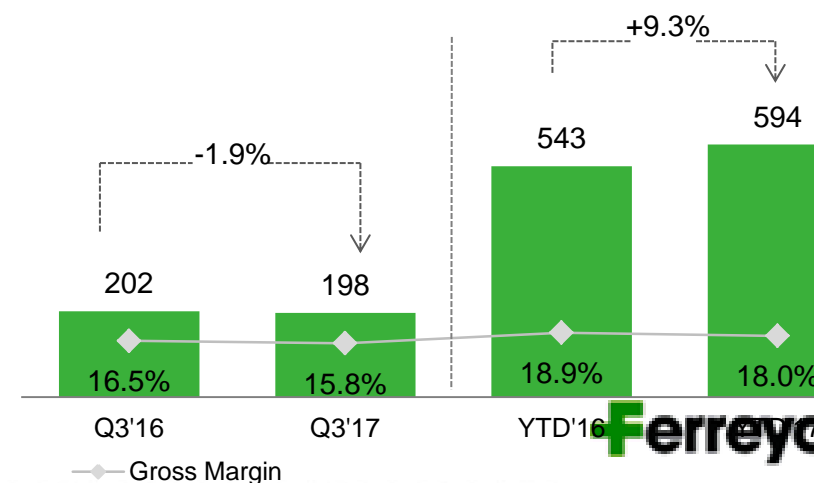
CAT dealers and allied brands in Peru



CAT dealers and other businesses in CA



Other subsidiaries in Peru and abroad



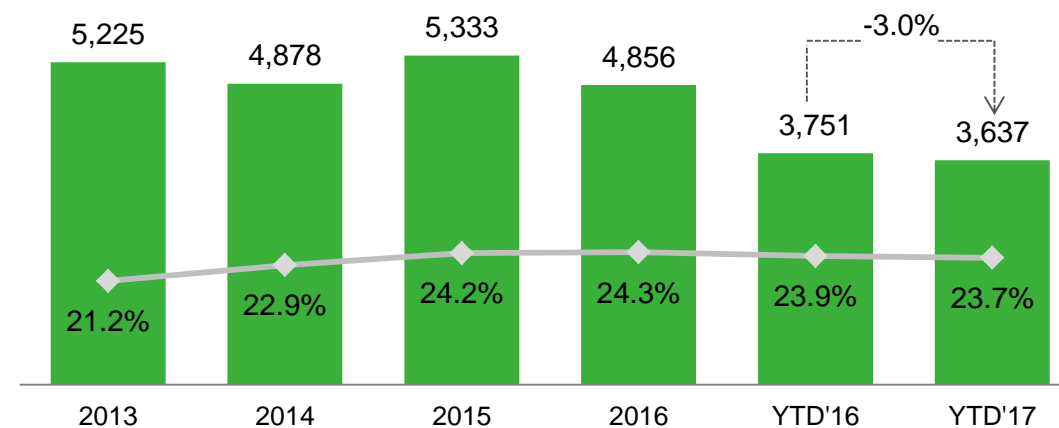
CONSOLIDATED FINANCIAL RESULTS

Million Soles (S/ mm)

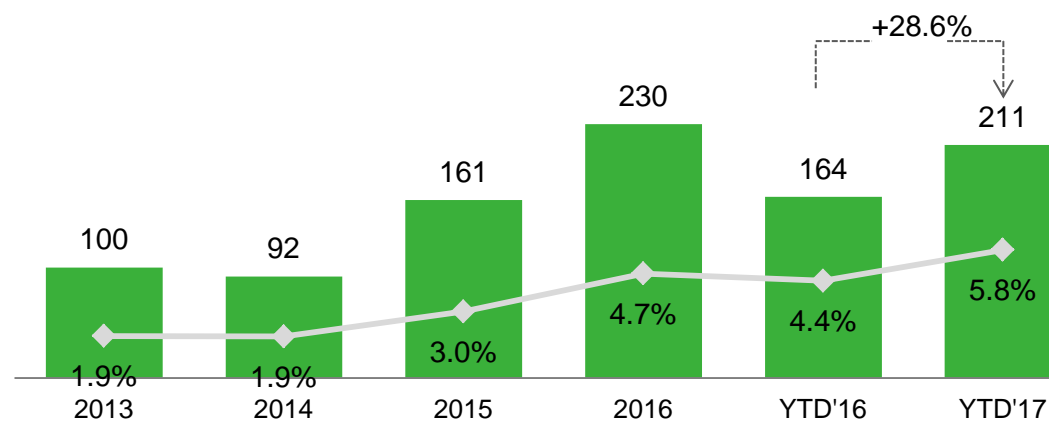
HIGHLIGHTS

- Resilient business model
- Successful execution of operational priorities
- Consistent EBITDA generation and margin
- Strong free cash flow generation

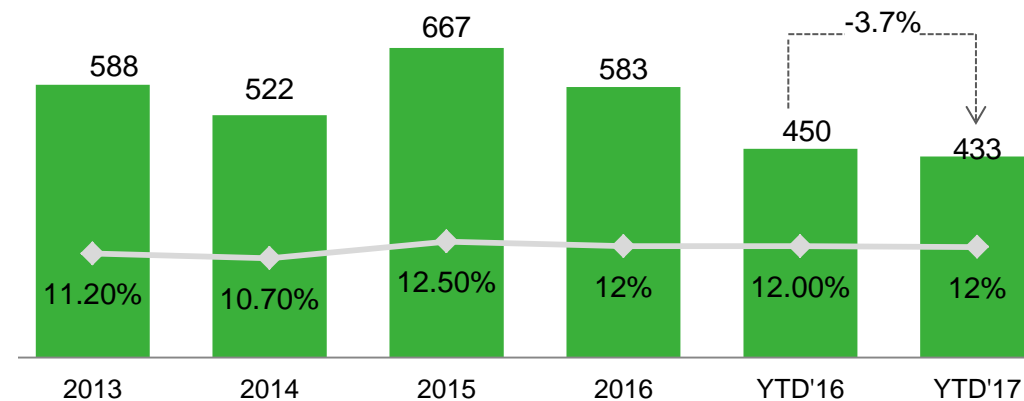
SALES AND GROSS MARGIN



NET PROFIT AND NET MARGIN



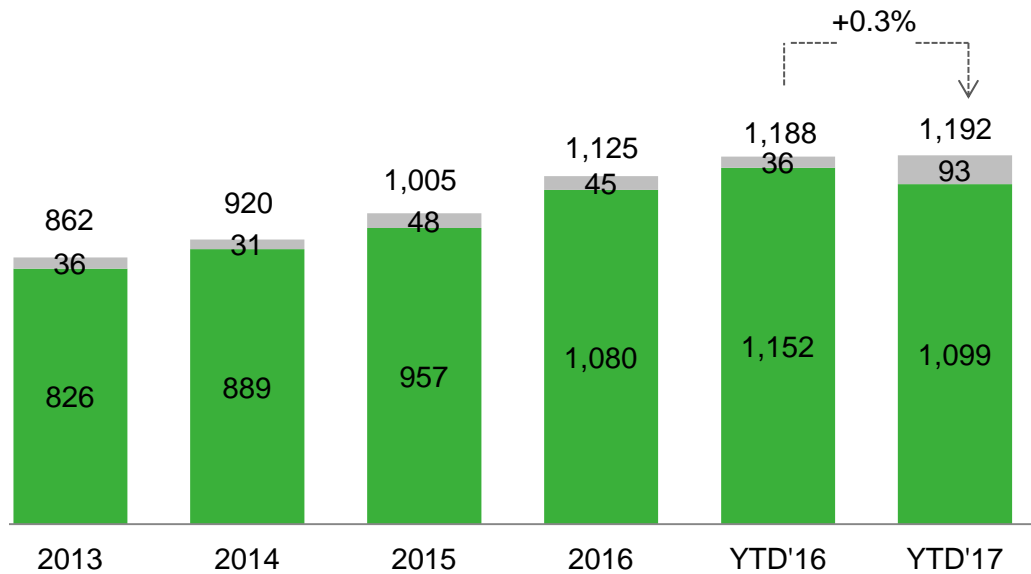
EBITDA AND EBITDA MARGIN



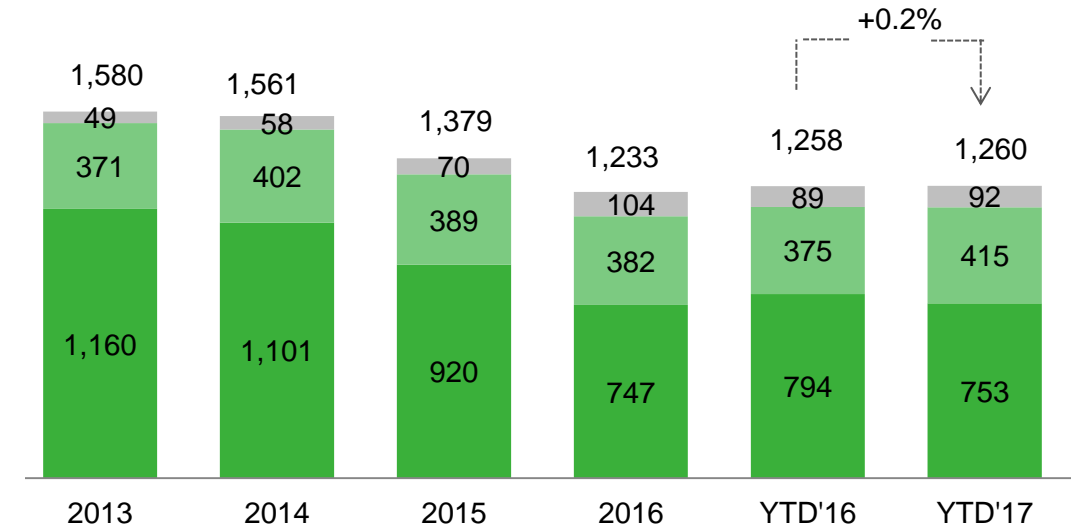
INVESTMENT IN ASSETS

Million Soles (S/ mm)

ACCOUNTS RECEIVABLES EVOLUTION



INVENTORY EVOLUTION

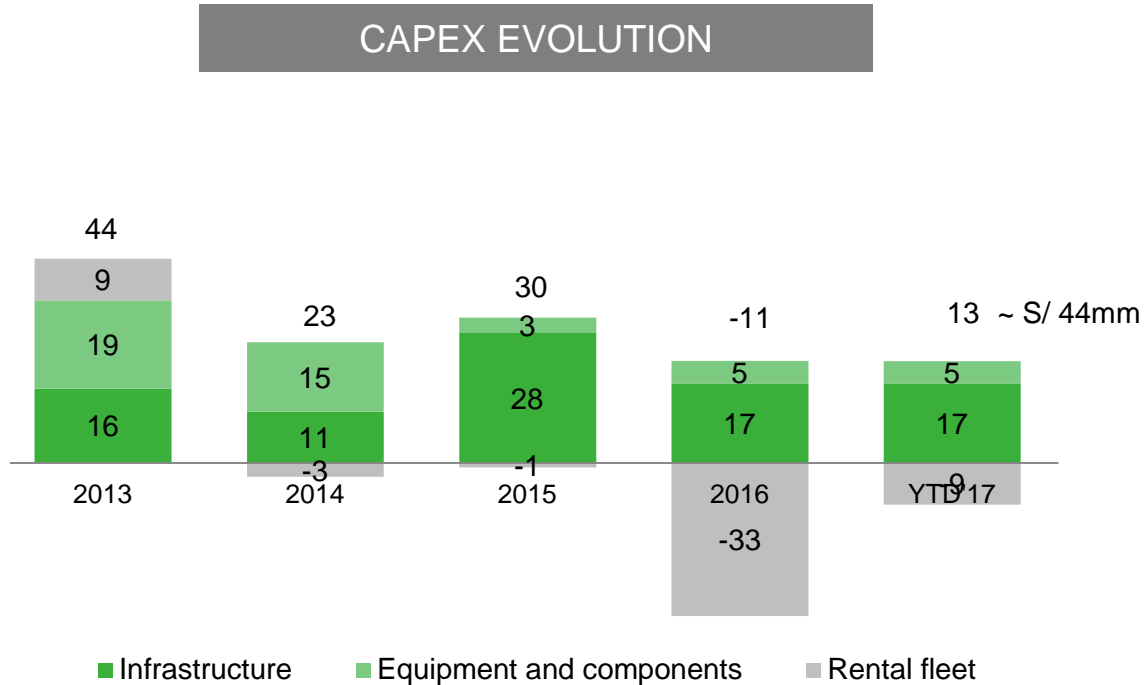


- Common practice, 30days for collection once invoice is delivered to customer.
- Accounts receivables affected by mining equipment invoicing during the second quarter.

INVESTMENT IN ASSETS

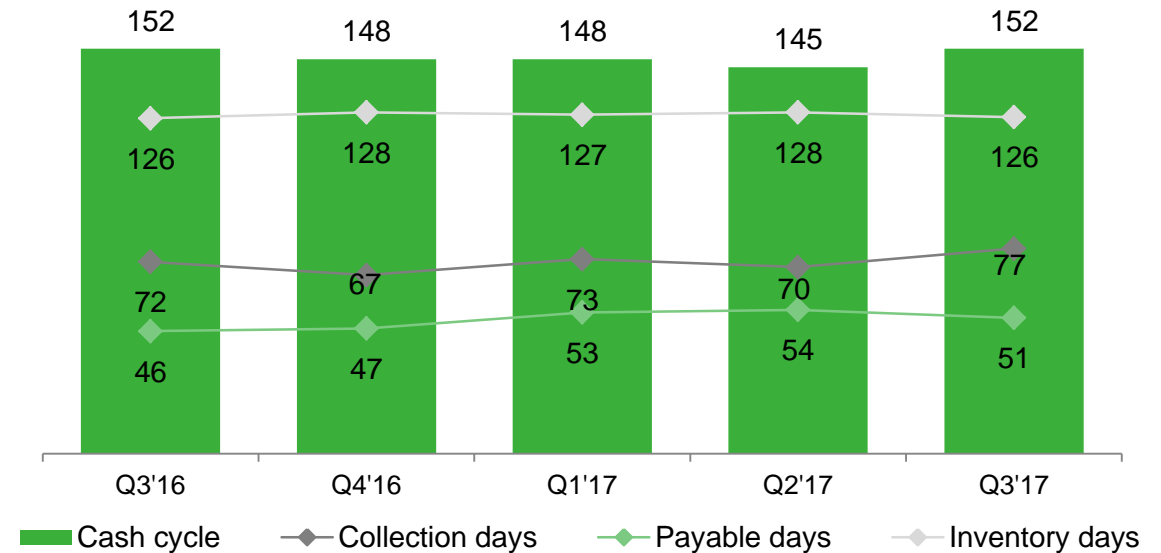
Million Dollars (US\$ mm)

CAPEX EVOLUTION



- 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.
- YTD'17 CAPEX: infrastructure and equipment executed in the new CRC in Arequipa. Offset by the sale and lease back of Motored facility

CASH CYCLE



Targets:

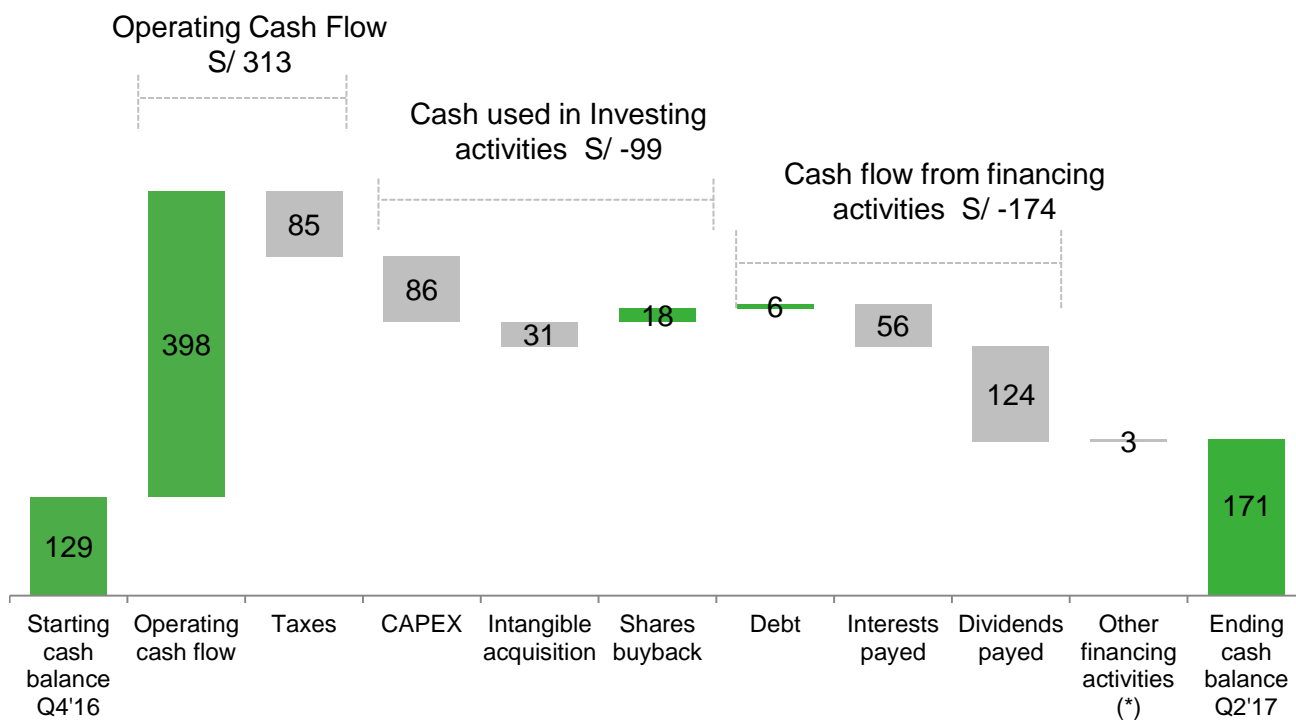
Inventory
120 days
3.0x

Payable
45 days

Receivables
45-60 days

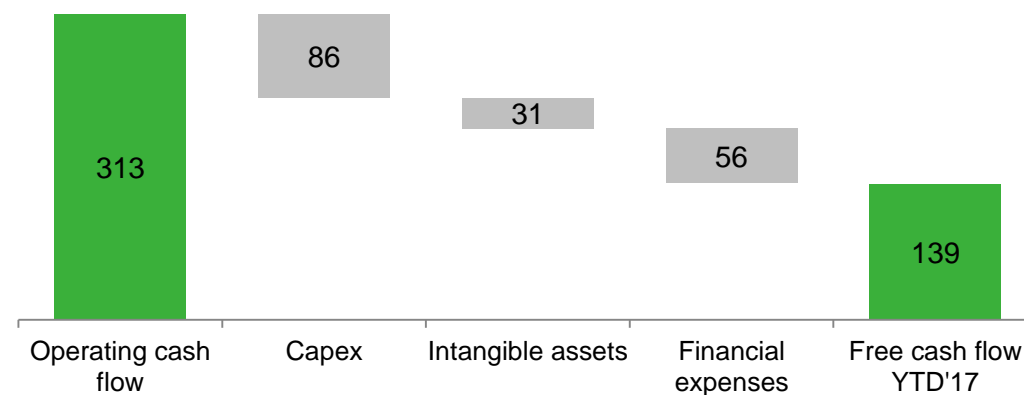
CASH FLOW BREAKDOWN

Million Soles (S/ mm)



Positive variations Negative variations

FREE CASH FLOW



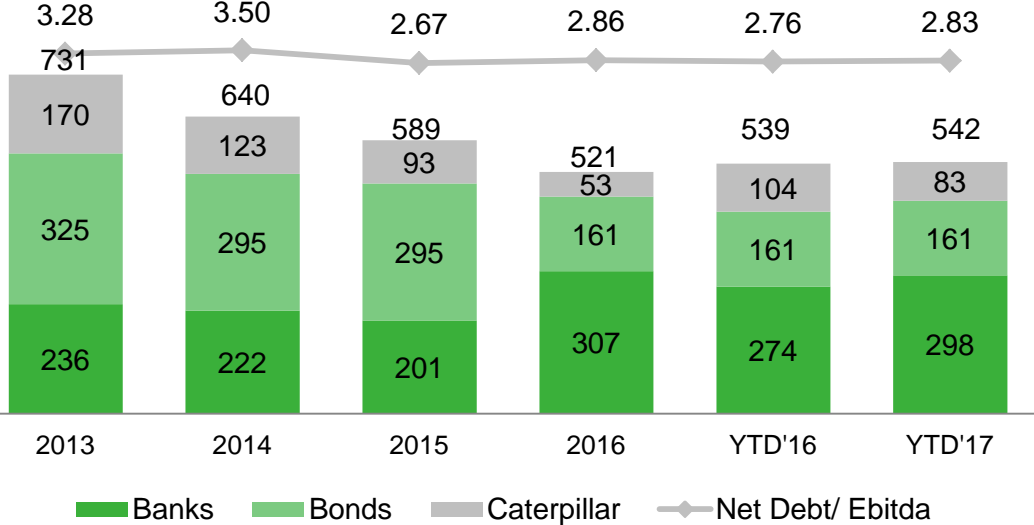
FCF CAPEX DETAIL



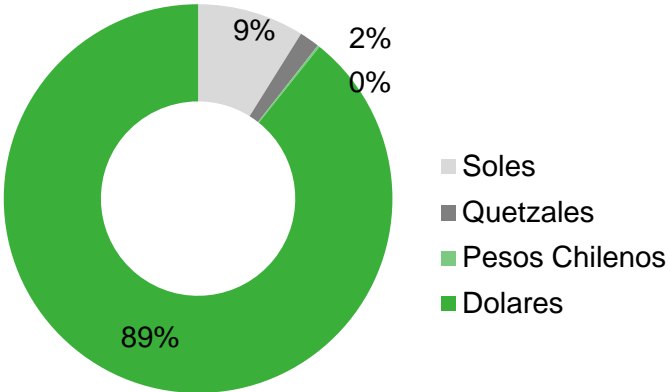
CONSOLIDATED FINANCIAL DEBT

Million Dollars(\$/ mm)

DIVERSIFIED FUNDING BASE

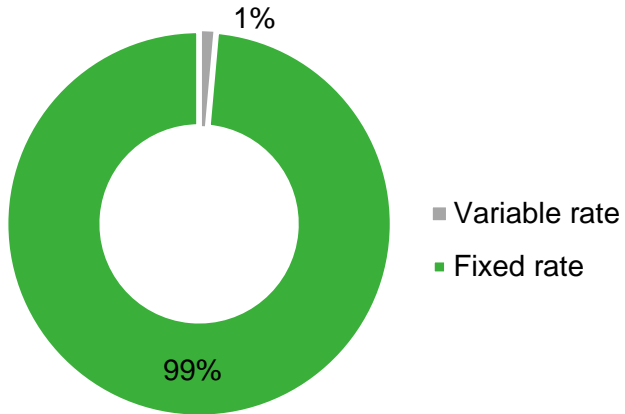


DEBT BY CURRENCY



- Natural hedge: revenue-debt

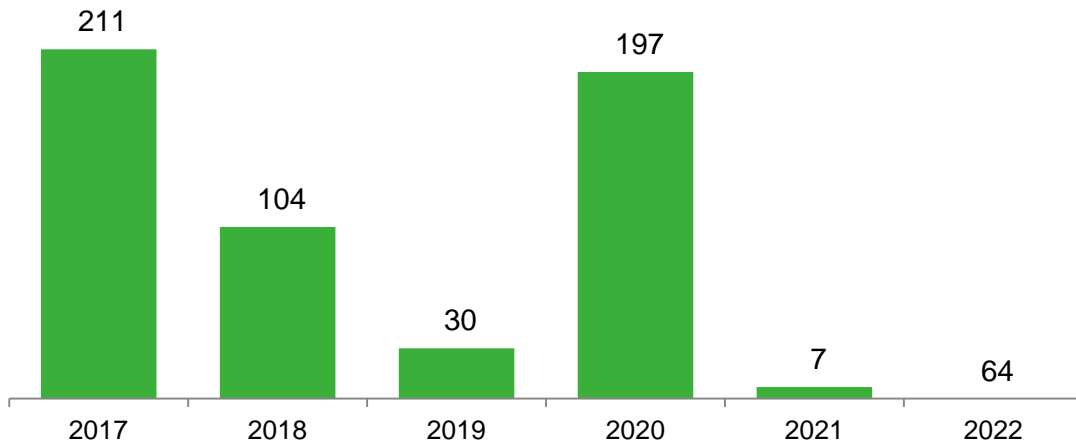
DEBT BY RATE



CONSOLIDATED FINANCIAL DEBT

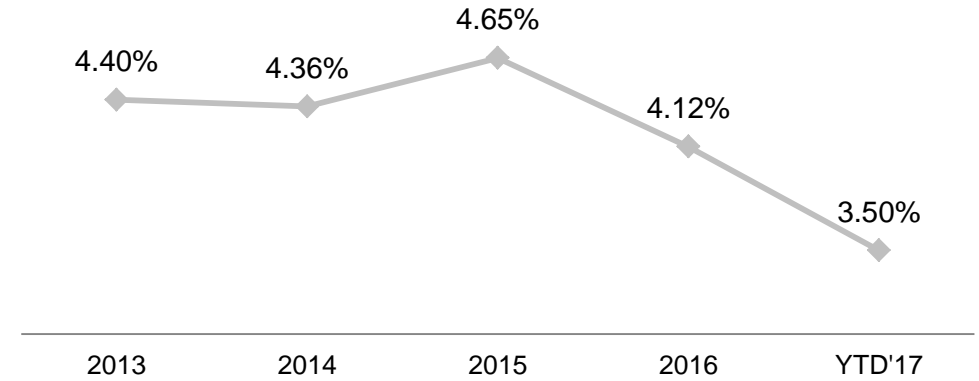
Million Dollars(\$/ mm)

DEBT MATURITY



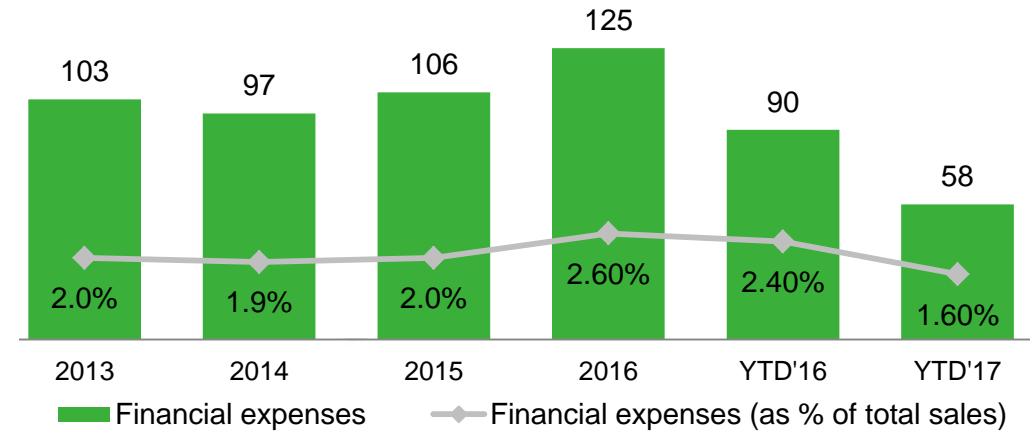
- Strategy of financing: short term, flexible without penalties and low interest rate. Availability of credit lines

AVG COST OF DEBT



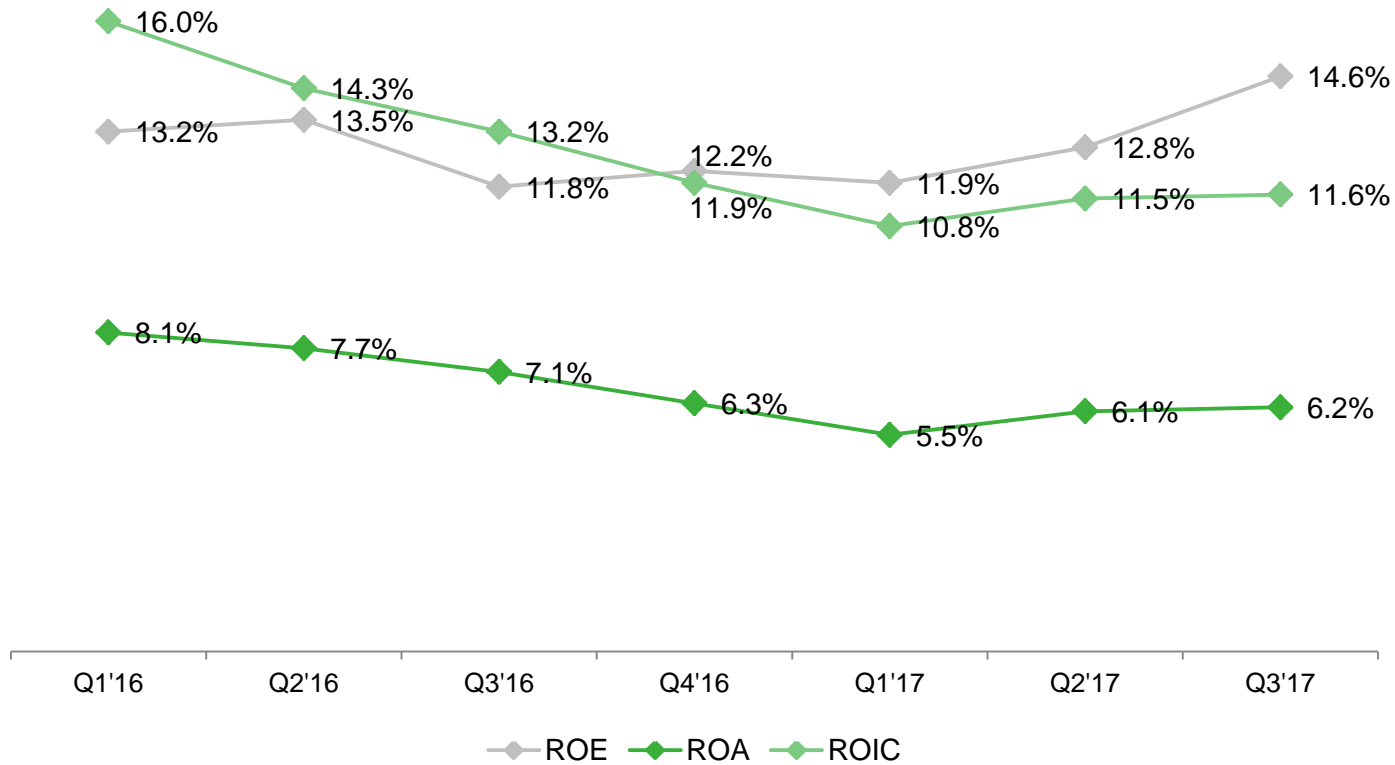
FINANCIAL EXPENSES

Million Soles S/ mm)



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

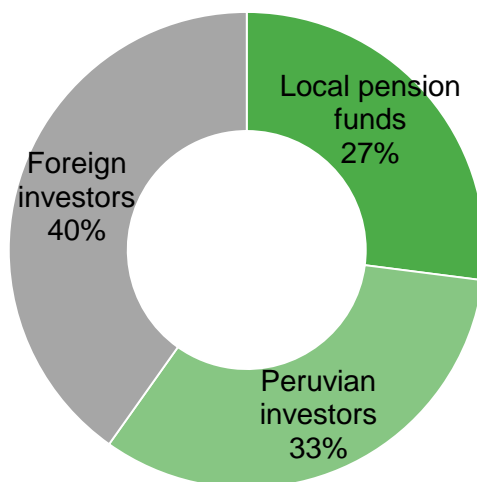
PROFITABILITY RATIOS



- ROIC: $\text{EBITLTM} / \text{Invested Capital (total equity + financial net debt)}$: affected by sales that decreased by 4.2% and SG&A by 2%

FERREYCORP IN THE CAPITAL MARKET

SHAREHOLDERS COMPOSITION AS OF SEPT 2017



STOCK PERFORMANCE 2016-2017 (S/.)



Capital	S/. 1'014,326,324
Nº of shares	1'014,326,324
Dividend Yield 2016 (div 0.128457)	7.6%
Repurchased shares as of June 2017	43'145,669

MAIN SHAREHOLDERS AS OF SEPT 17

Holder	%
Onyx Latin America Equity Fund LP	7.92%
RI-Fondo 2 (Prima AFP)	7.34%
La Positiva Vida Seguros y Reaseguros S.A	7.03%
Equinox Partners LP	5.60%
IN-Fondo 2 (AFP Integra)	5.05%
RI-Fondo 3 (Prima AFP)	4.30%
Kuroto Fund	4.28%

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 amount to be distributed every year is approved in the Annual Shareholders Meeting.
- ✓ The 2013 Shareholders Meeting approved to increase the upper limit 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



(*) In million

(**) Upper Limit: 60%



+ferreycorp