

Corporate Presentation

February 2017 (Fourth Quarter 2016 Results)



 **Ferreycorp**



Ferreycorp at a glance



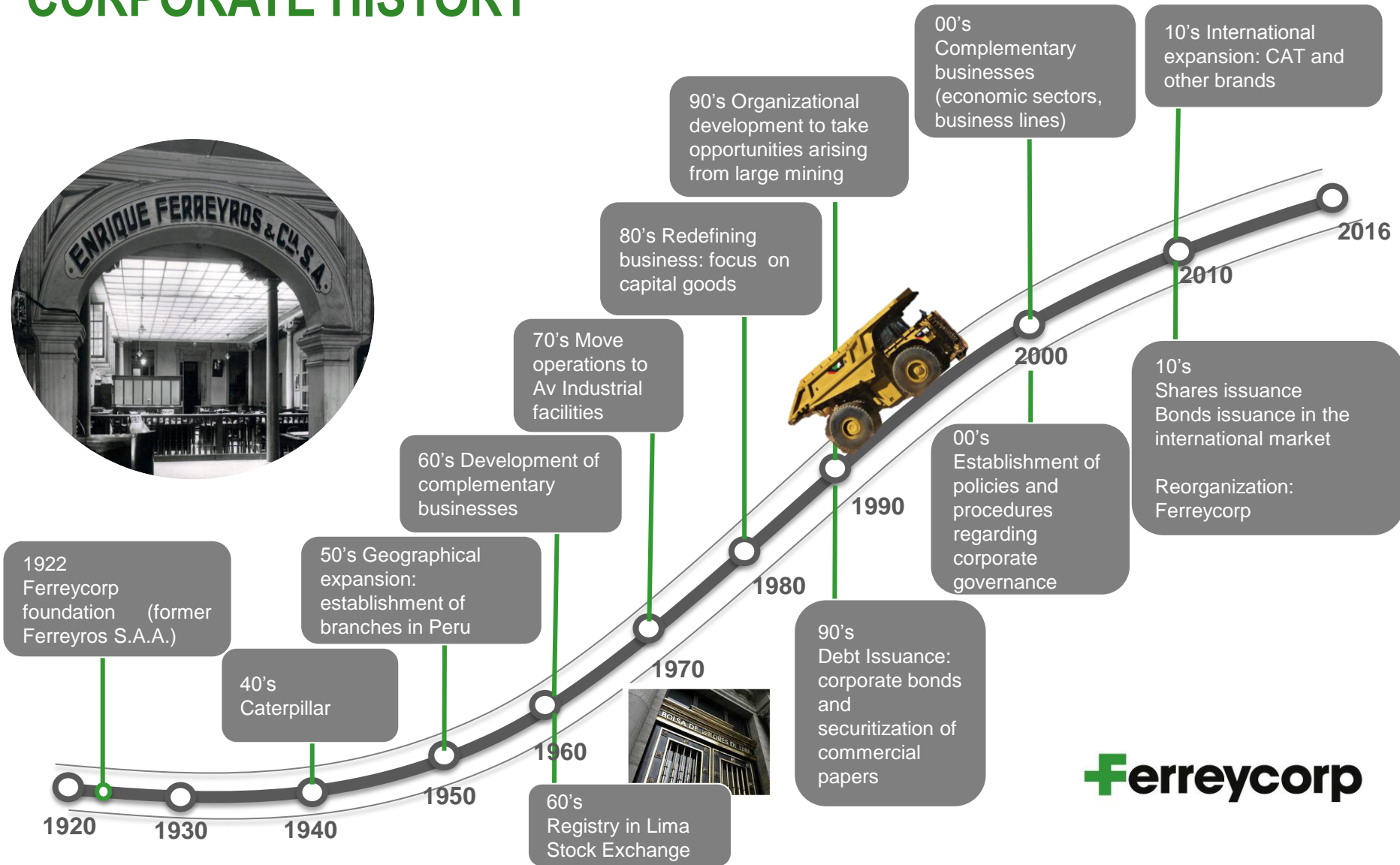
Highlights **FERREYCORP**

- 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 +6,515 employees
- Key facts
 - 53% Caterpillar Market Share
 - Market cap (Dec-2016) \$510MM
 - 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 4Q2016 Financial Statistics

Sales (US\$)	US\$ 1.4 Bn
Sales (S/.)	S/. 4.8 Bn
EBITDA	US\$ 171mm
Ebitda Margin	12.0%
Net debt/ EBITDA	2.78x Target: < 3.5x

CORPORATE HISTORY



CORPORATE STRUCTURE

Caterpillar dealers in Peru



Sales as of 4Q16: US\$ 1,082mm (75%)
EBITDA as of 4Q16: US\$ 142mm (83%)

Caterpillar dealers and other businesses in Central America



Guatemala



El Salvador



Belize



Nicaragua



El Salvador, Honduras

Sales as of 4Q16: US\$ 136mm (10%)
EBITDA as of 4Q16: US\$ 21mm (12%)

Other subsidiaries in Peru and abroad



GRÚAS Y SOLUCIONES DE IZAJE

una empresa Ferreycorp

Chile, Colombia, Ecuador



UNA EMPRESA FERREYCORP



UNA EMPRESA FERREYCORP



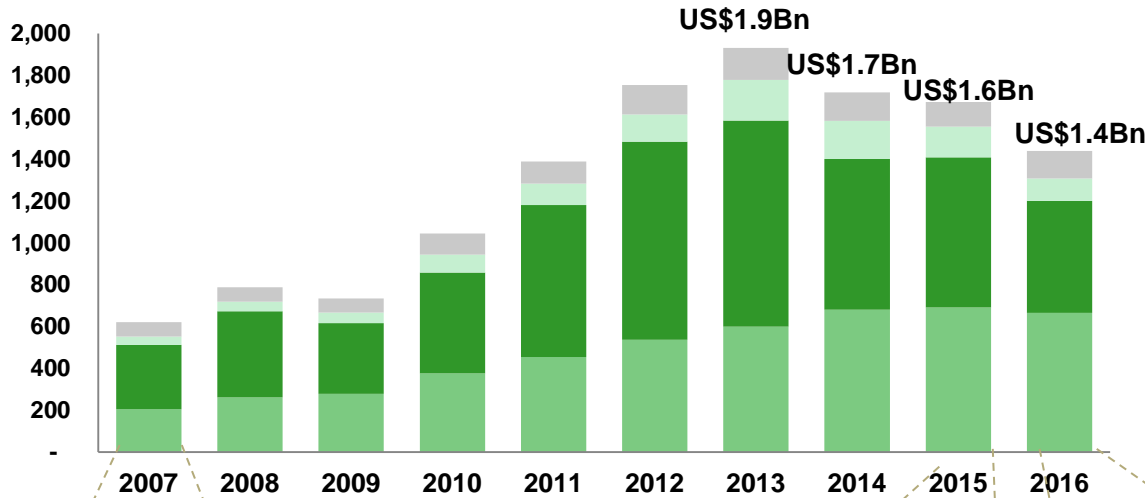
UNA EMPRESA FERREYCORP



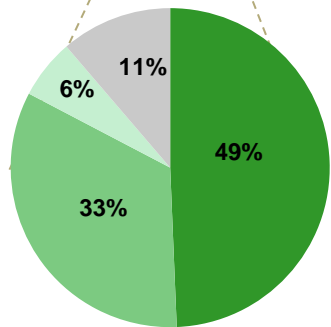
Sales as of 4Q16: US\$ 221mm (15%)
EBITDA as of 4Q16: US\$ 7mm (5%)

SUSTAINABLE BUSINESS MODEL

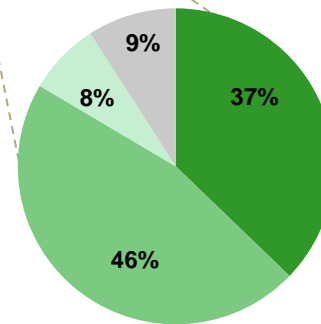
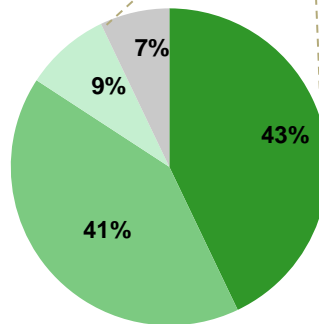
SALES BY LINE OF BUSINESS



Product Support sales
10 Year CAGR – 15%
(2005-2015)



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

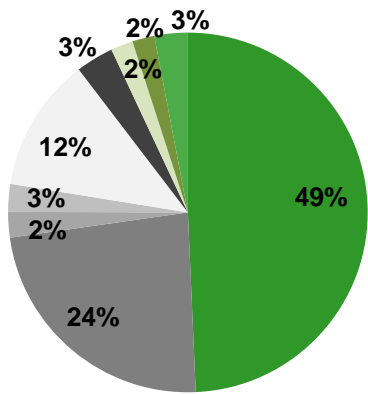


Ferreycorp

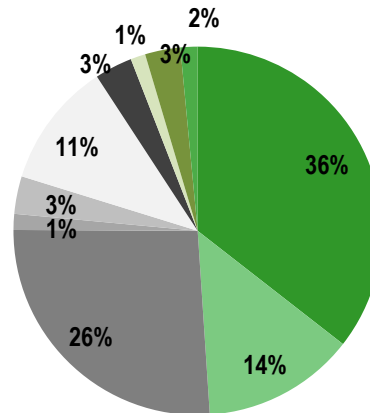
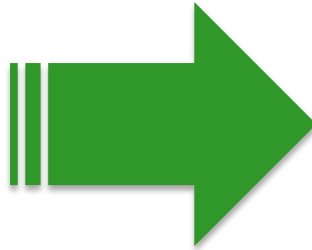
DIVERSE CUSTOMER BASE

48% OF DELIVERIES COME FROM NON-MINING CUSTOMERS

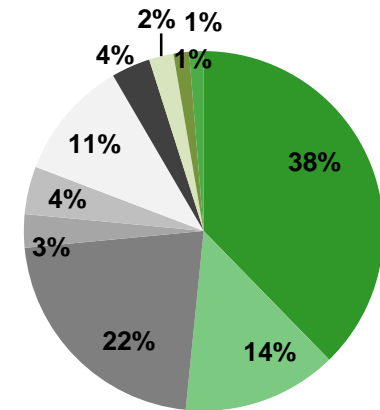
SALES BY ECONOMIC SECTORS



2010



2015



2016

- Open pit mining
- Construction
- Transport
- Agriculture and forest
- Hydrocarbons and energy

- Underground mining
- Government
- Industry, commerce and services
- Fishing and marine
- Others

Ferreycorp



Key capabilities

KEY CAPABILITIES



Long term strategic partnerships

Ubiquitous market coverage

Unmatched supply chain and logistics capabilities

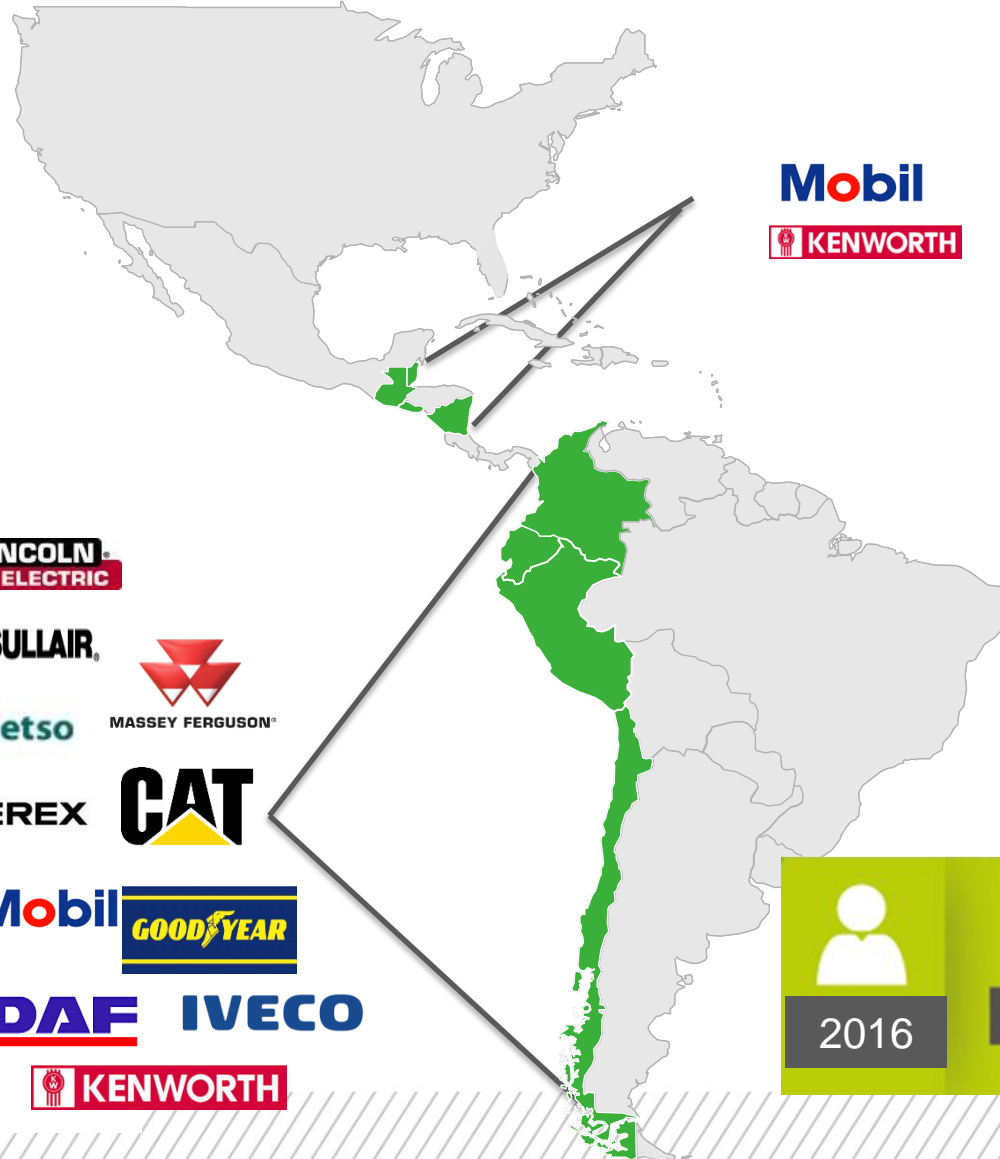
Financial strength and funding sources

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

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



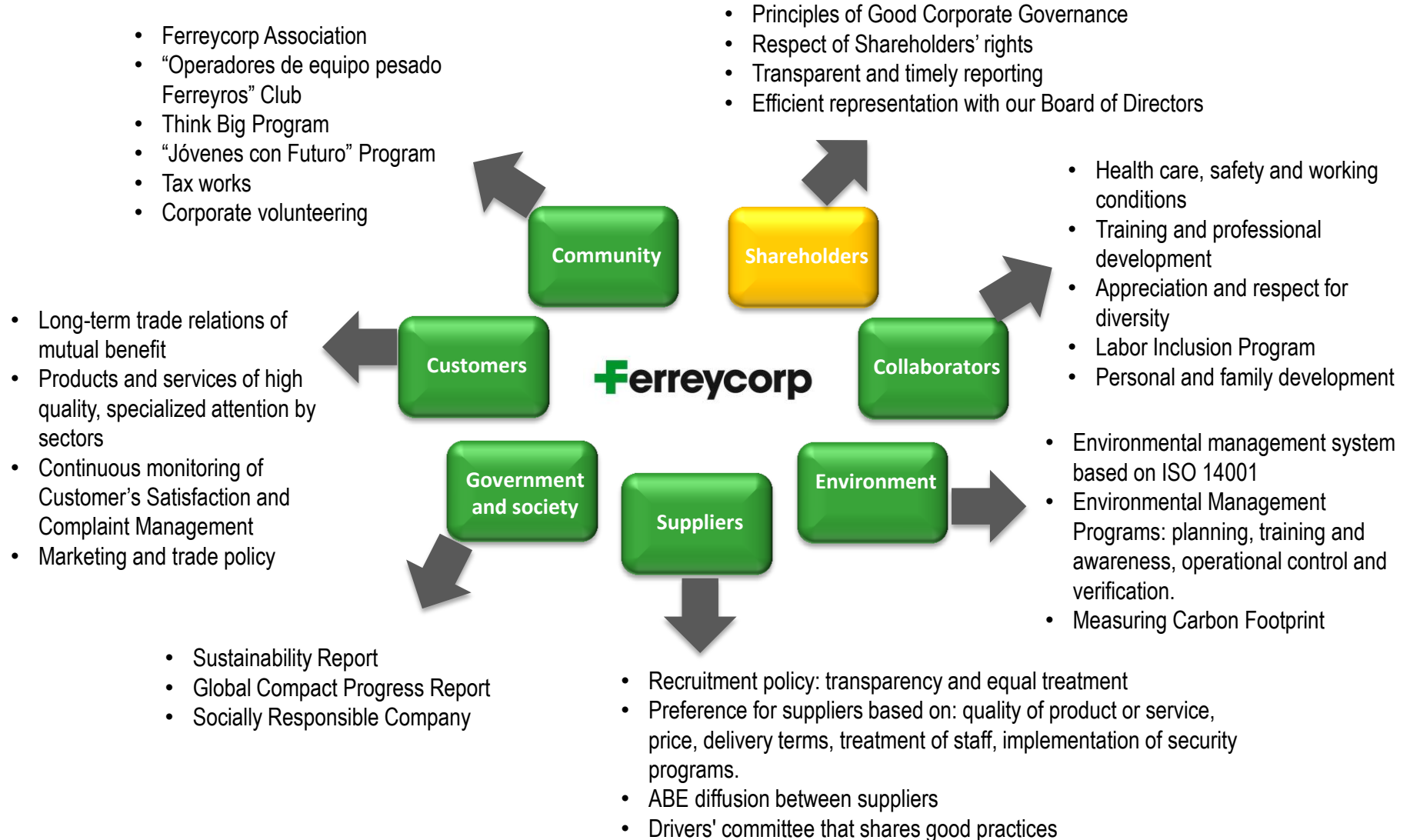
Factory > Freight forwarder > Transport Air/Sea > Customs expedite > CDC + Inland > Mine site operations

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

Ferreycorp

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 Board of Directors is composed by 10 members.
- The Board of Directors of Ferreycorp is complemented by four committees:
 - ✓ 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	Eduardo Montero
Carlos Ferreyros	Aldo Defilippi
Juan Manuel Peña	Carmen Rosa Graham
Andreas von Wedemeyer	Ricardo Briceño
Manuel Bustamante	Raúl Ortiz de Zevallos



PERVASIVE INNOVATION

QUEST FOR VALUE CREATION

CORE

- Continual improvement of existing value proposition for existing business units.

ADJACENT

- Leverage on resources and capabilities to generate synergies and new business opportunities.

TRANSFORMATIVE

- New value proposition, very diverse from existing business model

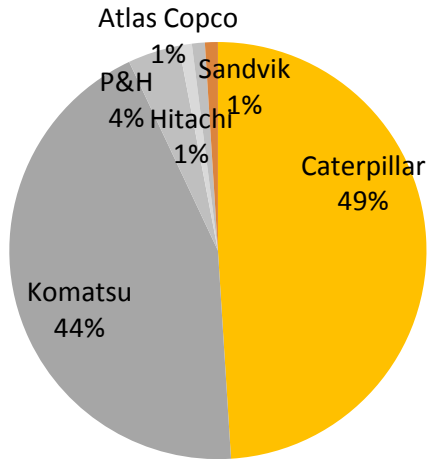
Past innovation projects implemented

- Introduction to CAT 797F
- Conditions monitoring
- High-altitude arrangements
- SAP, CRM, Digital channels & e-Parts
- Several certifications (ISO, OSHA, BASC)
- Complete offering to capital goods business
- New business models: Mega, Trex, Unimaq Cat Rental Store, Forbis, Fargoline
- Corporate operative model
- Minestar

CATERPILLAR

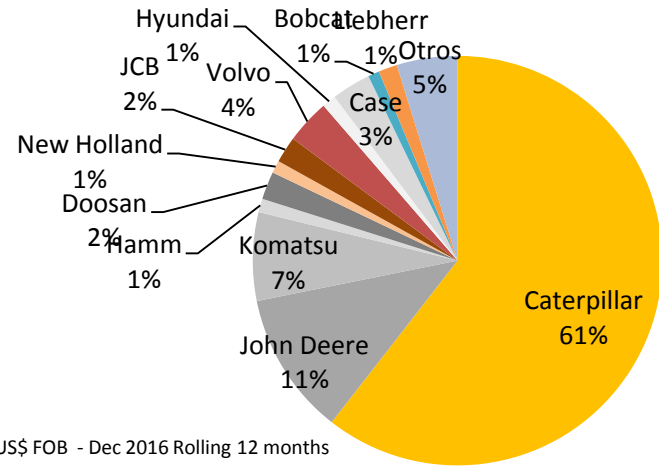
MARKET SHARE IN PERU

OPEN PIT MINING



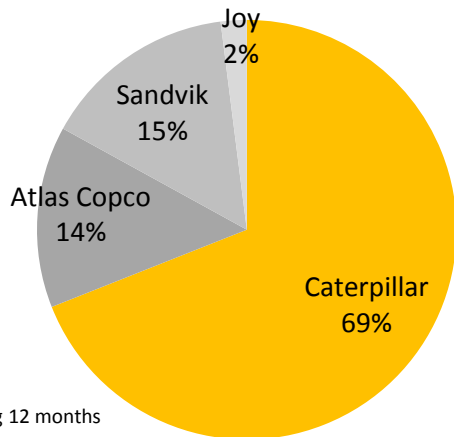
Include shovels and drills

HEAVY AND GENERAL CONSTRUCTION



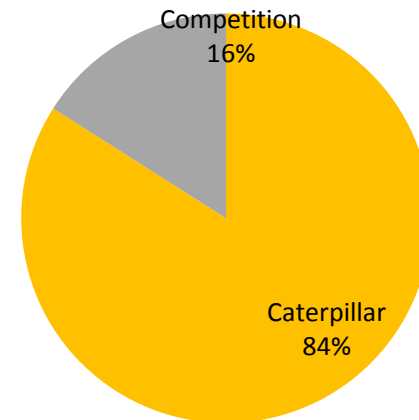
US\$ FOB - Dec 2016 Rolling 12 months

UNDERGROUND MINING



US\$ FOB - Dec 2016 Rolling 12 months

MARINE ENGINES



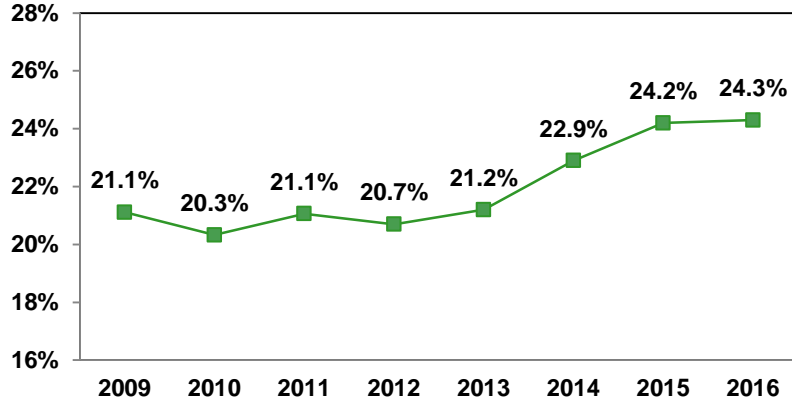
US\$ FOB - Dec 2016 Rolling 12 months



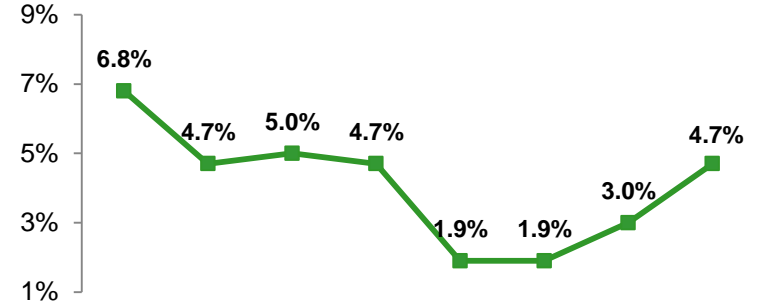
Financial Performance

TRACK RECORD OF CONSISTENT FINANCIAL PERFORMANCE

GROSS MARGIN

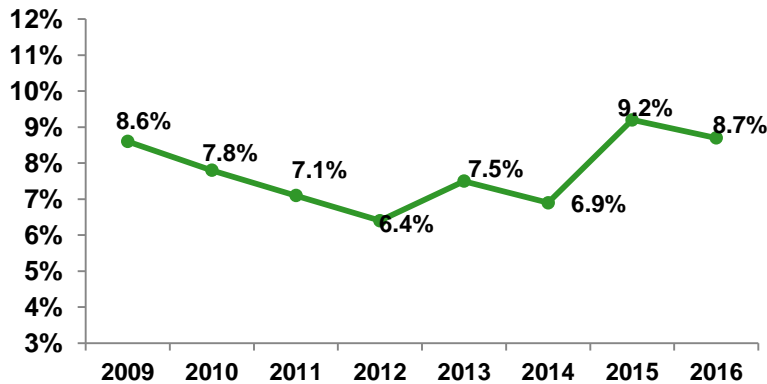


NET MARGIN

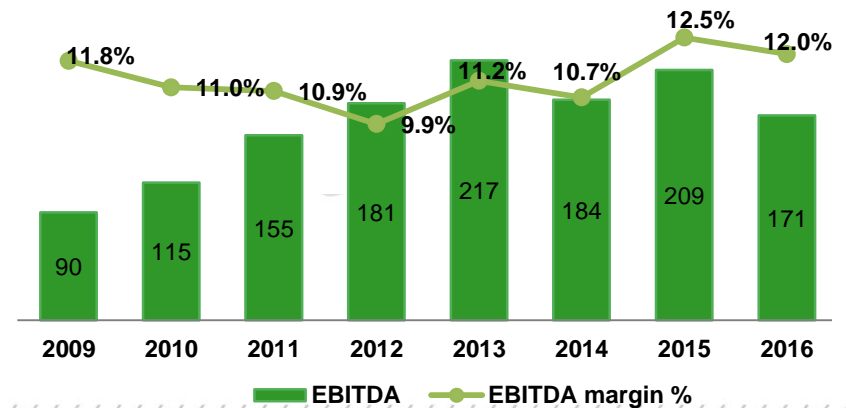


	2009	2010	2011	2012	2013	2014	2015	2016
Avg. Exchange rate	3.007	2.827	2.753	2.635	2.722	2.84	3.187	3.375
Gain (loss) to exchange rate (million US\$)	23	7	17	29	-54	-35	-48	0

OPERATING MARGIN



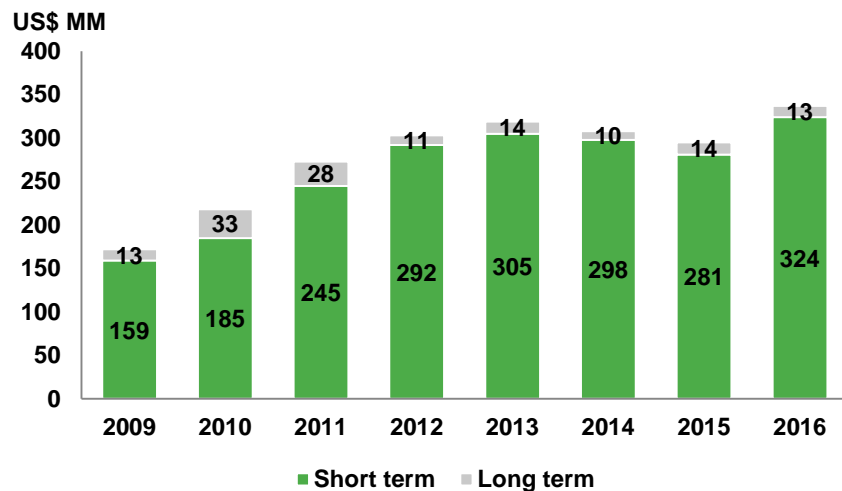
EBITDA (US\$MM) AND EBITDA MARGIN (%)



INVESTMENT IN ASSETS

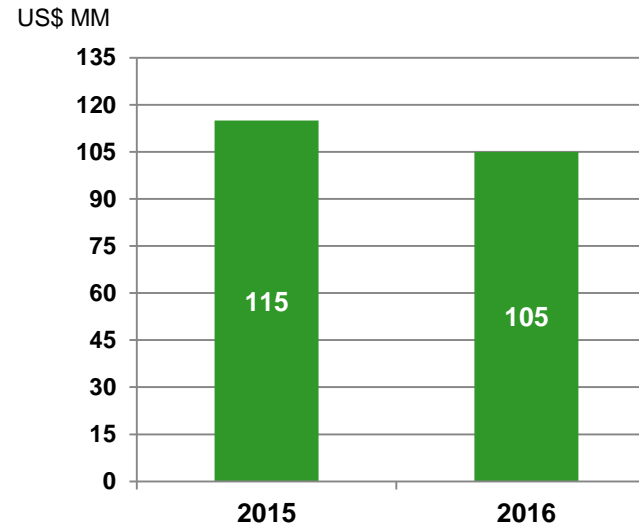
1) ACCOUNTS RECEIVABLES

ACCOUNTS RECEIVABLE EVOLUTION BY TERM



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

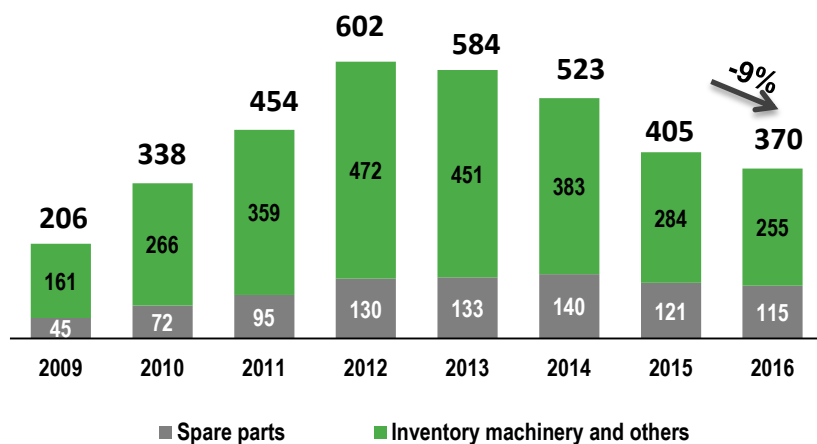
FACTORING



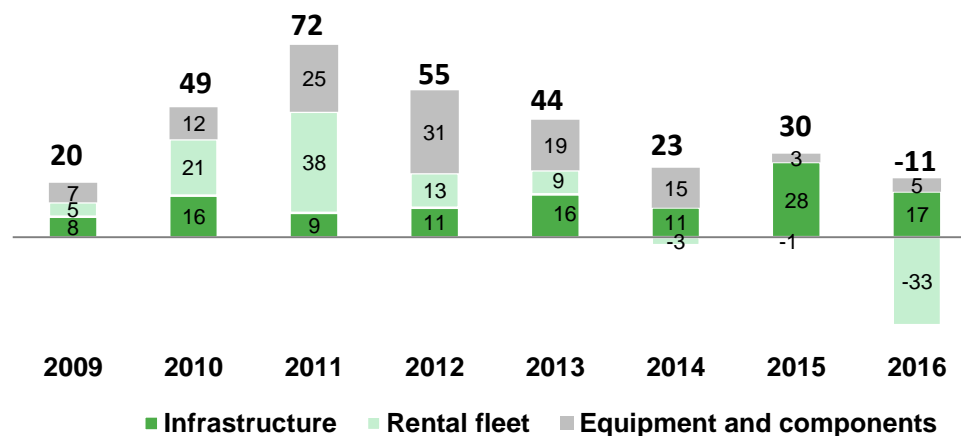
INVESTMENT IN ASSETS

2) INVENTORY AND FIXED ASSETS

INVENTORY EVOLUTION (US\$MM)



CAPEX EVOLUTION (US\$MM)



2016 CAPEX results negative due to the reduction of rental fleet, as a result from the new demand levels, highlighting that this corresponds to a semi-fixed asset. 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.

2015 Ferreyrcorp acquired a piece of land in Punta Negra for US\$20mm

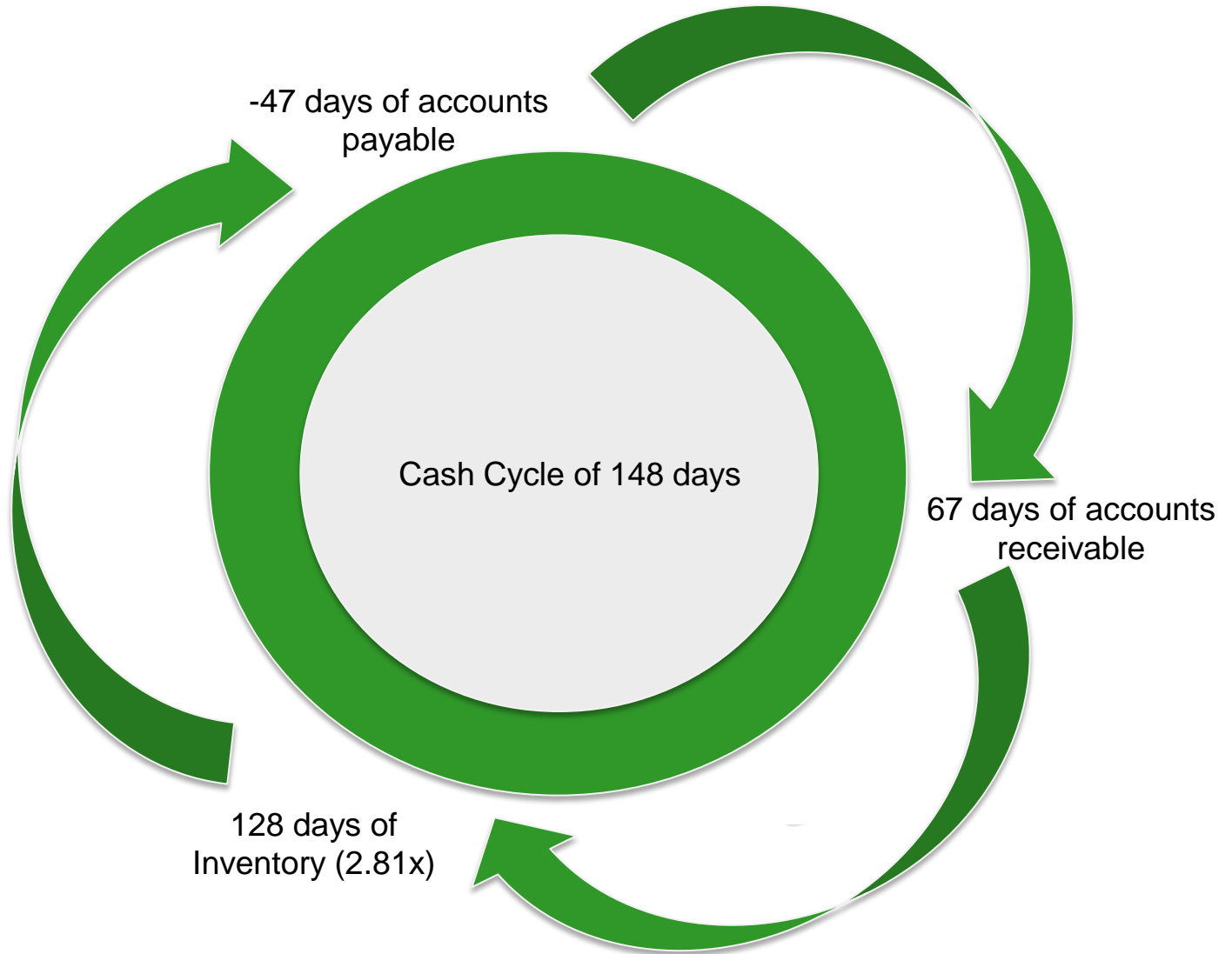
CASH CYCLE

Targets:

Inventory
120 days
3.0x

Payable
45 days

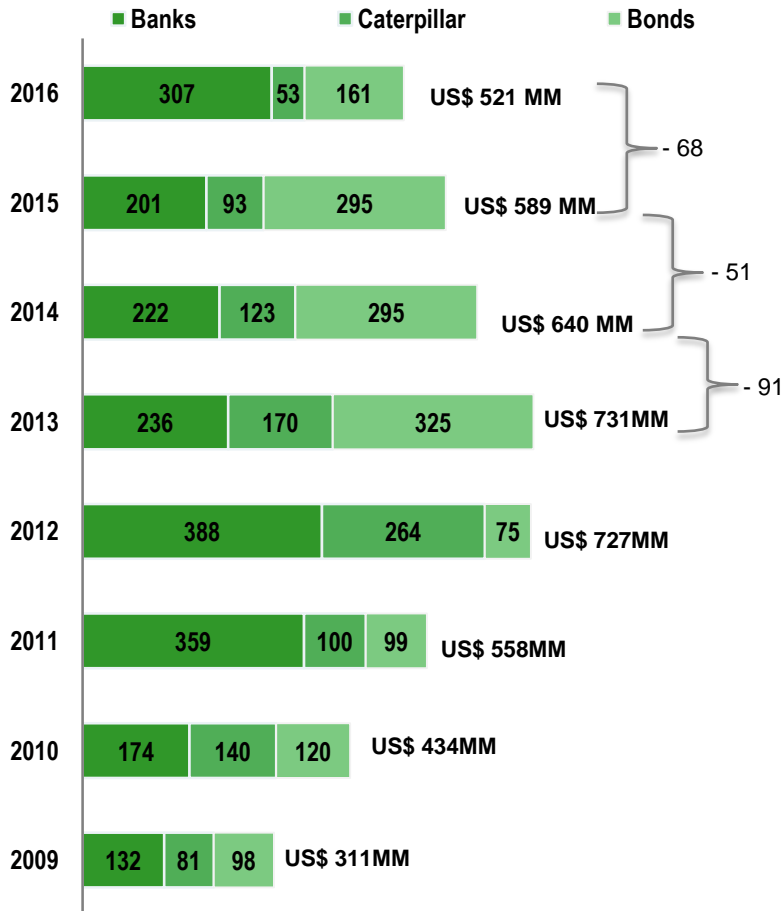
Receivable
45-60 days



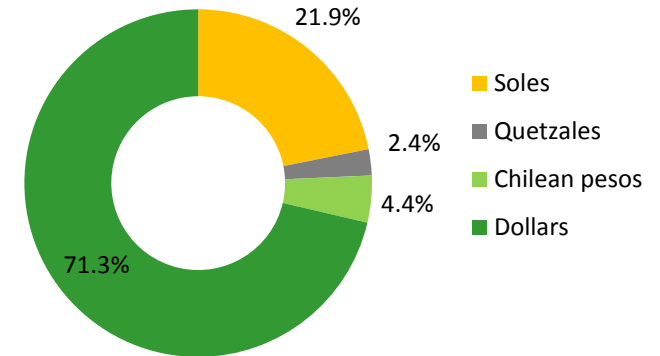
ACCESS TO DIVERSIFIED SOURCES OF FINANCING

Natural hedge: revenue-debt

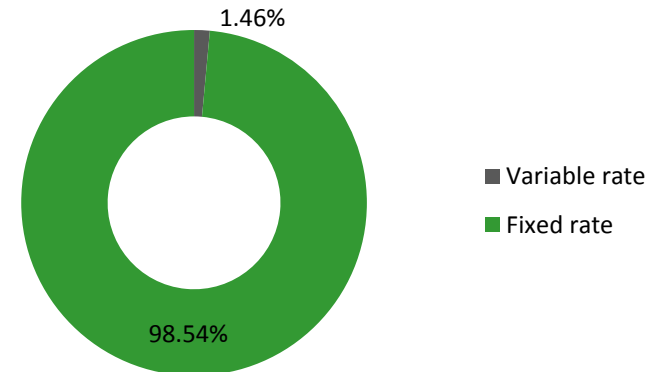
DIVERSIFIED FUNDING BASE (US\$MM)



DEBT BY CURRENCY

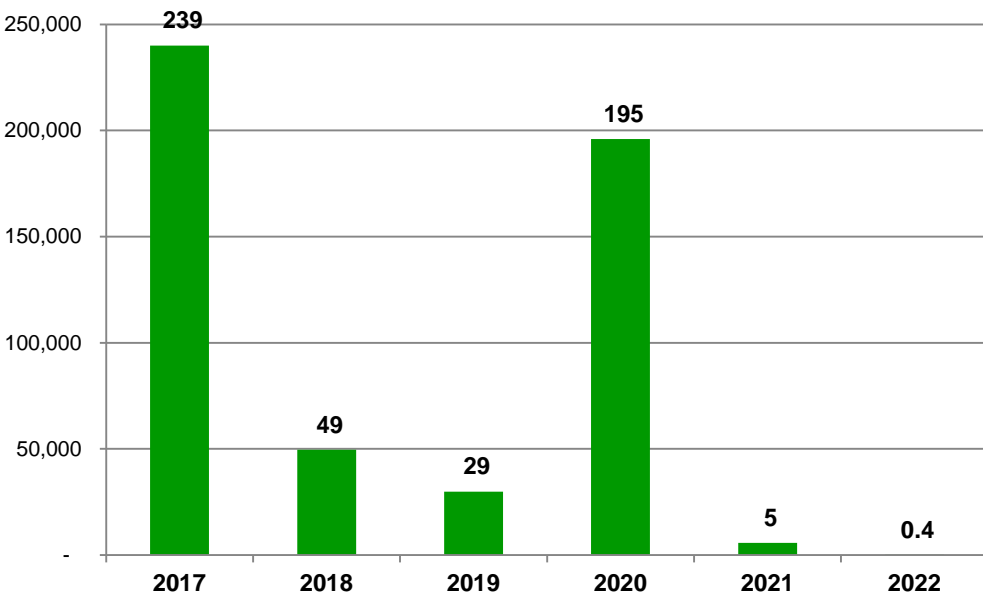


DEBT BY RATE



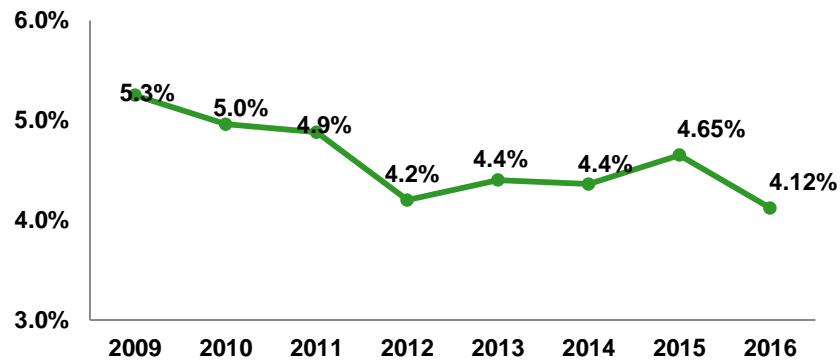
ACCESS TO DIVERSIFIED SOURCES OF FINANCING

MATURITY OF FINANCIAL DEBT (US\$MM)

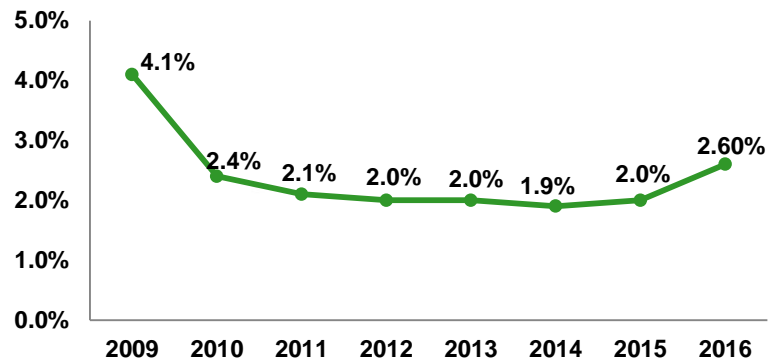


Strategy of financing: short term, flexible without penalties and low interest rate. Availability of credit lines

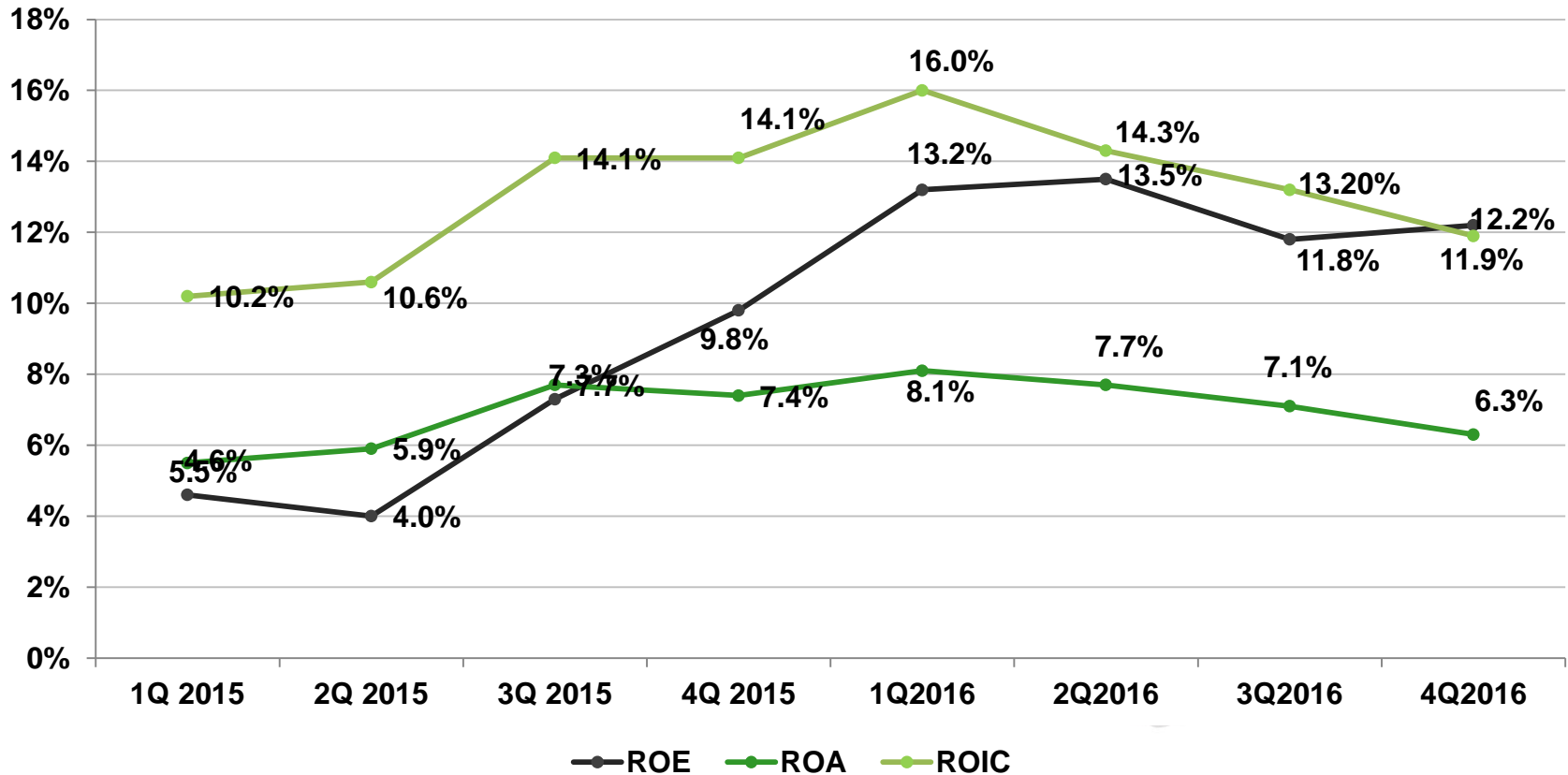
AVG INTEREST RATE



FINANCIAL EXPENSES (AS% OF TOTAL SALES)



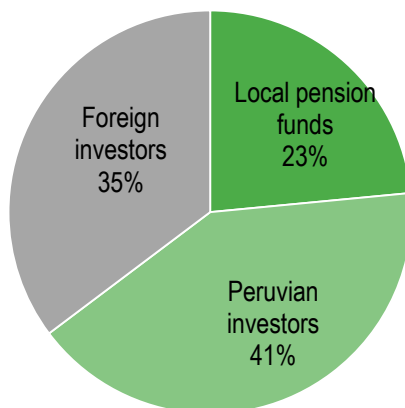
PROFITABILITY RATIOS



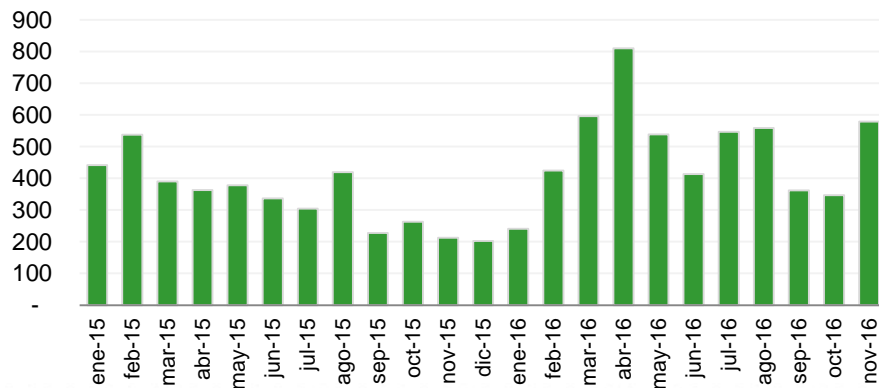
- ROIC: $\text{EBIT}_{\text{LTM}} / \text{Invested Capital (total debt + total equity)}$

FERREYCORP IN THE CAPITAL MARKET

SHAREHOLDERS COMPOSITION AS OF DEC 2016



AVERAGE AMOUNT TRADED VOLUME (S/. MM)



Capital S/. 1'014,326,324

Nº de shares 1'014,326,324

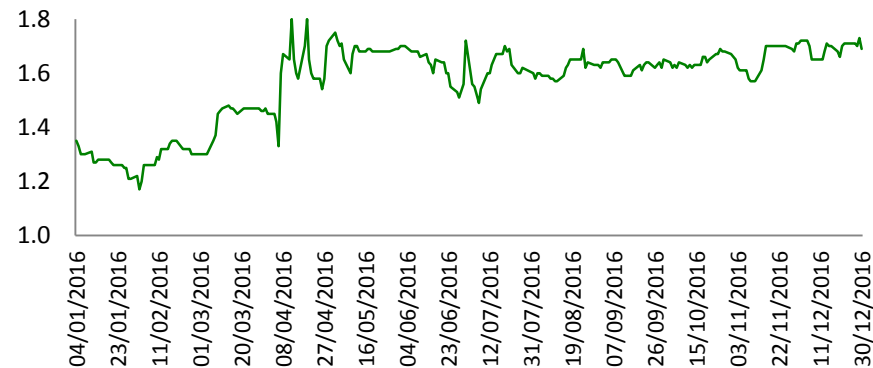
Dividend Yield 2016 5.25%

Repurchased shares as of Dec 30th 2016 50'208,800

MAIN SHAREHOLDERS AS OF DEC 2016

Holder	%
La Positiva Vida Seguros y Reaseguros S.A	8.25%
Onyx Latin America Equity Fund LP	7.68%
RI- Fondo 2 (AFP Prima)	7.04%
Equinox Partners	5.65%

STOCK PERFORMANCE (S/.)



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.

Periodo	Número de acciones	Capital (nuevos soles)	Utilidad disponible (neto de reservas)	Límite inferior 5% del capital	Límite superior 50% de la utilidad (neto de reservas)	Dividendo	Dividendos en efectivo por acción (%)	Dividendo por acción (S/.)
2003	205,000,000	225,500,000.00	18,268,787	11,275,000.00	9,134,393.50	11,275,000	5.00%	0.055
2004	218,000,000	239,800,000.00	24,793,743	11,990,000.00	12,396,871.50	11,990,000	5.00%	0.055
2005	241,980,000	266,178,000.00	27,127,826	13,308,900.00	13,563,913.00	13,308,900	5.00%	0.055
2006	258,360,000	284,196,000.00	79,972,754	14,209,800.00	39,986,377.20	28,419,600	10.00%	0.11
2007	305,128,115	335,640,926.50	114,345,493	16,782,046.30	57,172,746.50	40,289,899	12.00%	0.13204
2008	377,680,455	415,448,500.50	72,400,381	20,772,425.00	36,200,190.50	20,772,425	5.00%	0.055
2009	424,816,167	467,297,783.70	90,452,887	23,364,889.20	45,226,443.00	28,037,867	6.00%	0.066
2010	482,691,963	530,961,159.30	124,528,171	26,548,058.00	62,264,085.50	31,857,670	6.00%	0.066
2011	698,402,606	698,402,606.00	146,736,476	34,920,130.30	73,368,238.00	41,904,156	6.00%	0.06
2012	803,234,873	803,234,873.00	158,285,552	40,161,743.70	79,142,776.00	48,194,092	6.00%	0.06
				Límite inferior 5% de capital	Límite superior 60% de la utilidad neta (neto de reservas)			
2013	945,227,102	945,227,102.00	92,996,131	47,261,355.10	55,797,678.50	55,797,678	5.9031%	0.059031
2014	1,014,326,324	1,014,326,324.00	117,973,036	50,716,316	70,783,821.7	60,859,579	6.00%	0.06
2015	985,224,370	1,014,326,324.00	145,589,380	50,716,316	87,353,628.56	87,353,628	8.866%	0.08866



Contacts

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Investor Relations Executive:
Elizabeth Tamayo

