

# Corporate Presentation

August 2016 (Second quarter 2016 results)



 **Ferreycorp**



# Ferreycorp at a glance



# Highlights FERREYCORP

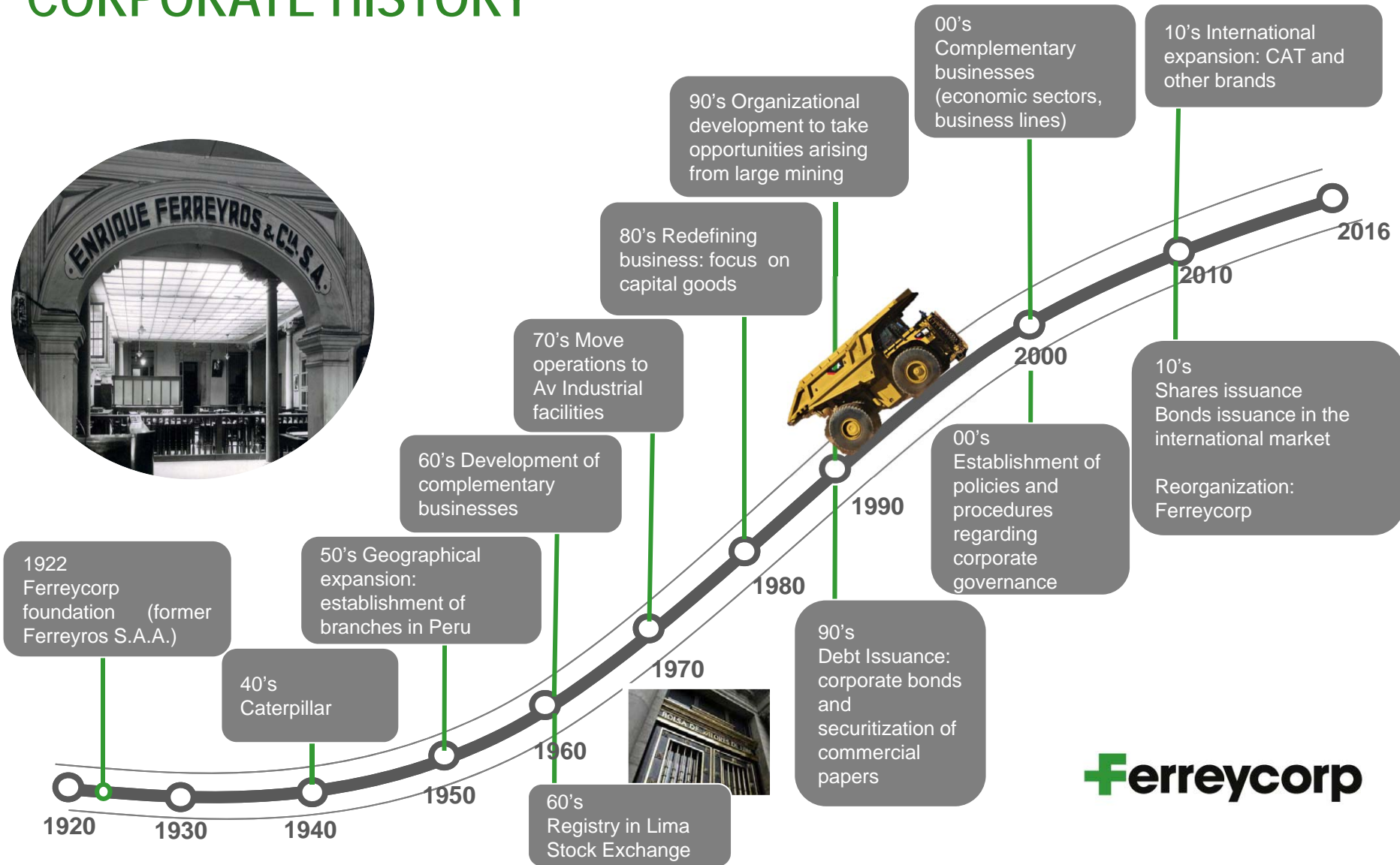
- Established in Peru in 1922
- 90+ years of business, 70+ years of alliance with CAT currently operating 17 companies within 10 countries employing a workforce of +6,662 employees
- Key facts
  - 60% Caterpillar Market Share
  - Market cap (Jun-2016) \$477MM
  - Shareholders +2,500
- Supporting main economic sectors of countries' development, including: mining, construction, energy, trade, industry, services, fishing and marine, agriculture and forestry, among others

## As of 2Q2016 Financial Statistics

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<b>Sales (US\$)</b>	<b>US\$ 756mm</b>
<b>Sales (S/.)</b>	<b>S/. 2.51Bn</b>
<b>EBITDA</b>	<b>US\$ 94mm</b>
<b>Ebitda Margin</b>	<b>12.4%</b>
<b>Net debt/ EBITDA</b>	<b>2.56x</b>

# CORPORATE HISTORY





# CORPORATE STRUCTURE

## Caterpillar dealers in Peru



Sales as of 2Q15: US\$632mm (79%)  
Sales as of 2Q16: US\$585mm (77%)

## Caterpillar dealers and other businesses in Central America



Guatemala



El Salvador



Belize



Nicaragua



El Salvador, Honduras

Sales as of 2Q15: US\$83mm (10%)  
Sales as of 2Q16: US\$68mm (9%)

## Other subsidiaries in Peru and abroad



GRÚAS Y SOLUCIONES DE IZAJE

una empresa Ferrecorp

Chile, Colombia, Ecuador



UNA EMPRESA FERREYCORP



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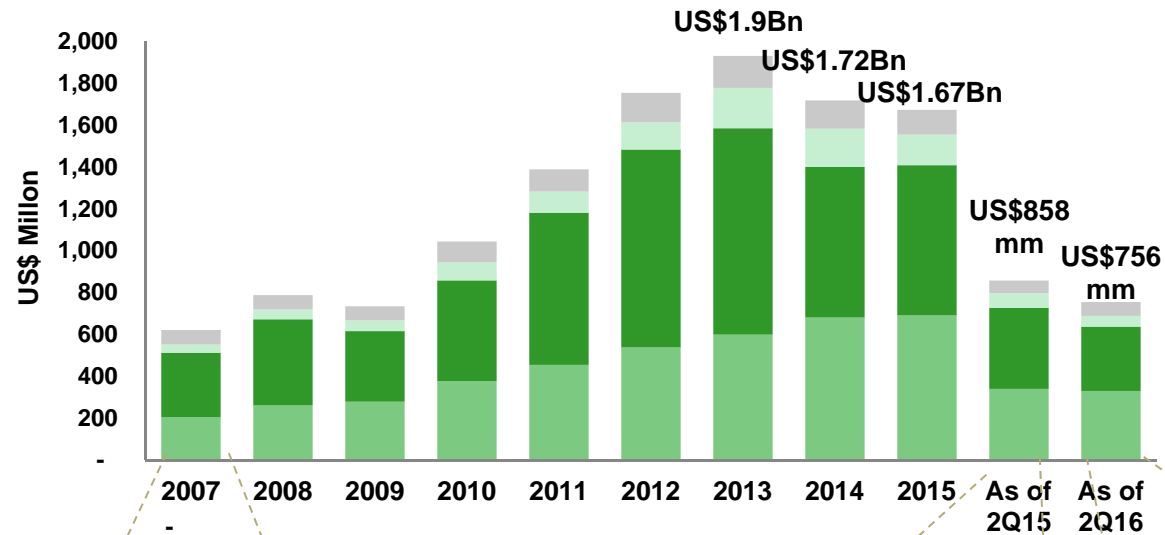
UNA EMPRESA FERREYCORP



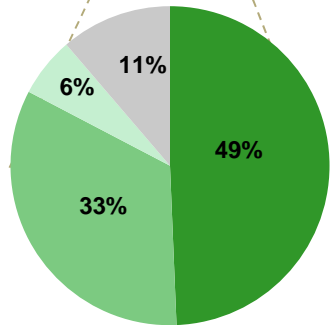
Sales as of 2Q15: US\$88mm (11%)  
Sales as of 2Q16: US\$103mm (14%)

# SUSTAINABLE BUSINESS MODEL

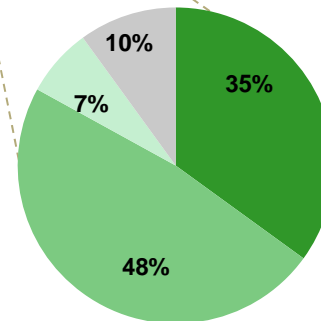
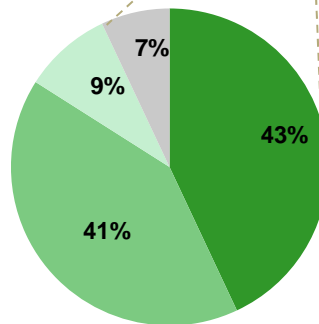
## SALES BY LINE OF BUSINESS



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



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

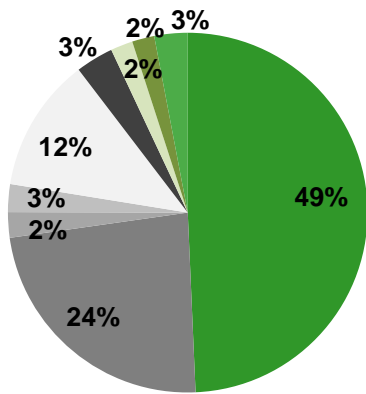


**Ferreycorp**

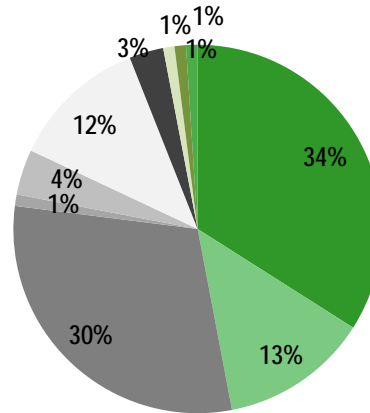
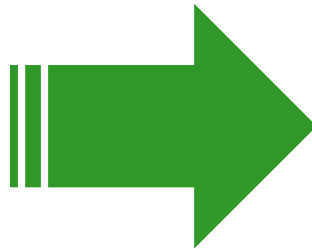
# DIVERSE CUSTOMER BASE

## 54% OF DELIVERIES COME FROM NON-MINING CUSTOMERS

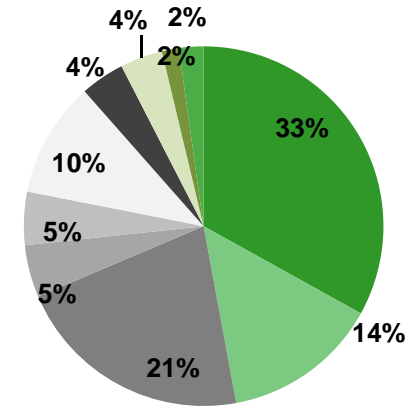
### SALES BY ECONOMIC SECTORS



2010



As of 2Q2015



As of 2Q2016

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

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



# 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 corporate standards

# INTERNATIONAL FOOTPRINT



Ferreycorp Workforce	Peru	Abroad	Total
Employees	3,325	717	4,042
Technicians	2,345	290	2,635
Total (Jun-16)	5,670	1,007	6,677



# STRATEGIC BUSINESS PARTNERS

## WORLD-CLASS BRANDS



*Among many other brands...*

**Ferreycorp**

# UBIQUITOUS MARKET COVERAGE

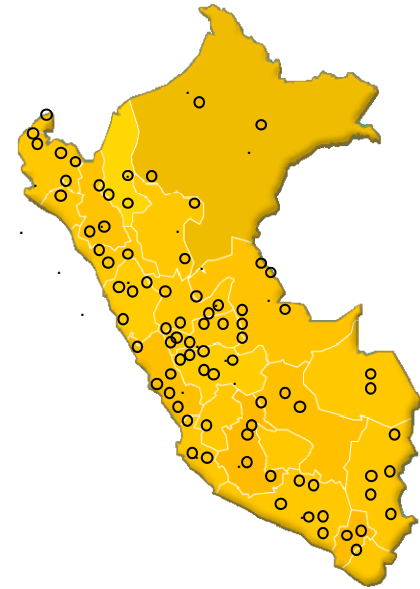
WE AIM TO BE CLOSE TO OUR CUSTOMERS



Wherever customers operate, will be next to them: nationwide coverage

Bringing services, spares, materials wherever the customer needs

With world class service level



**Ferreycorp**



# UNMATCHED LOGISTICS CAPABILITIES

## ONE OF OUR MAIN COMPETITIVE ADVANTAGES

*We move cargo equivalent to 33,000 pounds per day; averaging 2.5 million miles per year to deliver the items where customer needs them*



**9'580,000 sqf**

TO SERVE OUR CUSTOMERS

**170+**

POINTS OF CONTACT

**\$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 ft<sup>3</sup> per month
- Highest standards in operations and transportation partners

- ISO9002 certification
- ISO 14000 certification
- 5-star contamination control

**Ferreycorp**



# LOGISTICS

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**

# 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

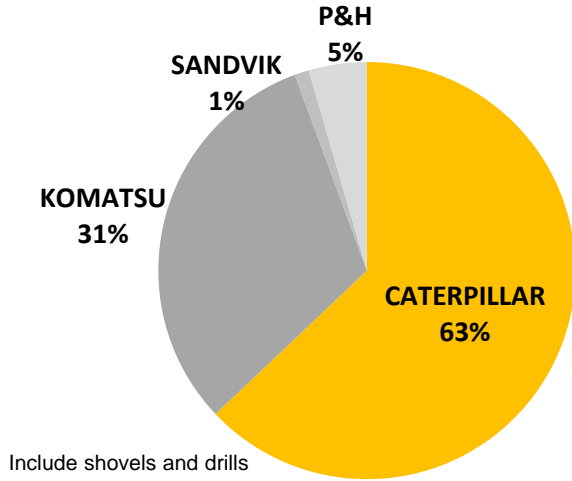


**Ferreycorp**

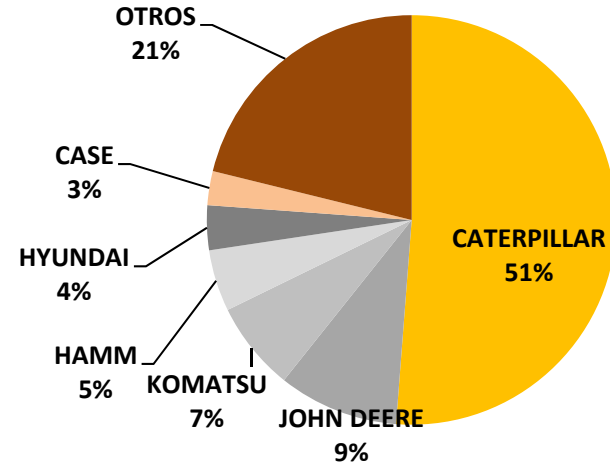
# CATERPILLAR

## MARKET SHARE IN PERU

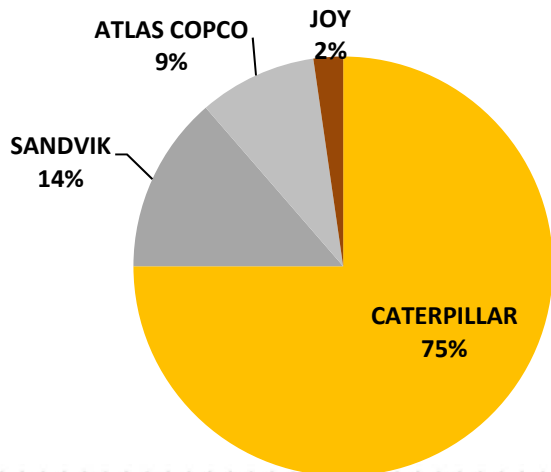
### Open pit mining



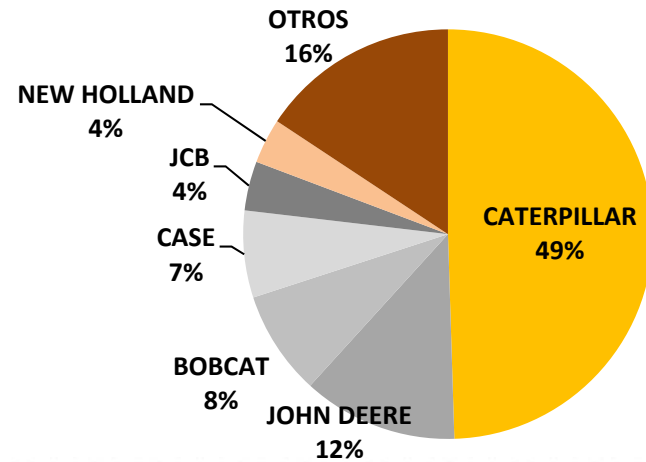
### Heavy construction



### Underground mining



### General construction

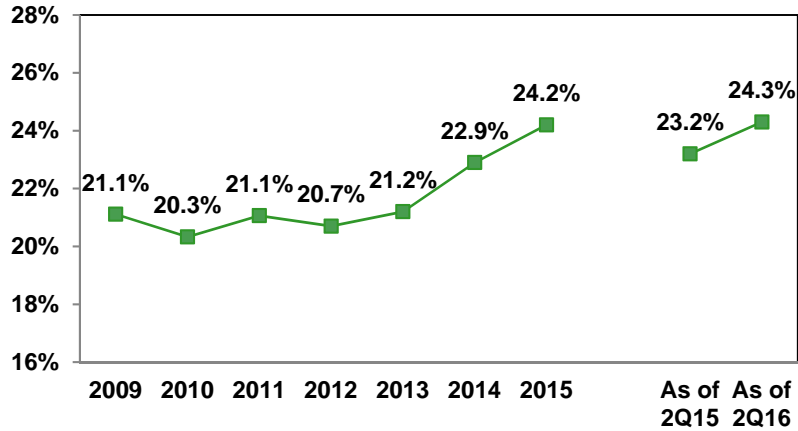




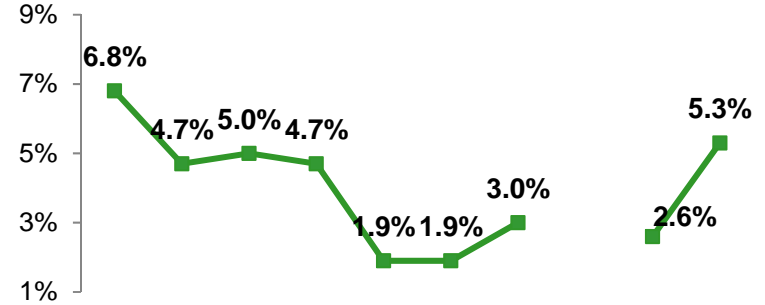
# Financial Performance

# TRACK RECORD OF CONSISTENT FINANCIAL PERFORMANCE

## GROSS MARGIN

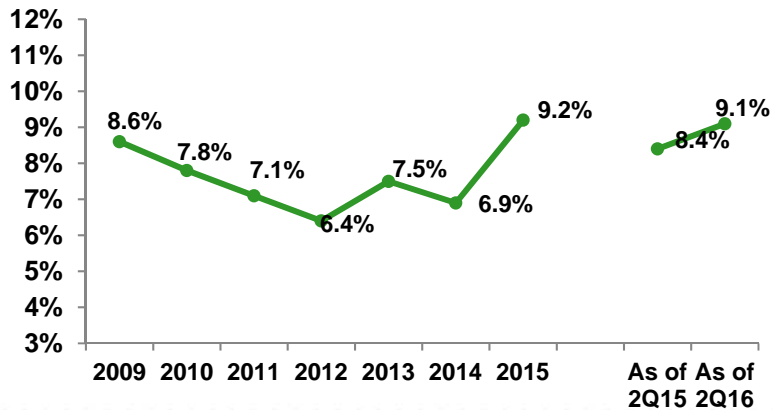


## NET MARGIN

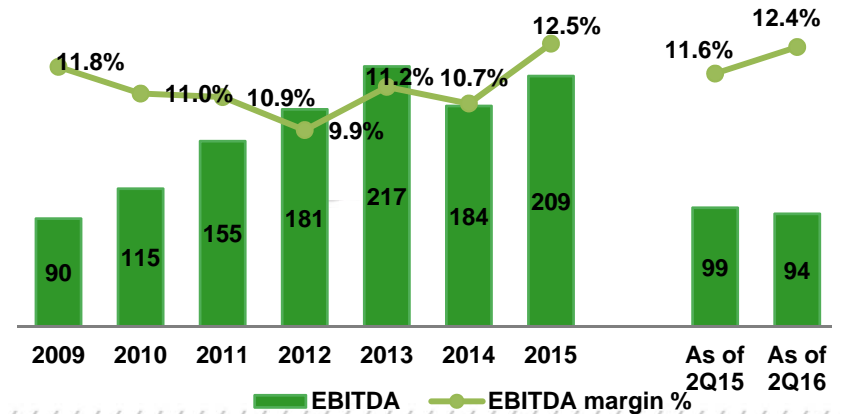


	2009	2010	2011	2012	2013	2014	2015	As of 2Q15	As of 2Q16
Avg. Exchange rate	3.007	2.827	2.753	2.635	2.722	2.84	3.187	3.103	3.318
Gain (loss) to exchange rate (million US\$)	23	7	17	29	-54	-35	-48	-78	16

## OPERATING MARGIN



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

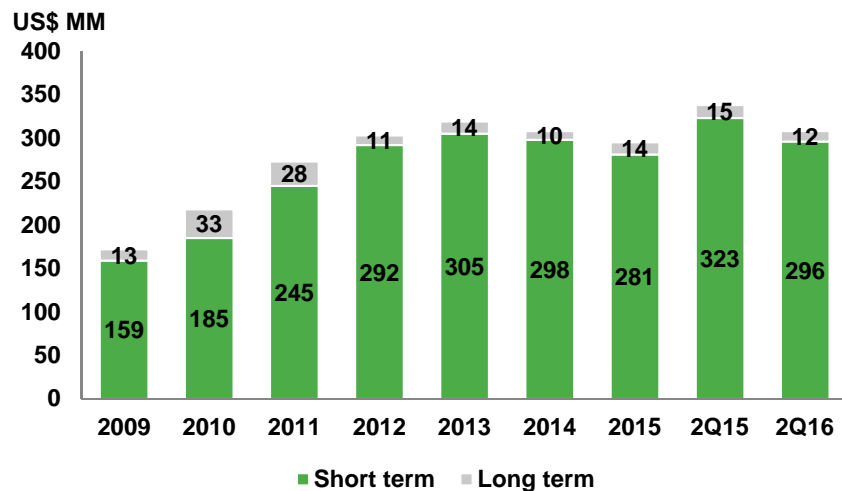




# INVESTMENT IN ASSETS

## 1) ACCOUNTS RECEIVABLES

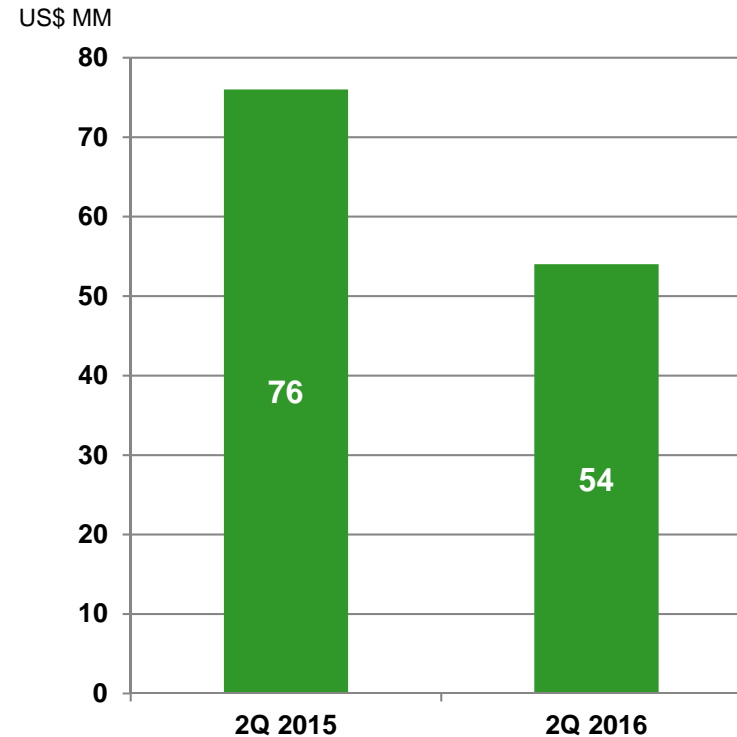
### ACCOUNTS RECEIVABLE EVOLUTION BY TERM



- Receivables impacted by mining equipment deliveries, to be collected next quarter.

Common practice, 30days for collection

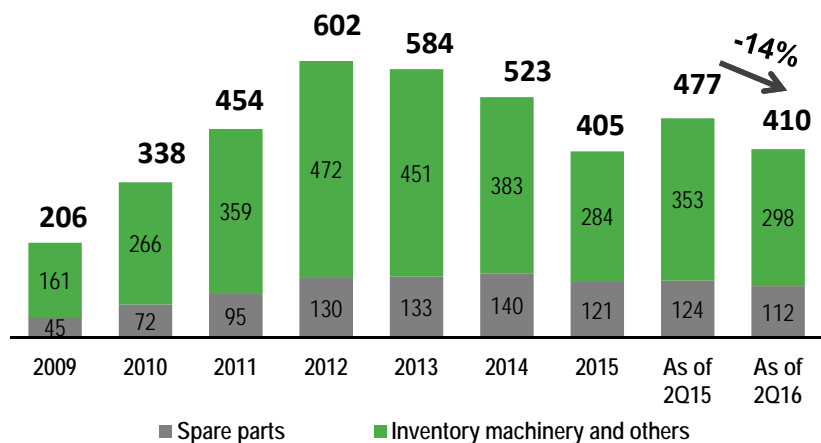
### FACTORING



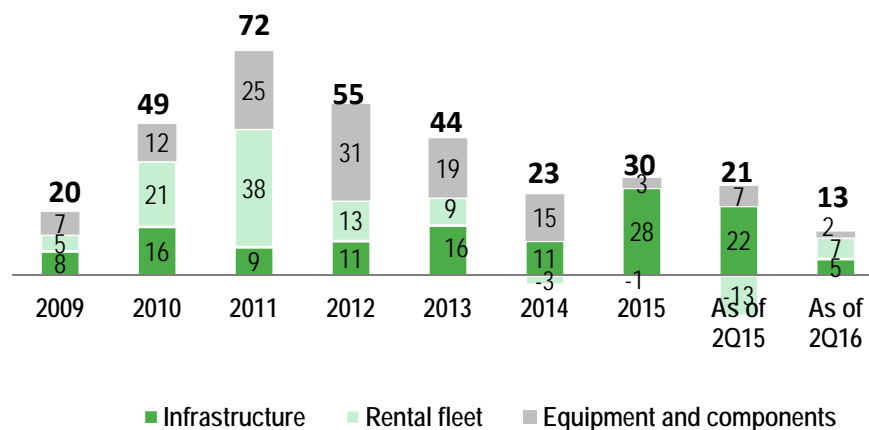
# INVESTMENT IN ASSETS

## 2) INVENTORY AND FIXED ASSETS

### INVENTORY EVOLUTION (US\$MM)



### CAPEX EVOLUTION (US\$MM)



- 2015: 1Q15 Ferreycorp acquired a piece of land for US\$20 million
- 2016: investments in 2016 correspond to some locations in La Joya, Punta Negra, which sum up to US\$ 1.5million.

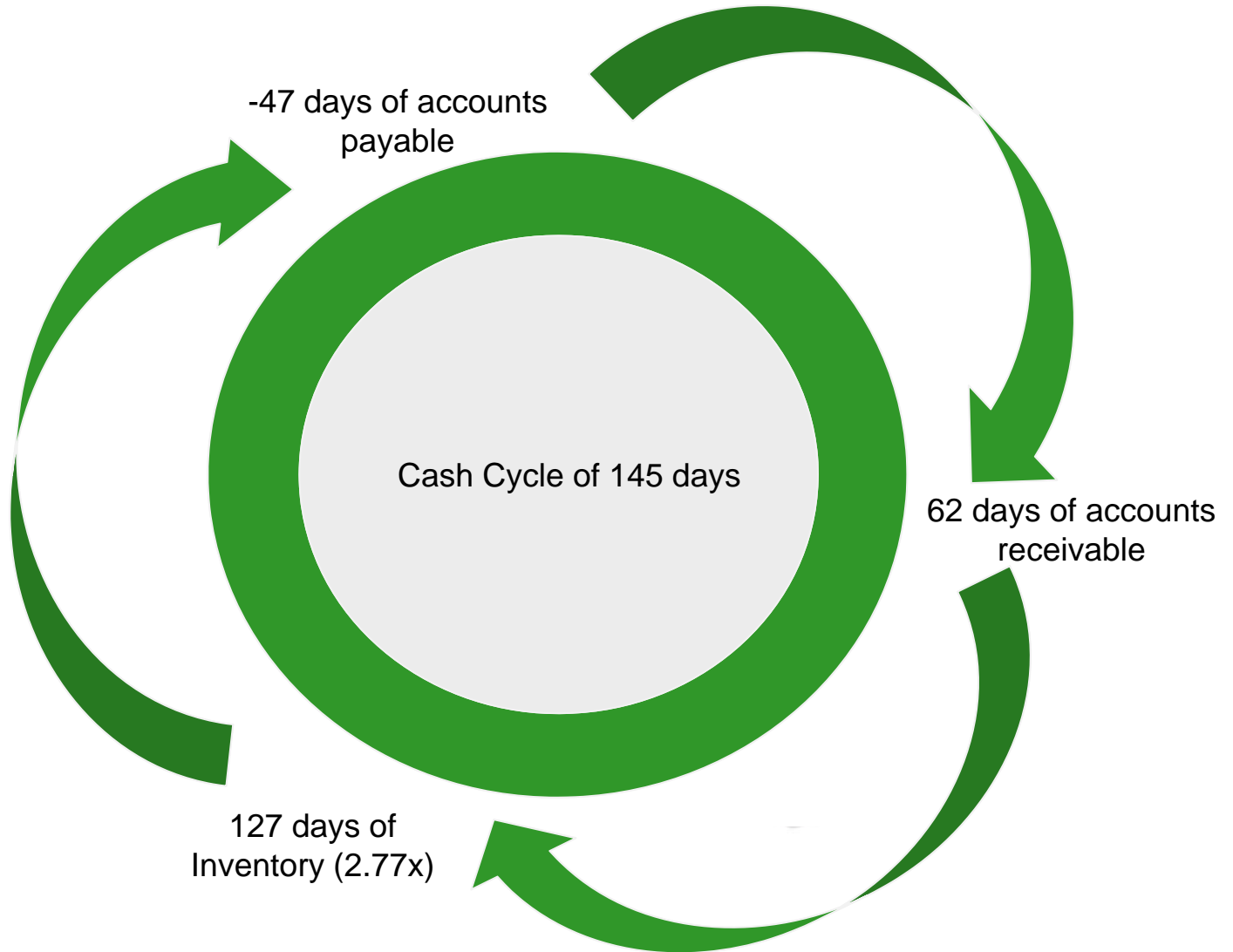
# CASH CYCLE

## Targets:

Inventory  
120 days  
3.0x

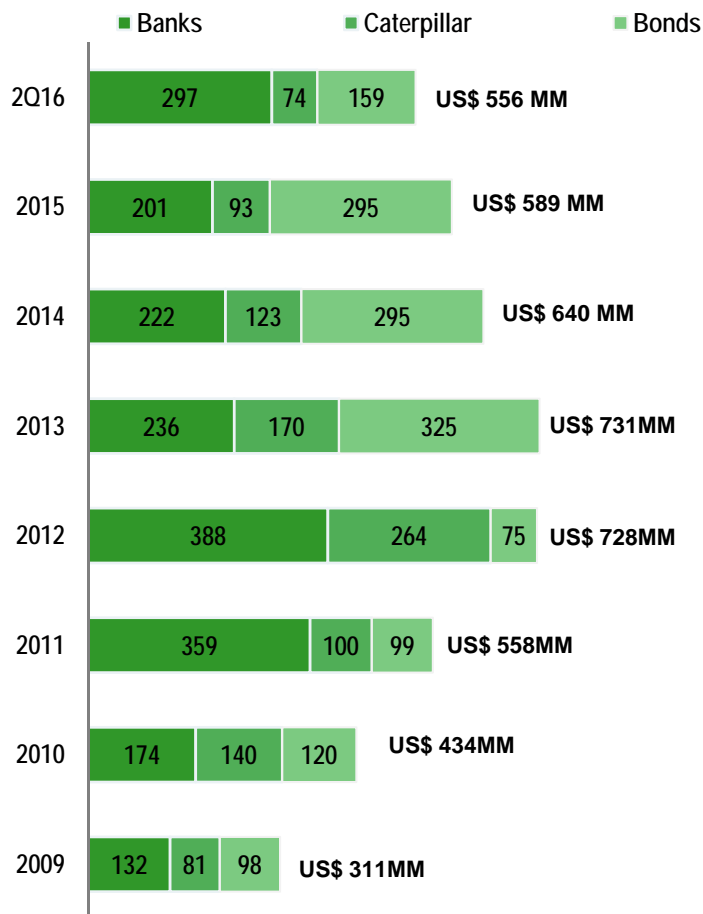
Payable  
45 days

Receivable  
45-60 days



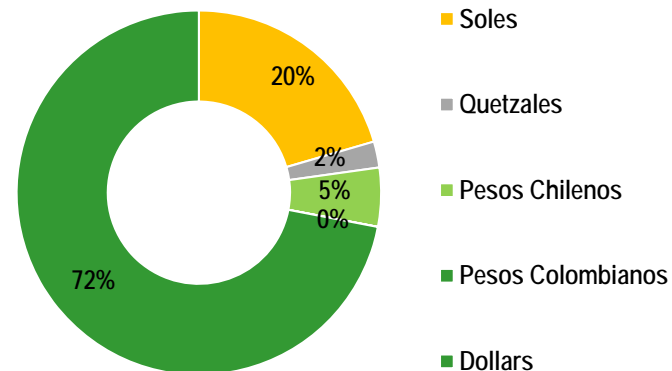
# ACCESS TO DIVERSIFIED SOURCES OF FINANCING

## DIVERSIFIED FUNDING BASE (US\$MM)

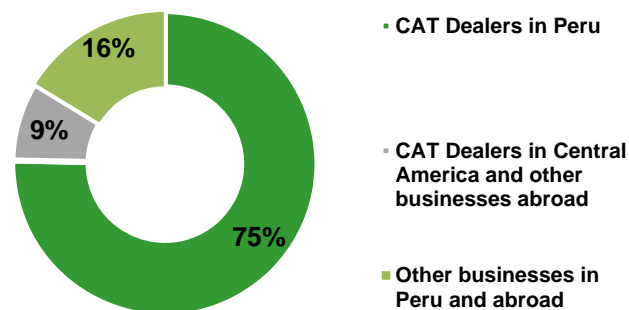


## Natural hedge: revenue-debt

### DEBT BY CURRENCY

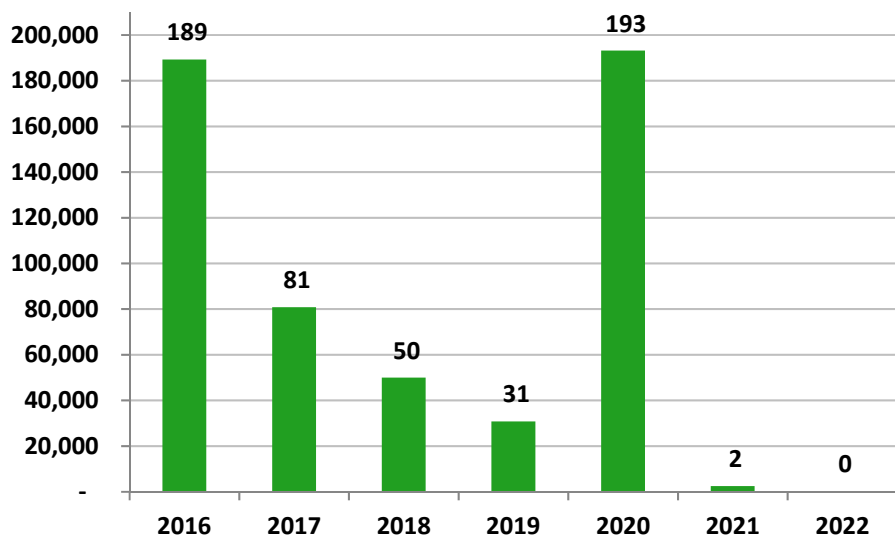


### DEBT BY GROUP OF COMPANIES



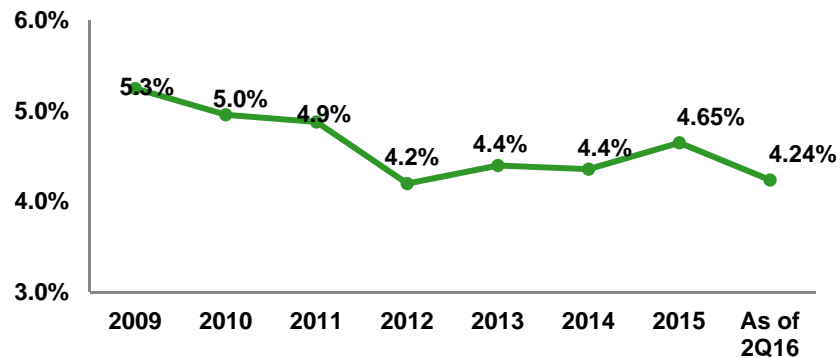
# ACCESS TO DIVERSIFIED SOURCES OF FINANCING

## MATURITY OF FINANCIAL DEBT (US\$MM)

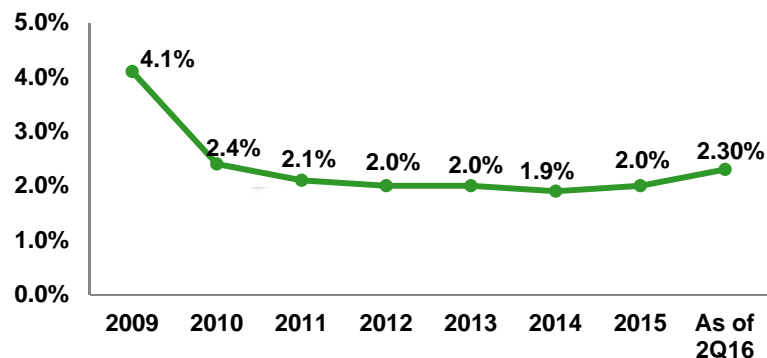


***Strategy of financing: short term, flexible without penalties and low interest rate***  
***Availability of credit lines***

## AVG INTEREST RATE



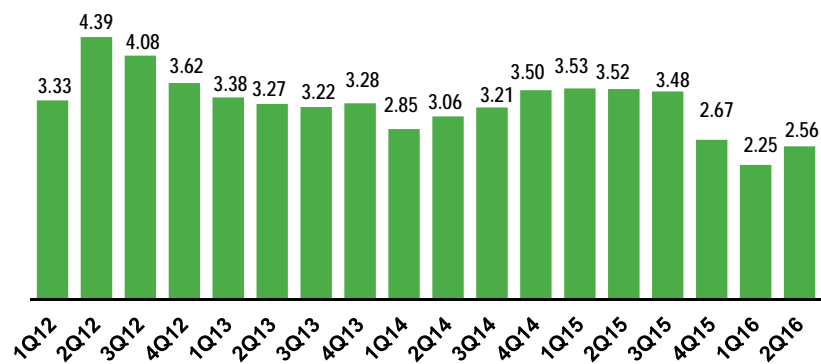
## FINANCIAL EXPENSES (AS% OF TOTAL SALES)



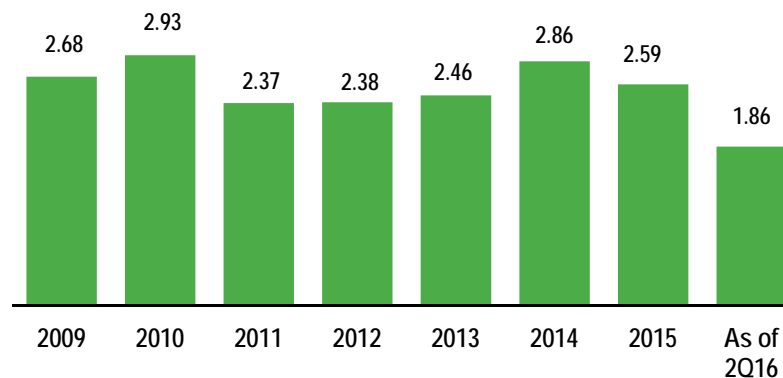


# LEVERAGE RATIO COVENANT

## NET DEBT TO EBITDA RATIO

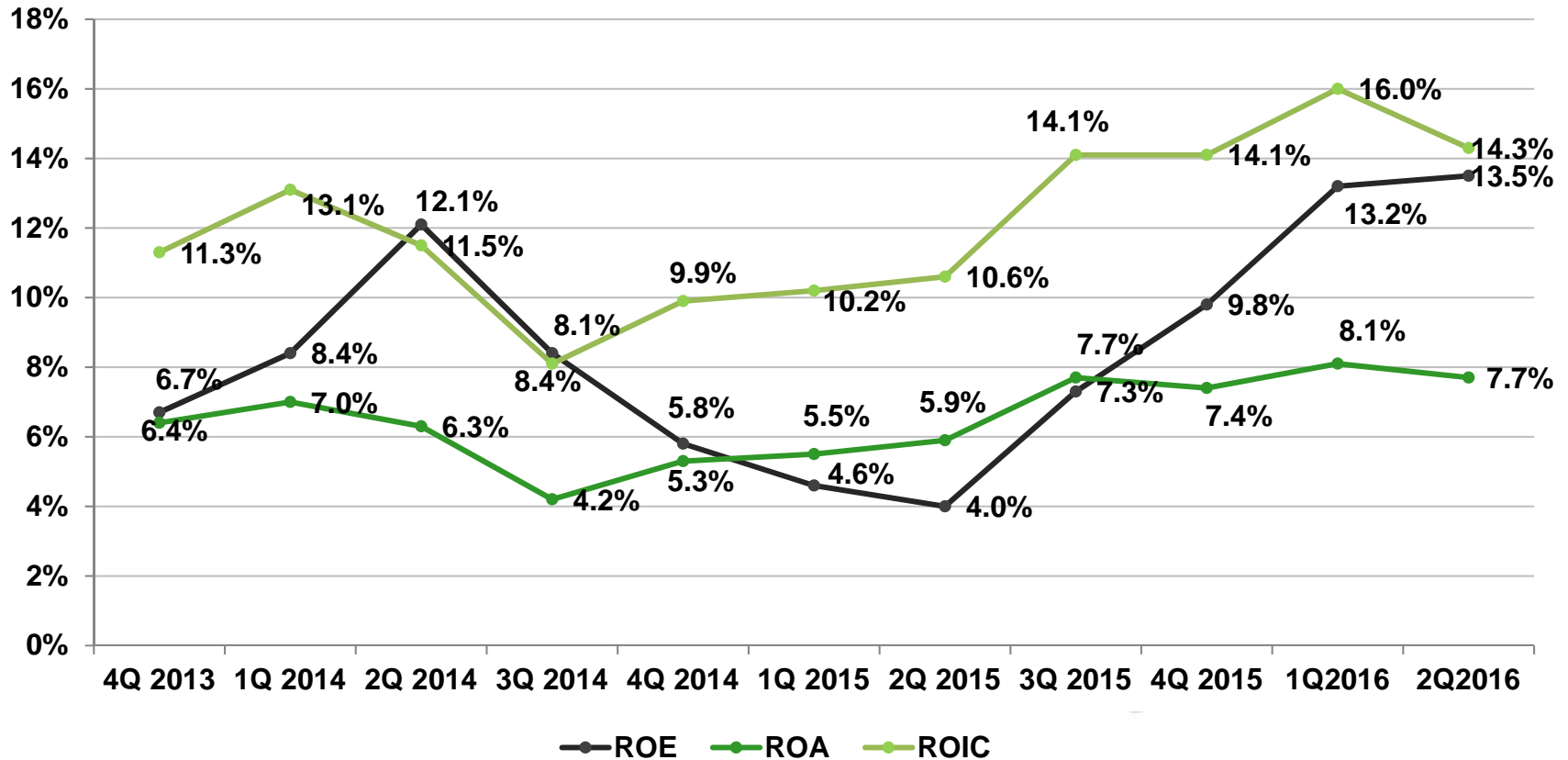


## ADJUSTED DEBT TO EBITDA RATIO



- Adjusted debt: total debt excluding short term debt related to inventories
- Covenant < 3.5x

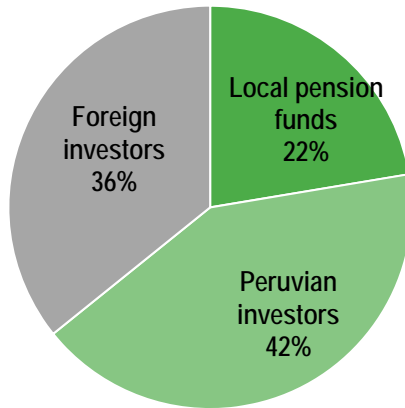
# PROFITABILITY RATIOS



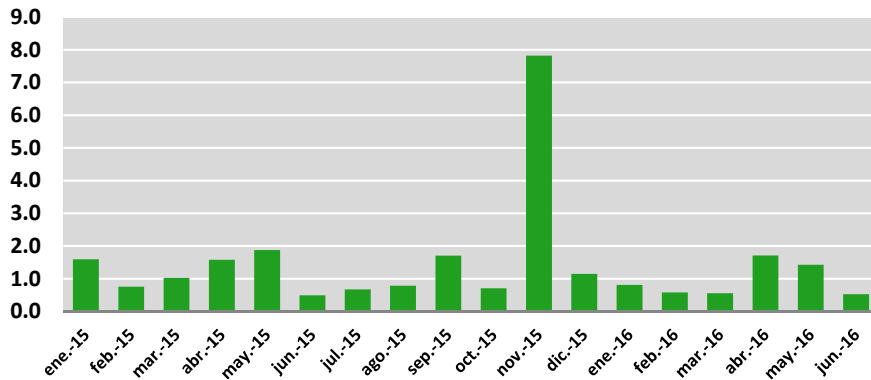
- ROIC:  $\text{EBIT}_{\text{LTM}} / \text{Invested Capital (total debt + total equity)}$

# FERREYCORP IN THE CAPITAL MARKET

## SHAREHOLDERS COMPOSITION AS OF JUNE 2016



## AVERAGE AMOUNT TRADED VOLUME (S/. MM)



Capital S/. 1'014,326,324

Nº de shares 1'014,326,324

Dividend Yield 4.9%

Repurchased shares as of June 30th 2016 28'238,430

## MAIN SHAREHOLDERS AS OF JUNE 2016

Titular	%
La Positiva Vida Seguros y Reaseguros S.A	8.96%
Onyx Latin America Equity Fund LP	8.03%
RI- Fondo 2 (AFP Prima)	7.22%
Equinox Partners	5.82%
IN-FONDO 2 (AFP Integra)	5.02%

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



## Contacts

Administration and Finance Manager:  
Patricia Gastelumendi

Treasury Manager:  
Liliana Montalvo

Investor Relations:  
Elizabeth Tamayo

