

# Corporate Presentation

November 2015 (Third quarter 2015 results)



This presentation has been prepared by Ferreycorp S.A.A. (together with its subsidiaries, the “Company”) and is not intended for general distribution. It may only be used for informational purposes. This presentation may contain proprietary, trade-secret, confidential and commercially sensitive information and neither this presentation nor the information contained herein may be copied, disclosed or provided, in whole or in part, to third parties without the prior written consent of the Company. By accepting this presentation, the recipient agrees that it will, and will cause its representatives and advisors to, use the information contained herein only to evaluate a credit rating for the Company and for no other purpose.

Nothing in this presentation is intended to be taken by, and shall not be taken by, any individual recipient as investment advice, a recommendation to buy, hold or sell any security, or an offer to sell or a solicitation of offers to purchase any security

Certain information contained in this presentation is non-public, proprietary and confidential information. Although the information presented in this presentation has been obtained from sources that the Company believes to be reliable, the Company does not make any representation as to its accuracy, validity, timeliness or completeness for any purpose. The information set forth herein does not purport to be complete and the Company is not responsible for errors and/or omissions with respect to the information contained herein.

# Business highlights

**Ferreycorp**



# Mission, Vision and Corporate Values



## + MISSION

To provide the solutions that each customer needs, by supplying the capital goods and services that they require to create value in the markets where they operate

## + VISION

Strengthen our leadership by being recognized by our customers as the best choice, in a way we can achieve our growth targets

## + CORPORATE VALUES

- Integrity
- Equality
- Service oriented
- Excellence and innovation
- Respect for individuals
- Teamwork
- Commitment

## + OUR STRATEGY



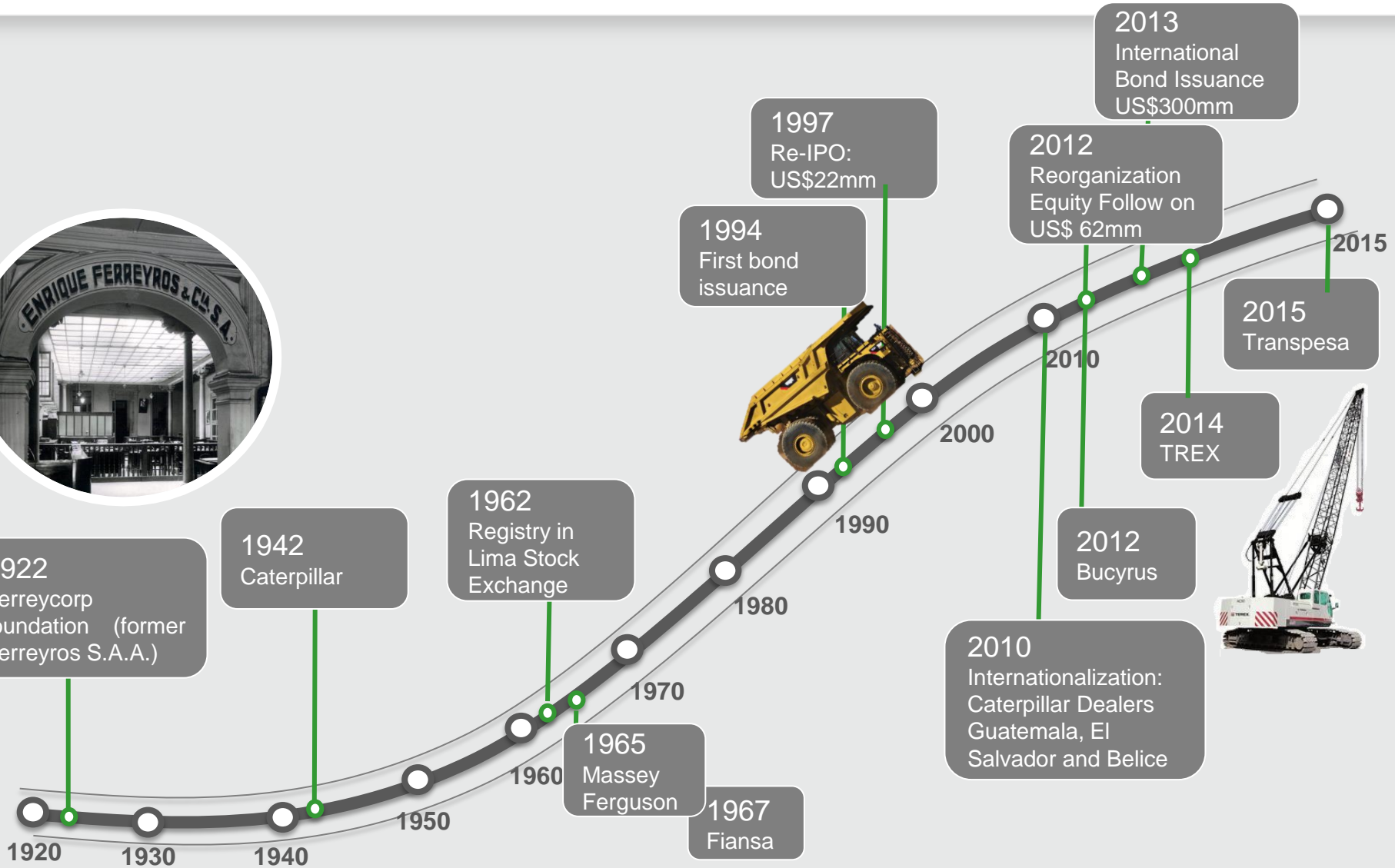
# Ferreycorp at a glance



- ▶ Distribution of capital goods and provide related services. Focus in the after-market
- ▶ Unique Caterpillar distributor in Peru, Guatemala, El Salvador and Belize. Presence in Nicaragua, Chile, Colombia and Ecuador representing allied brands.
- ▶ More than 70 years of strategic alliance with Caterpillar
- ▶ 60% market share of CAT products
- ▶ Coverage of key economic sectors including mining (large open pit mining, underground mining), construction, agriculture, power, fishing, among others.
- ▶ Over 6,000 employees (~50% technicians/ mechanics)

As of 3Q 2014 Financial Statistics		As of 3Q2015 Financial Statistics		Capital Market	
Revenue	US\$ 1,309mm	US\$ 1,292mm	(-1.3%)	FERREYC1	
Revenue	S/. 3,677mm	S/. 4,060mm	(+10.4%)	Market cap	~ US\$400mm
EBITDA	US\$ 141mm	US\$ 155mm		Shareholders	+2,500
Ebitda Margin	10.8%	12.0%		Dividend Yield <sub>LTM</sub>	4.7%
Net debt/ EBITDA	3.23x	3.48x		EV/ EBITDA <sub>LTM</sub>	6.1x

# Corporate History



# Corporate Structure



## Caterpillar dealers in Perú



## Caterpillar dealers and businesses abroad

Caterpillar Dealers in Central America



Guatemala



El Salvador



Belize

Transportes Pesados S.A. de C.V.



## Other Subsidiaries



As of 3Q 2015  
 Revenue: US\$ 1,021 MM (79%)  
 Ebitda: US\$ 130MM (84%)  
 Ebitda Margin: 12.7%

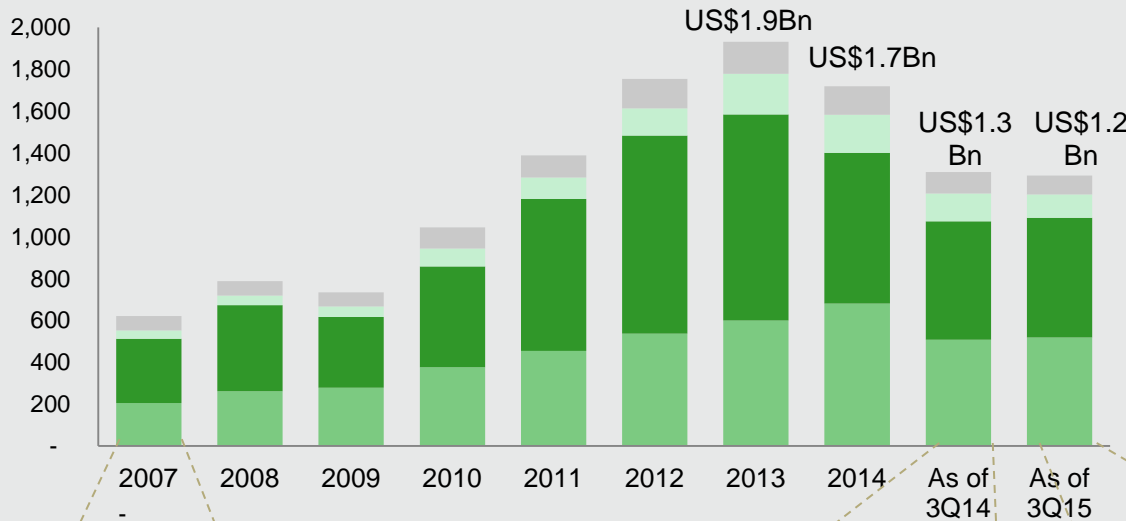
As of 3Q 2015  
 Revenue: US\$ 123 MM (10%)  
 Ebitda: US\$ 14MM (9%)  
 Ebitda Margin: 11.4%

As of 3Q 2015  
 Revenue: US\$ 148 MM (11%)  
 Ebitda: US\$ 11MM (7%)  
 Ebitda Margin: 7.4%

# Sustainable Business Model

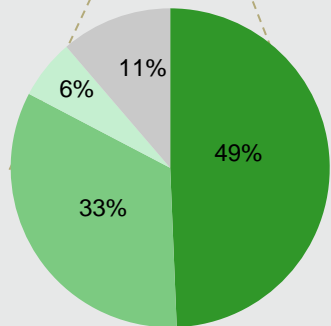


## Sales by line of business

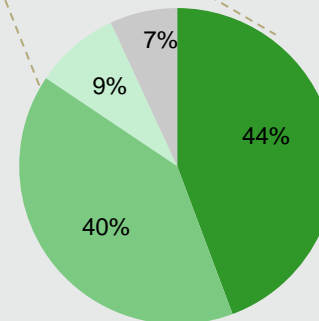
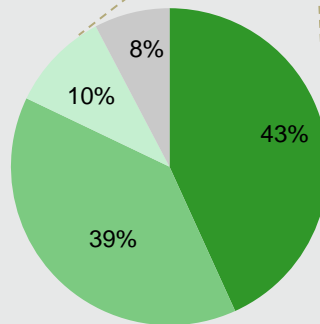


In functional currency sales grew by 10.4%  
As of 3Q14 (S/. 3.7 Bn) vs  
As of 3Q15 (S/. 4.0 Bn)

Product Support sales  
10 Year CAGR – 14%  
(2004-2014)



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

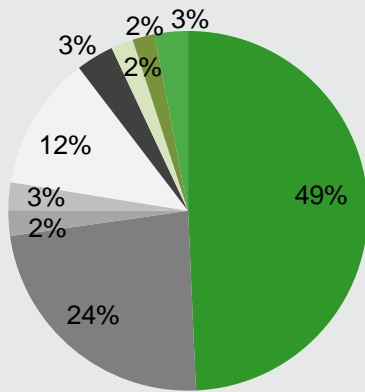




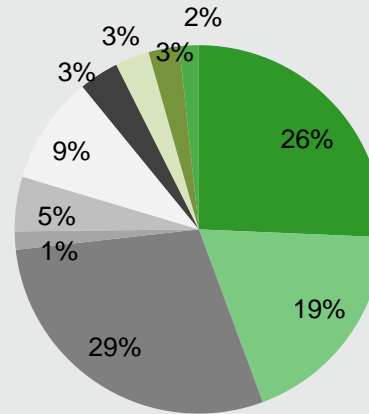
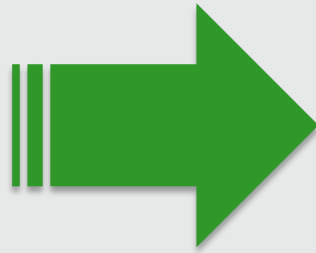
# Diverse Customer Base

50% of deliveries from non-mining customers

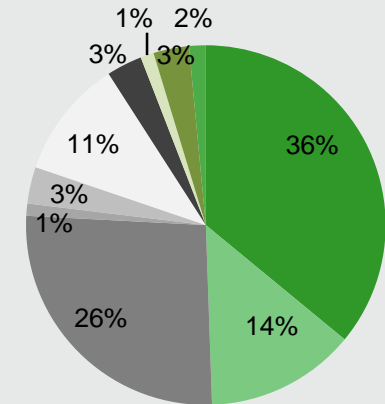
## Sales by economic sectors



2010



As of Sept 2014



As of Sept 2015

- Open pit mining
- Government
- Agriculture and forest
- Others

- Underground mining
- Transport
- Fishing and marine

- Construction
- Industry, commerce and services
- Hydrocarbons and energy

# Capabilities

**Ferreycorp**

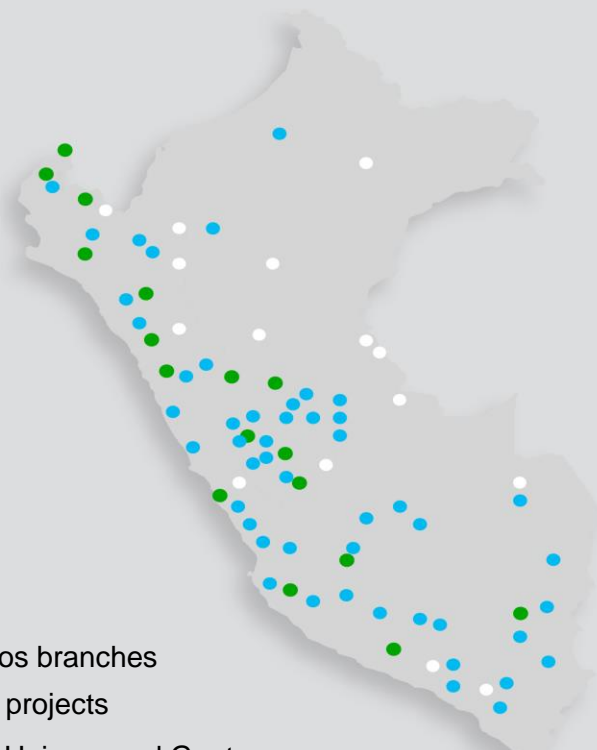


# Nationwide Coverage in Peru Internationalization



Ferreyros establishment > Branches > Projects "in situ" > Branches expansion > International expansion

## Local



- Ferreyros branches
- On-site projects
- Orvisa, Unimaq and Gentrac Guatemala branches

## International



# Lean and Efficient Logistics



Ferreycorp integrates and administrates all the 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 SKU (Sales Key Unit)
- ▶ Day 1: 83% of requests, Day 5: 95%
- ▶ 365 days, 24x7 operation, including expedited process for urgent requests
- ▶ Leading importer in Perú – green channel



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

Complementary services >

Forbis Logistics

Fargoline

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

# Qualified and Talented Workforce



## Ferreycorp employees September 2015

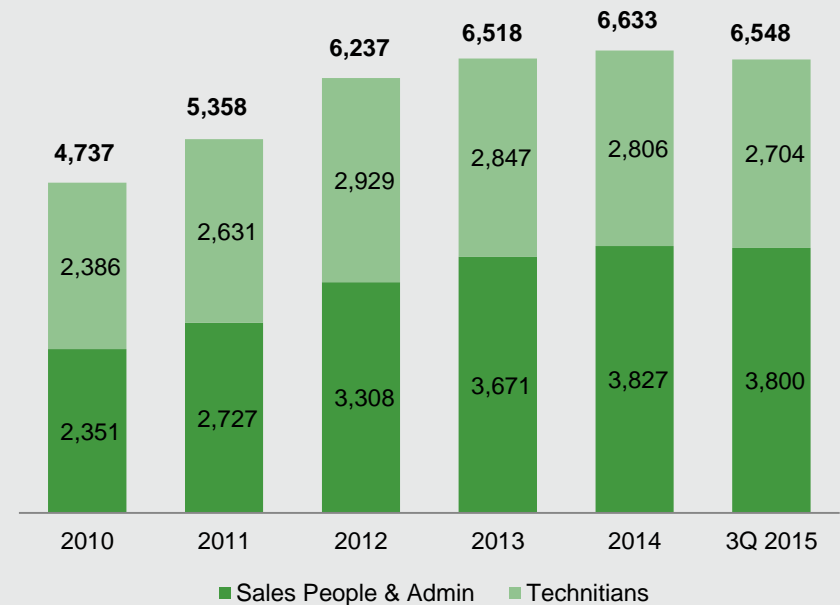
- ▶ Technicians 2,704
- ▶ Administratives & sales 3,630
- ▶ Executives 170

**Total employees 6,504**

### Programs to retain and develop best talents:

- ▶ Leadership programs developed by Harvard Business Review and Universidad de Piura, PAD
- ▶ Master degree programs for management. Costs are 100% covered by Ferreycorp as a way to retain best talent
- ▶ Programs to develop technical crew
- ▶ Training programs according to Caterpillar's approach

Total number of employees



# 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

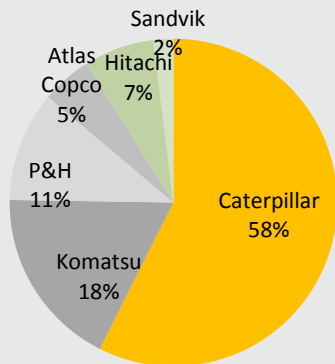


# Caterpillar Market Share



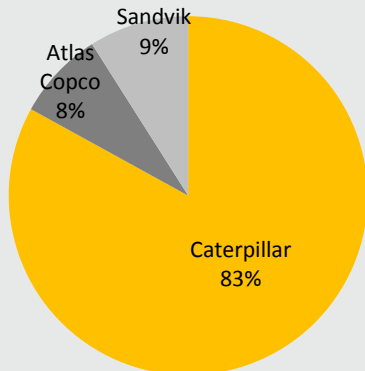
## Perú

### Open pit mining

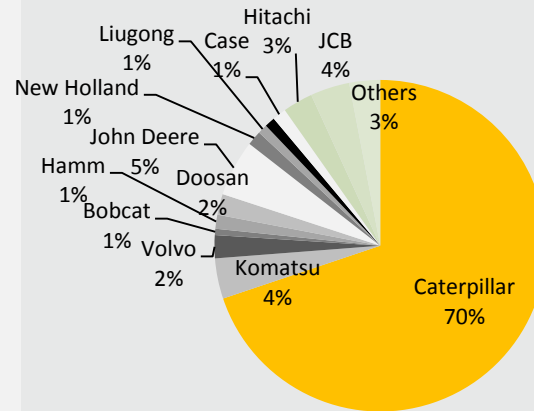


Include shovels and drills:

### Underground mining

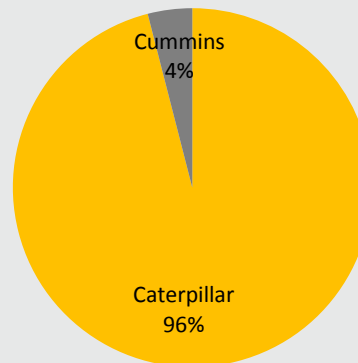


### Heavy and General construction



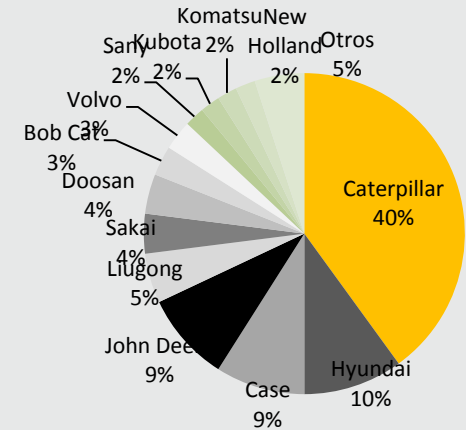
### Energy

Investor/Petroleum (1801KW to 2600KW)

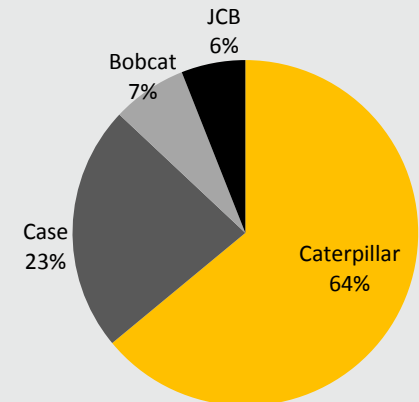


## Central America

### Guatemala



### El Salvador



# Financial Performance

**Ferreycorp**

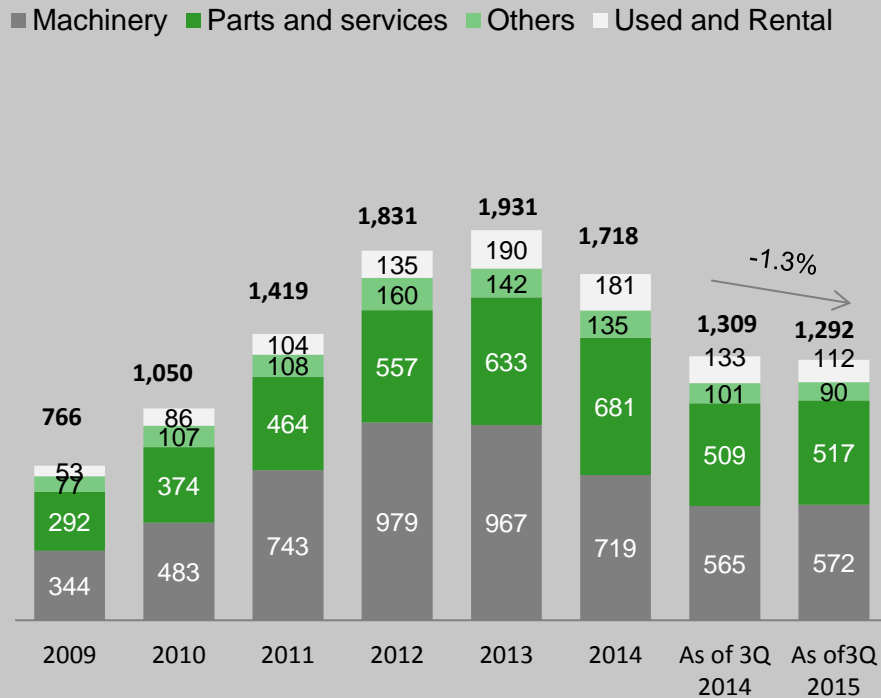




# Track Record of Consistent Financial Performance

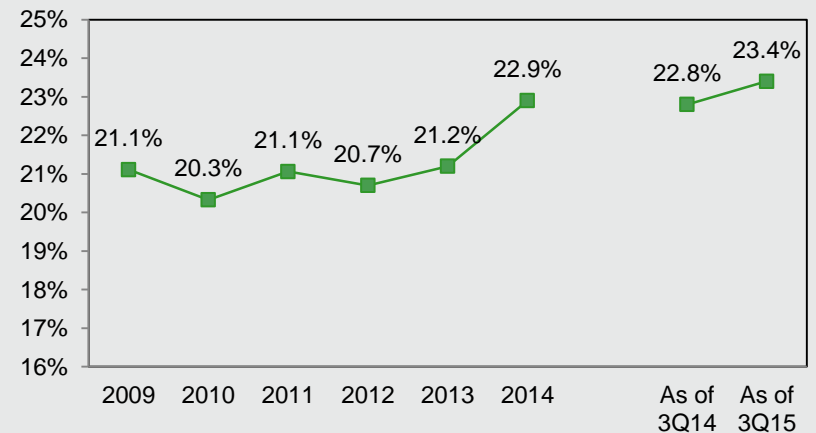


## Sales (US\$mm)



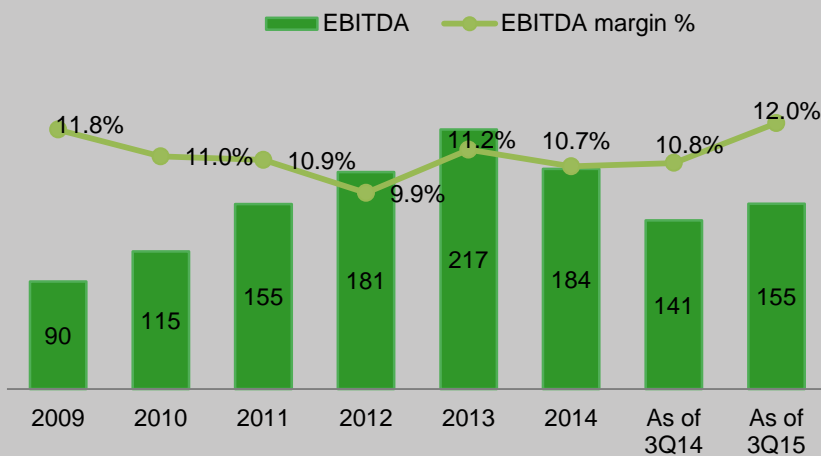
Improvement in margins due to mix of sales

## Gross Margin

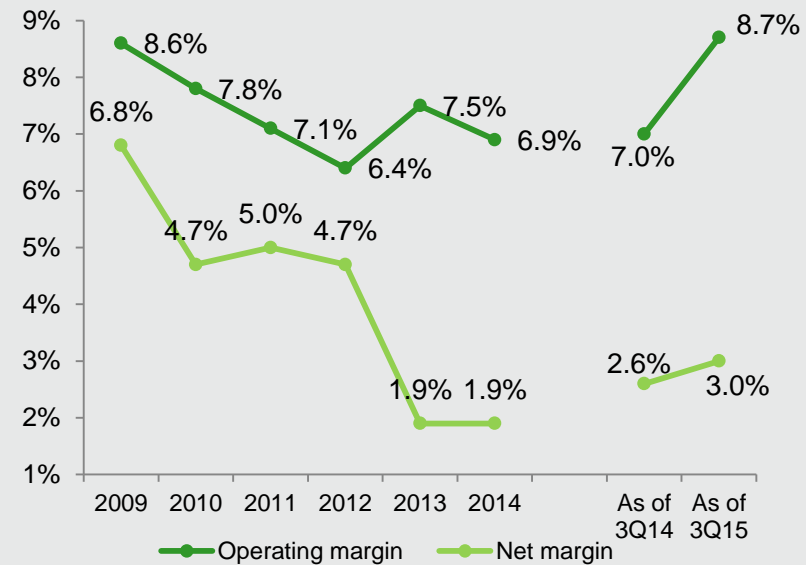


# EBITDA and Profitability

## EBITDA (US\$mm) and EBITDA margin (%)



## Operating and Net margin

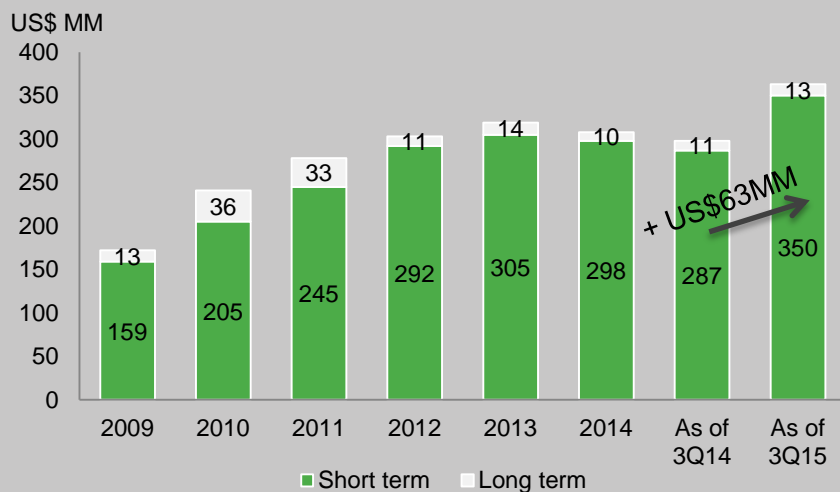


	2009	2010	2011	2012	2013	2014	3Q14	3Q15
Avg. Exchange rate	3.007	2.827	2.753	2.635	2.722	2.84	2.809	3.142
Gain (loss) to exchange rate (million US\$)	23	7	17	29	-54	-35	-19	-31

# Investment in Assets

## 1) Accounts Receivables

### Accounts Receivable evolution by term

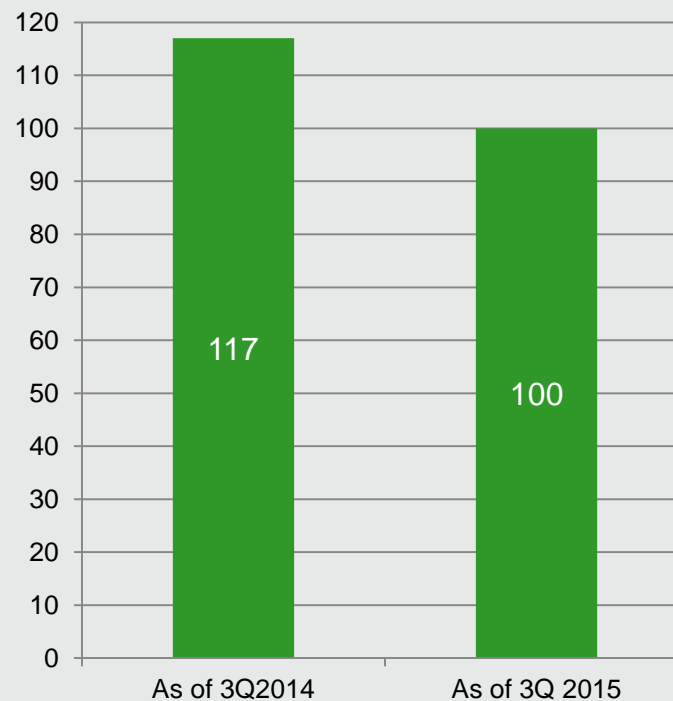


- Receivables impacted by mining equipment for US\$ 63million, already collected in October.

Common practice, 30days for collection

### Factoring

US\$ MM

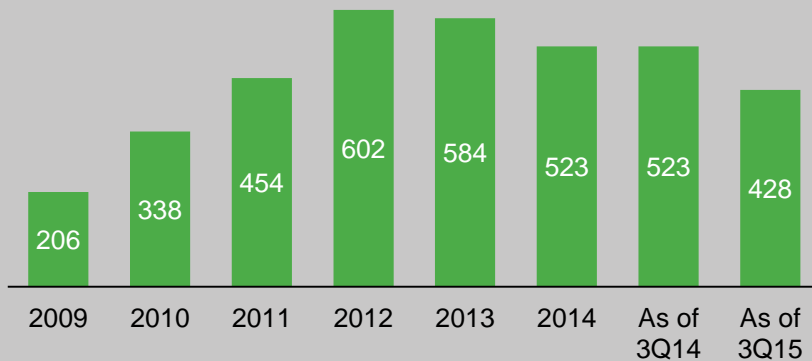


# Investment in Assets

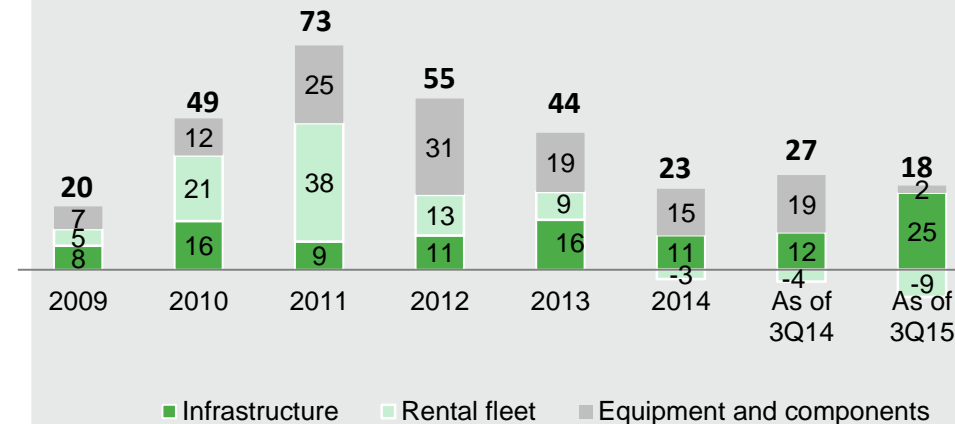
## 2) Inventory and Fixed Assets



Inventory evolution (US\$mm)



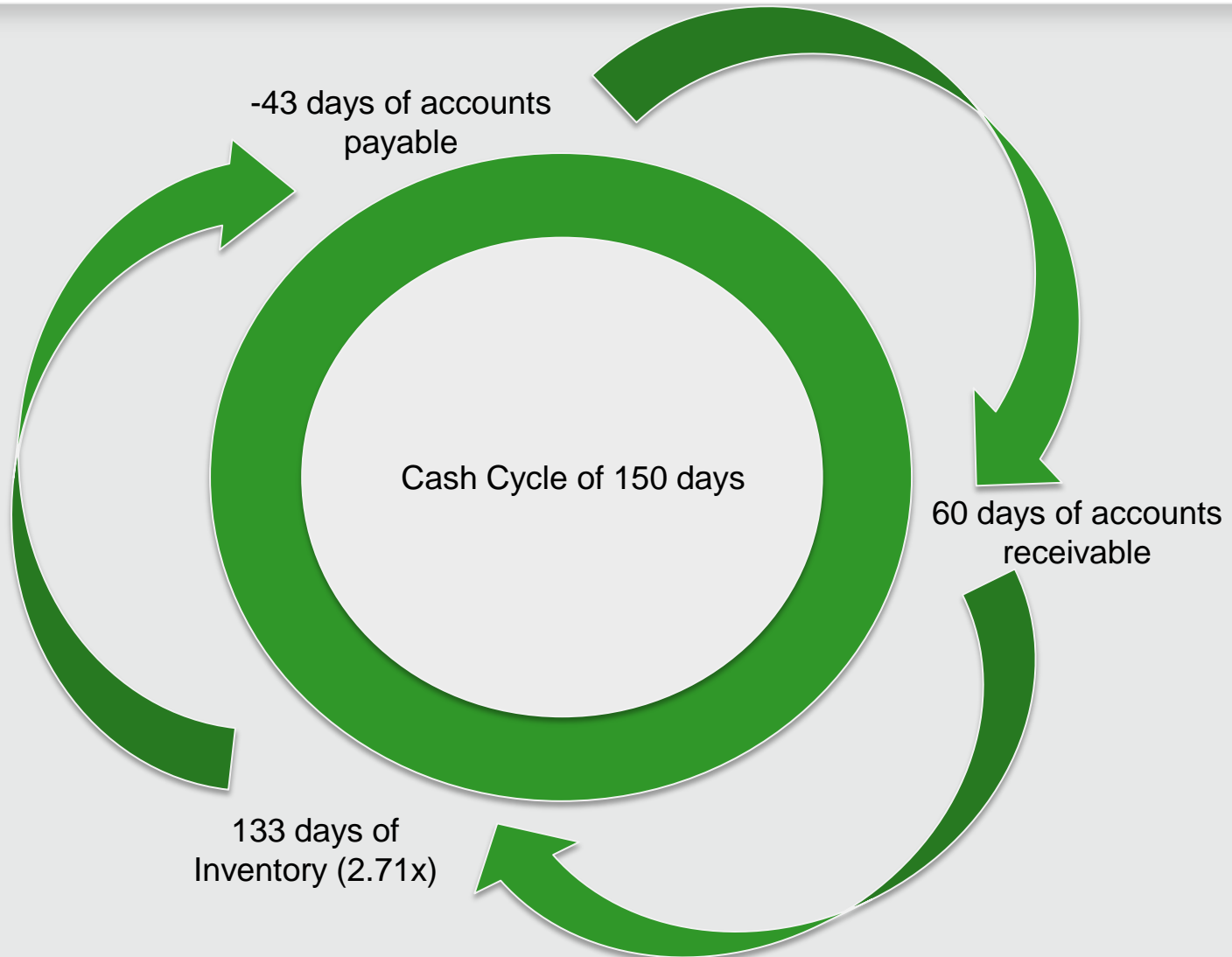
CAPEX evolution (US\$mm)



■ Infrastructure   ■ Rental fleet   ■ Equipment and components

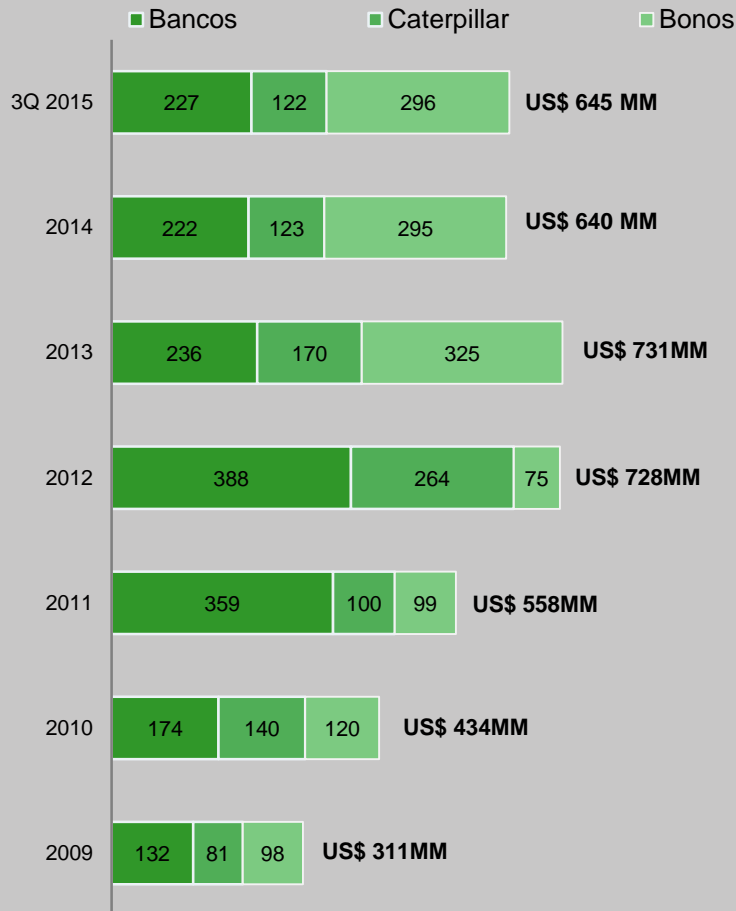
- 2015: 1Q15 Ferreycorp acquired a piece of land in Punta Negra for US\$20 million

# Cash Cycle

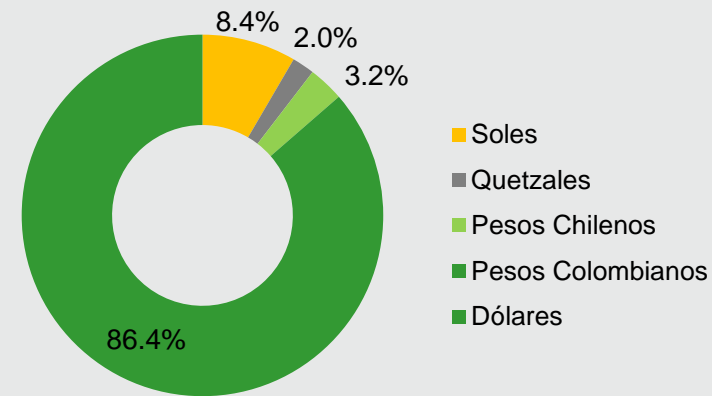


# Access to Diversified Sources of Financing

## Diversified funding base (US\$mm)



## Debt by currency

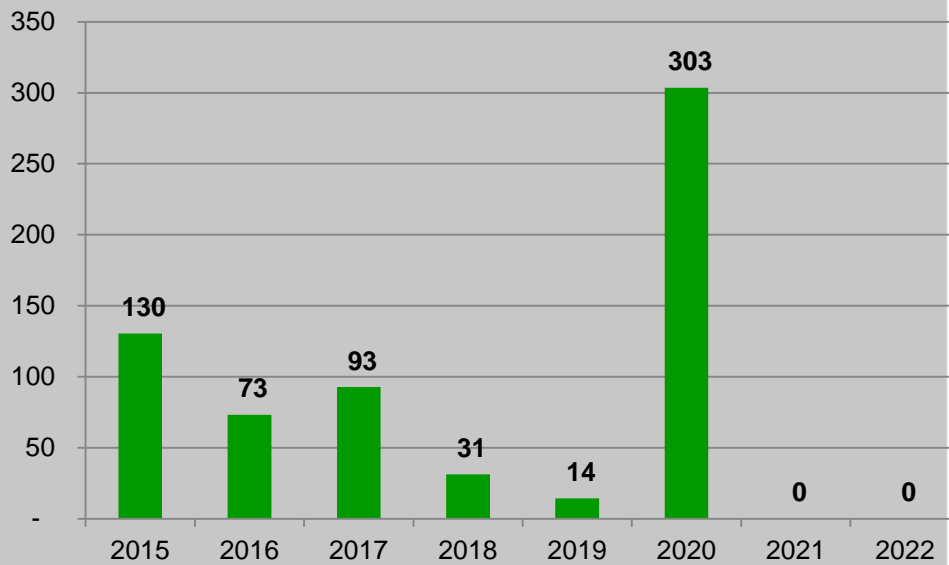


## Debt by group of companies

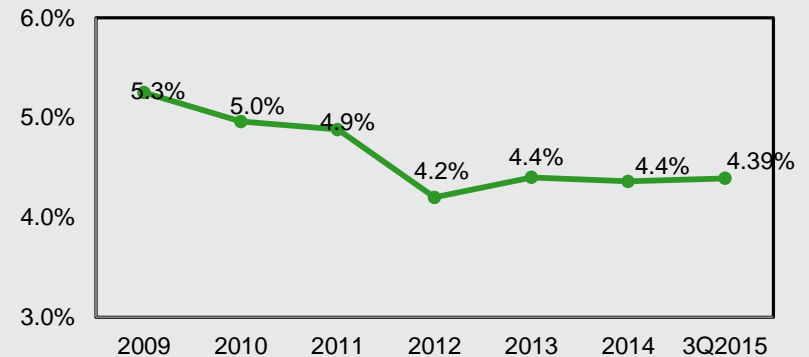


# Access to Diversified Sources of Financing

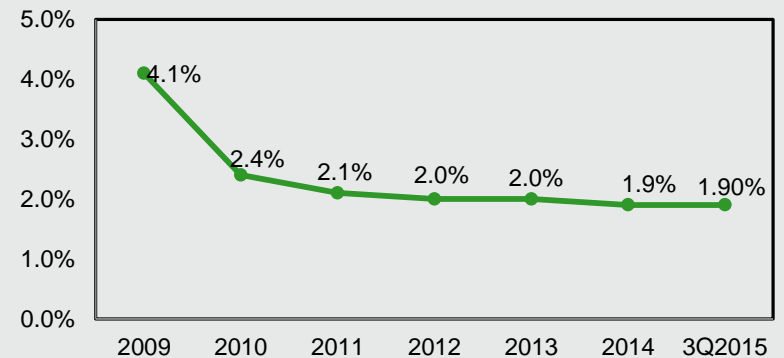
### Maturity of financial debt (US\$mm)



### Avg interest rate



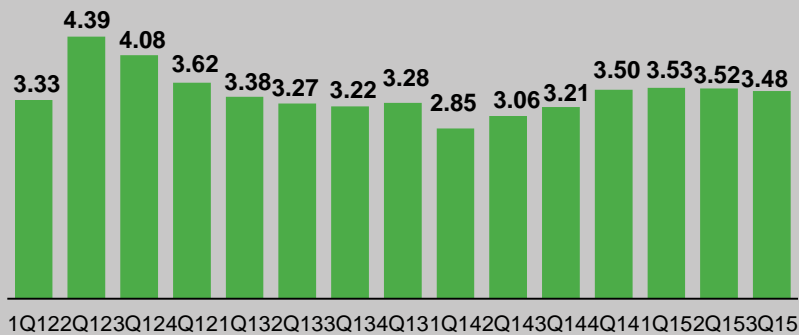
### Financial expenses (as% of total sales)



# Leverage Ratio / Covenant



## Net debt to EBITDA ratio



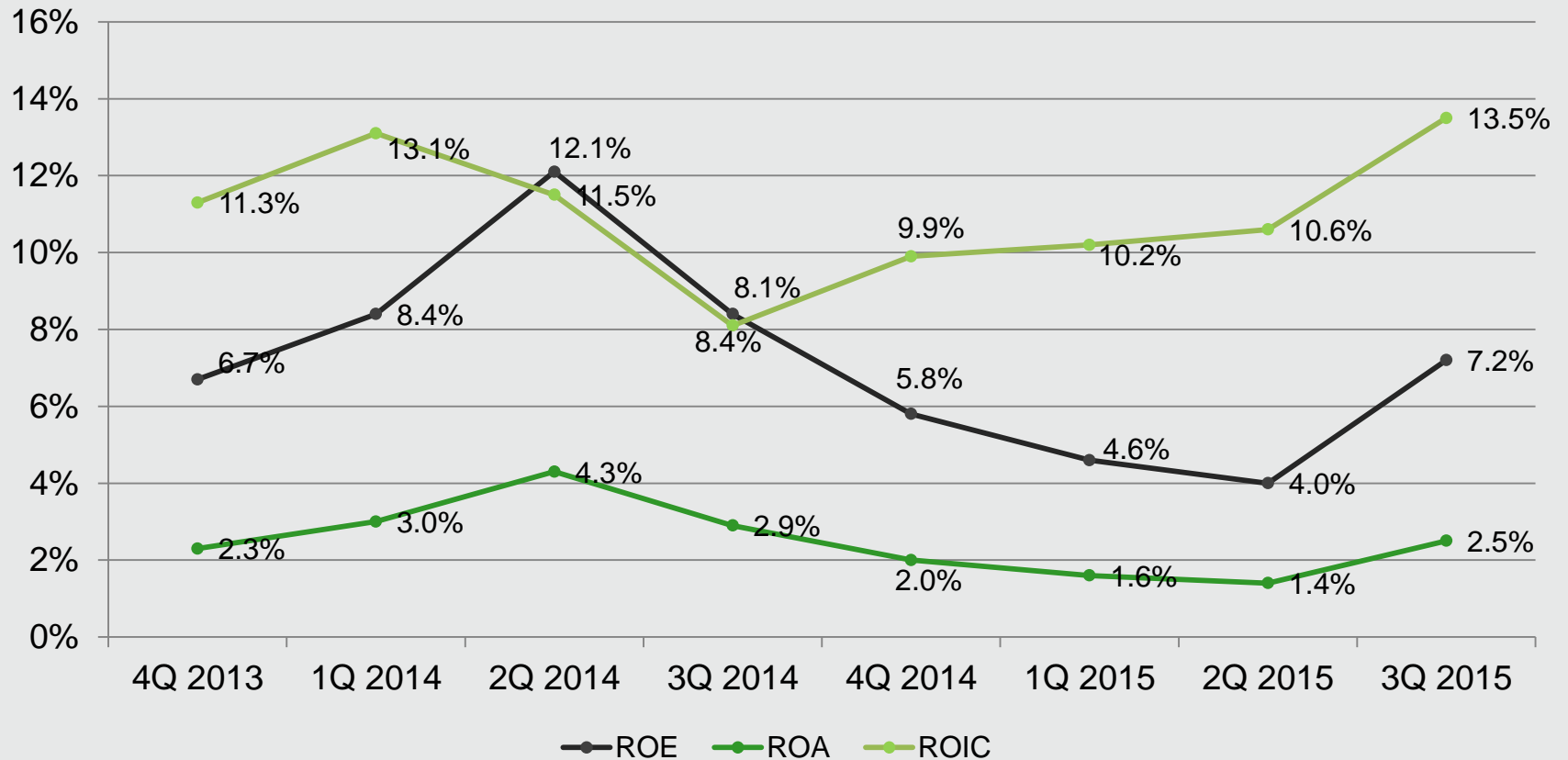
## Adjusted debt to EBITDA ratio



\* Adjusted debt: total debt excluding short term debt related to inventories



# Profitability Ratios

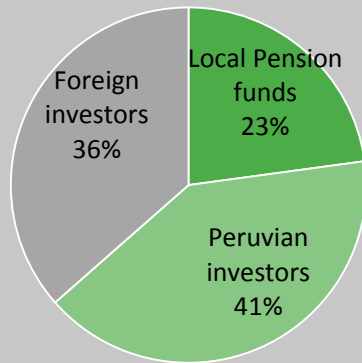


- ROIC:  $\text{EBIT}_{\text{LTM}} / \text{Invested Capital (total debt + total equity)}$

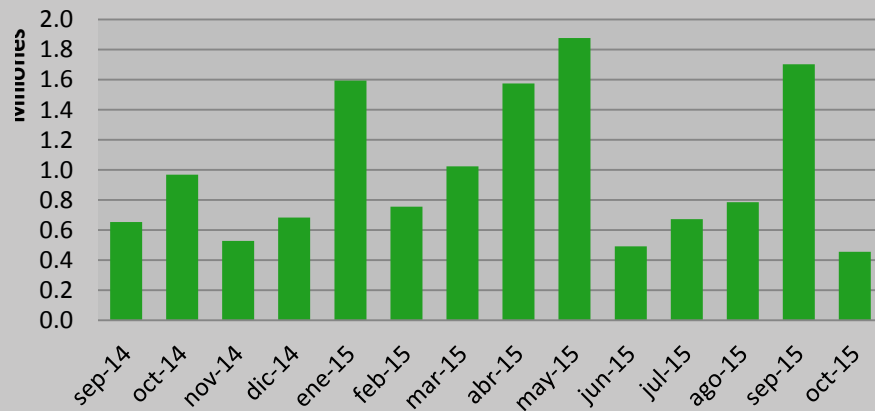
# Ferreycorp in the Capital Market



## Shareholders composition as of September 2015



## Average Monthly Amount Traded (S/. mm)

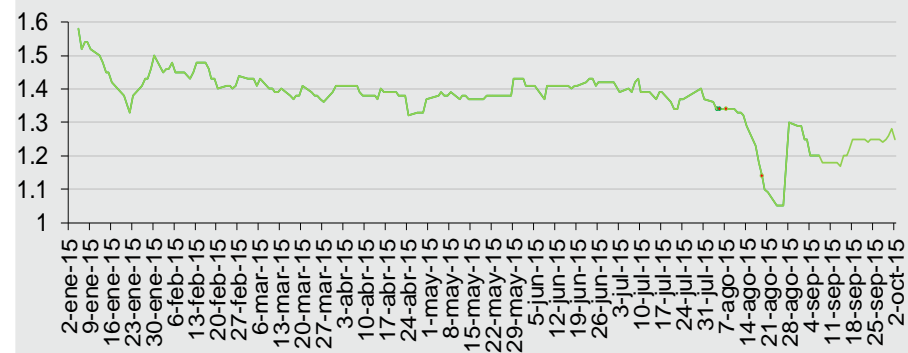


Capital	S/. 1'014,326,324
Nº of stocks	1'014,326,324
Dividend Yield	4.4%
EV/EBITDA 12m	6.0x

## Main shareholders as of September 2015

Titular	%
La Positiva Vida Seguros y Reaseguros S.A<	8.85%
Equinox Partners	7.30%
Onyx Latin America Equity Fund LP	7.26%
RI- Fondo 2 (AFP Prima)	7.04%

## 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.

Year	Number of shares	Issued capital in nuevos soles	Net profit (net of reserves)	Lower limit 5% of capital	Upper limit 50% of Net profit (net of reserves)	Cash dividends	Cash dividend per share (%)	Dividend per share (\$/.)
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
				Lower limit 5% of capital	Upper limit 60% of Net profit (net of reserves)			
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

## Contacts

Administration and Finance Manager:  
Patricia Gastelumendi

Treasury Manager:  
Liliana Montalvo

Investor Relations:  
Elizabeth Tamayo