

Corporate Presentation

October 2016 (Third Quarter 2016 Results)



 **Ferreycorp**

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Ferreycorp at a glance

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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 (Sep-2016) \$495MM
 - 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

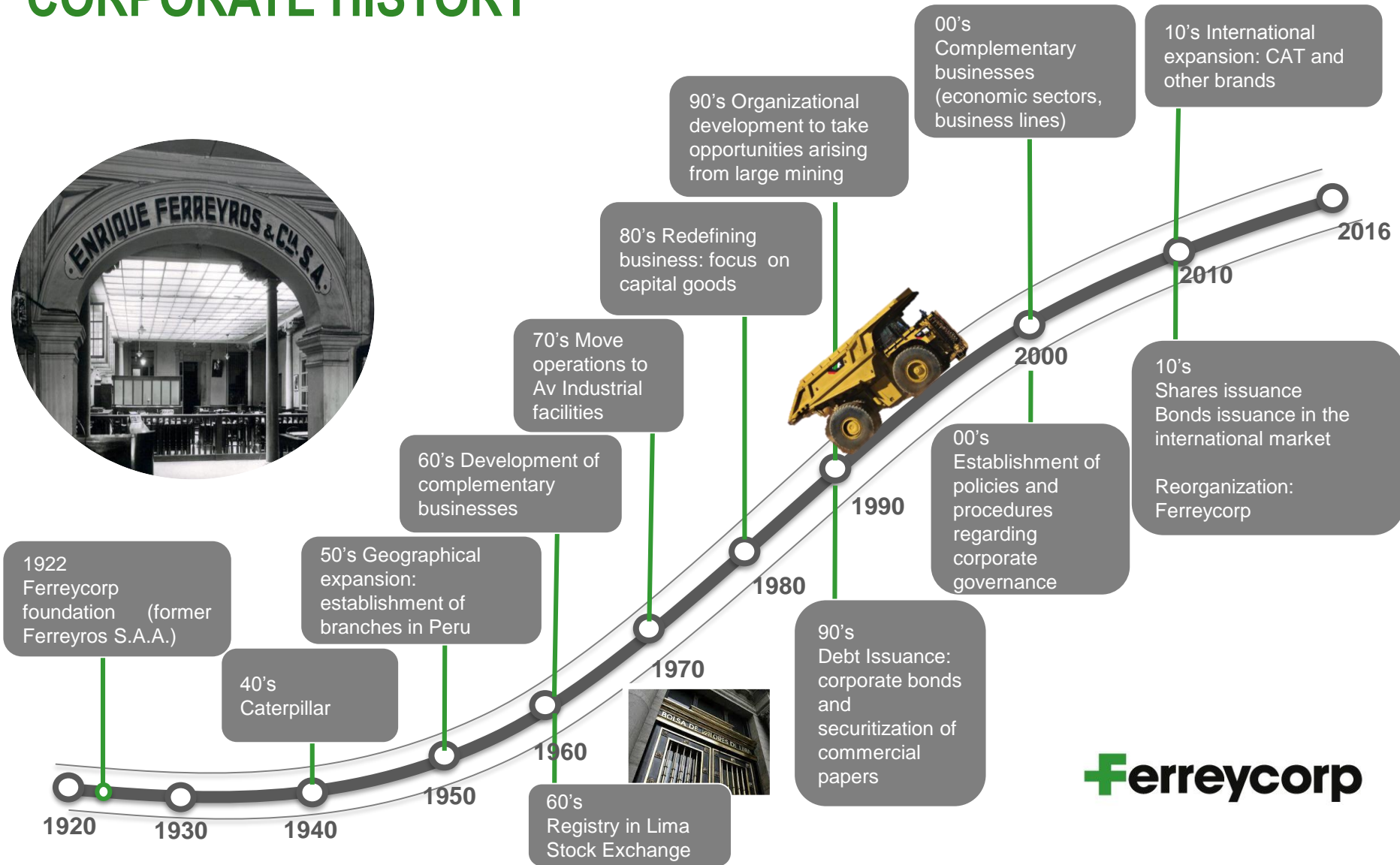
As of 3Q2016 Financial Statistics

| | |
|-------------------------|---------------------|
| Sales (US\$) | US\$ 1,113mm |
| Sales (S/.) | S/. 3.75Bn |
| EBITDA | US\$ 134mm |
| Ebitda Margin | 12.0% |
| Net debt/ EBITDA | 2.76x |

Target: < 3.5x

Ferreycorp

CORPORATE HISTORY



CORPORATE STRUCTURE

Caterpillar dealers in Peru



Sales as of 3Q16: US\$ 851mm (76%)
EBITDA as of 3Q16: US\$ 115mm (85%)

Caterpillar dealers and other businesses in Central America



Guatemala



El Salvador



Belize



Nicaragua



El Salvador, Honduras

Sales as of 3Q16: US\$ 101mm (9%)
EBITDA as of 3Q16: US\$ 10mm (7%)

Other subsidiaries in Peru and abroad



una empresa Ferreycorp

Chile, Colombia, Ecuador



UNA EMPRESA FERREYCORP



UNA EMPRESA FERREYCORP



UNA EMPRESA FERREYCORP



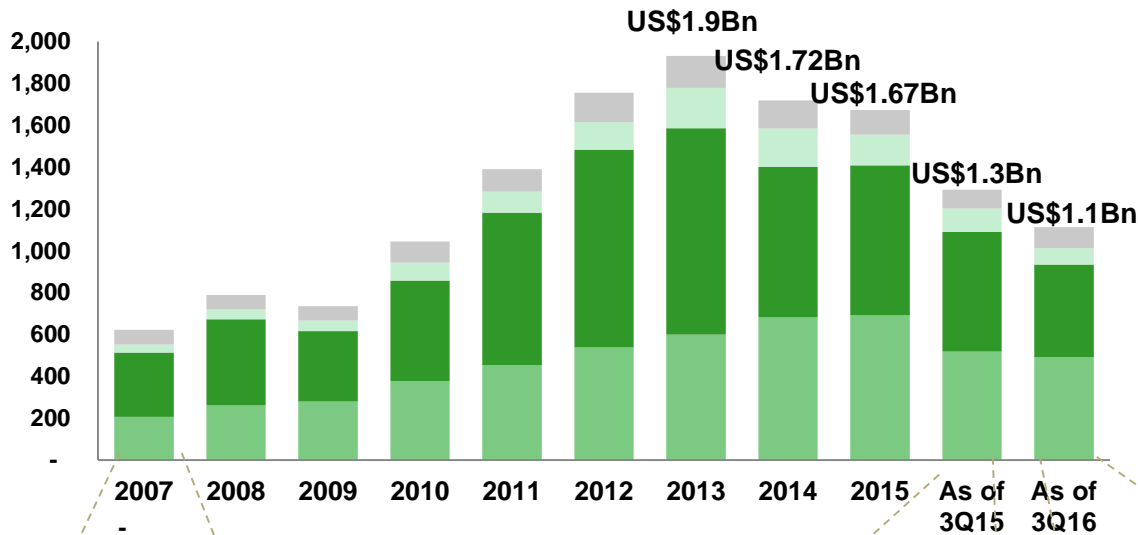
UNA EMPRESA FERREYCORP



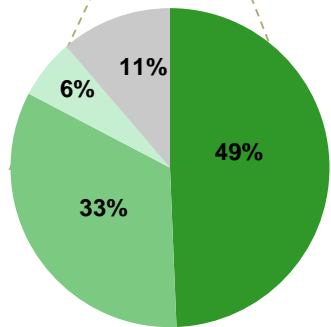
Sales as of 3Q16: US\$ 161mm (14%)
EBITDA as of 3Q16: US\$ 10mm (8%)

SUSTAINABLE BUSINESS MODEL

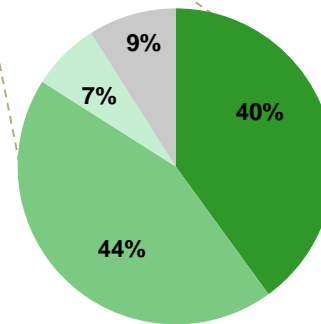
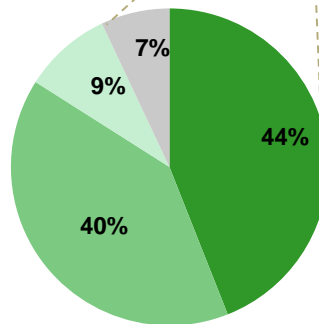
SALES BY LINE OF BUSINESS



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



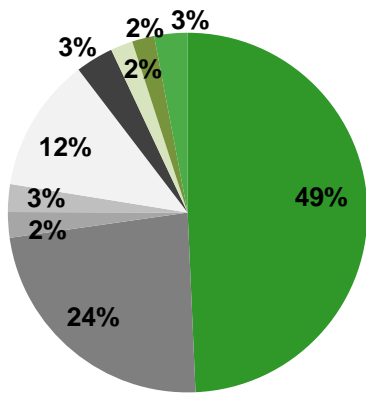
- Machinery
- Parts and Services
- Rental and used equipment
- Others



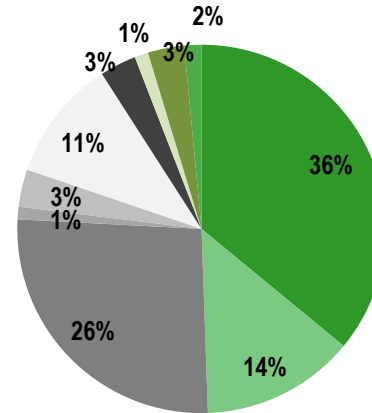
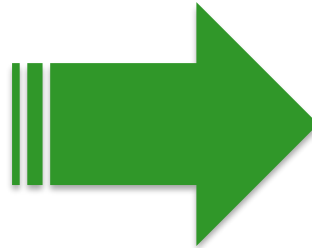
DIVERSE CUSTOMER BASE

53% OF DELIVERIES COME FROM NON-MINING CUSTOMERS

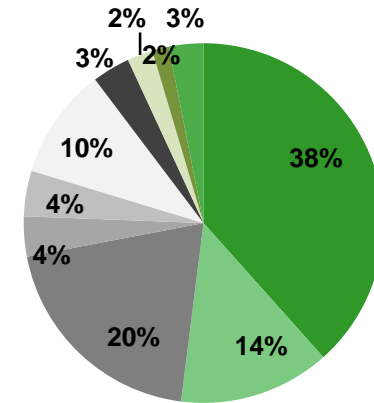
SALES BY ECONOMIC SECTORS



2010



As of 3Q2015



As of 3Q2016

- 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 compliance, Corporate Governance and Sustainability

WITH PRESENCE IN SOUTH AND CENTRAL AMERICA COUNTRIES REPRESENTING BRAND LEADERS



| | |
|---|---------------------------|
|  2015 | 6,750 Workforce |
|---|---------------------------|

UBIQUITOUS MARKET COVERAGE

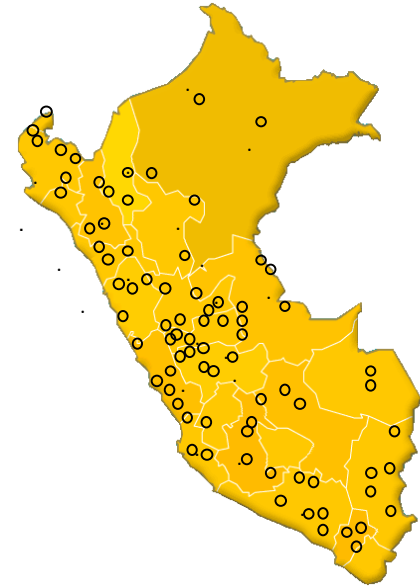
WE AIM TO BE CLOSE TO OUR CUSTOMERS



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



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

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

- Long-term trade relations of 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

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

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

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

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

- 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



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 |

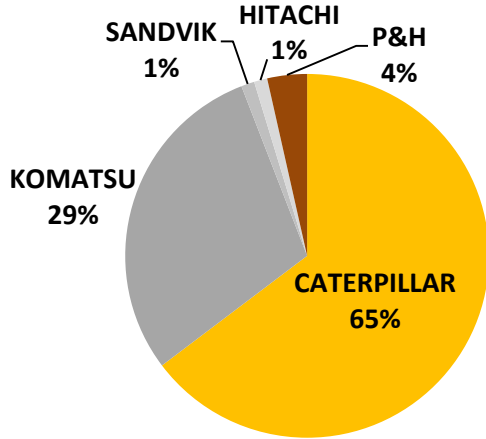


Ferreycorp

CATERPILLAR

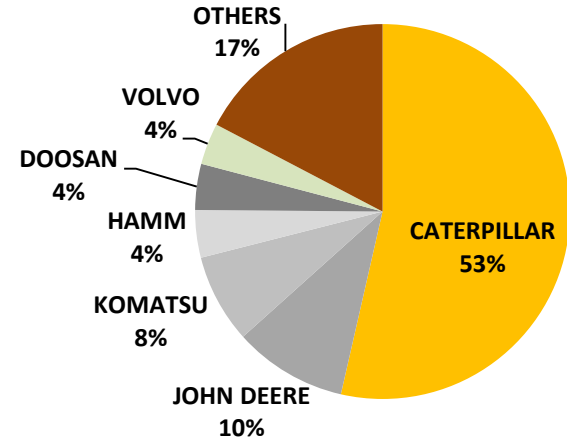
MARKET SHARE IN PERU

OPEN PIT MINING

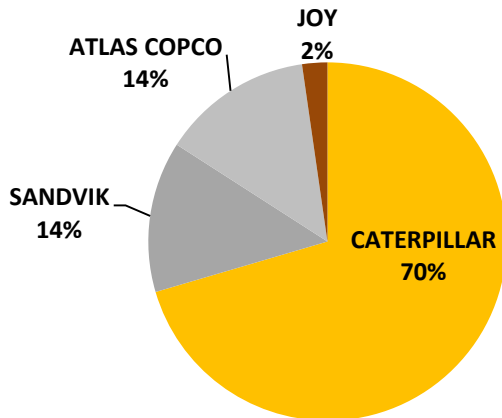


Include shovels and drills

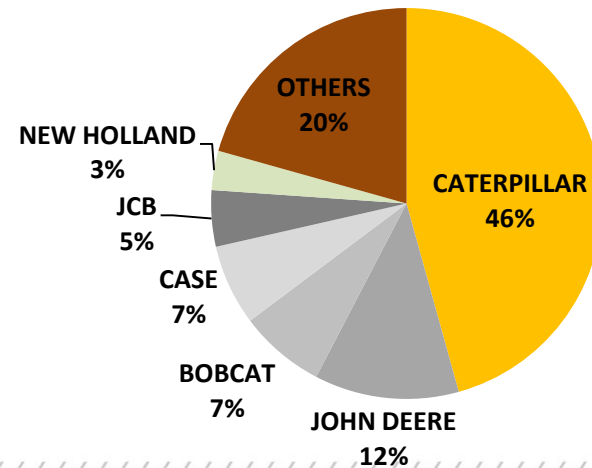
HEAVY CONSTRUCTION



UNDERGROUND MINING



GENERAL CONSTRUCTION



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

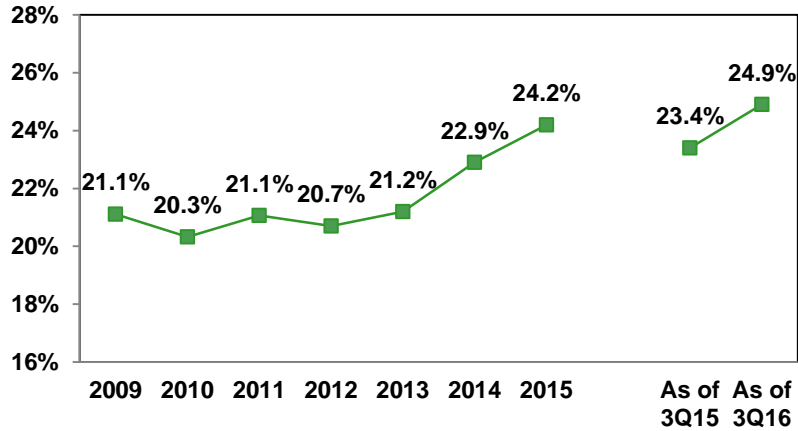
- Introduction to CAT 797F
- Conditions monitoring
- High-altitude arrangements
- SAP, CRM, Digital channels & e-Parts
- Several certifications (ISO, OSHA, BASC)
- Complete offering to capital goods business
- New business models: Mega, Trex, Unimaq Cat Rental Store, Forbis, Fargoline
- Corporate operative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



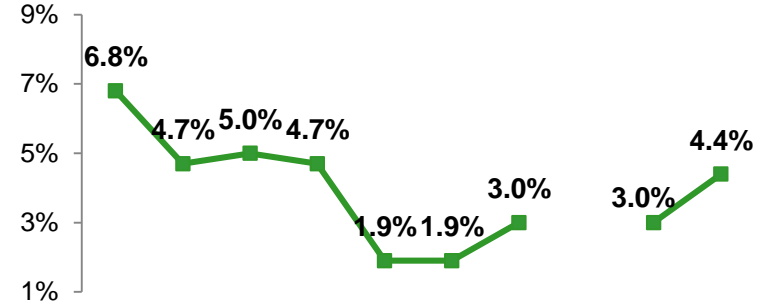
Financial Performance

TRACK RECORD OF CONSISTENT FINANCIAL PERFORMANCE

GROSS MARGIN

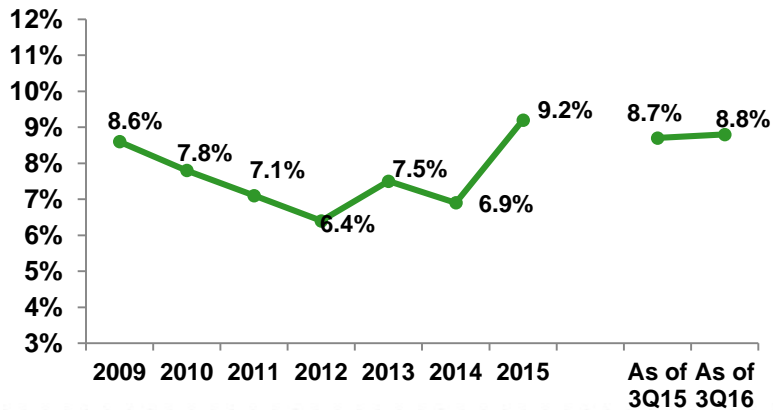


NET MARGIN

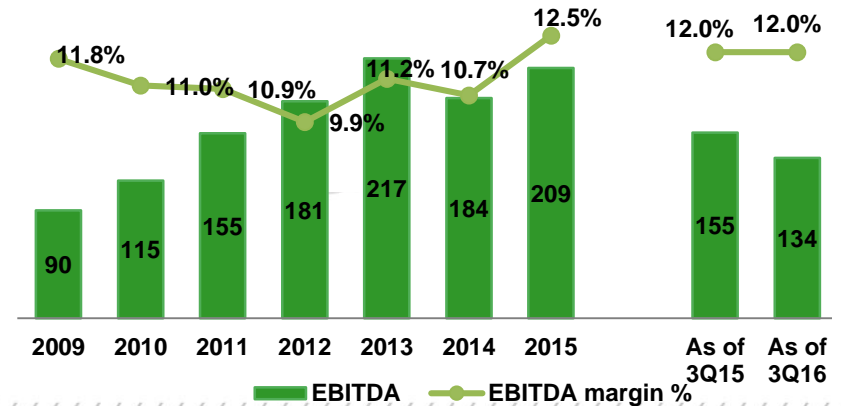


| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | As of 3Q15 | As of 3Q16 |
|---|-------|-------|-------|-------|-------|------|-------|------------|------------|
| Avg. Exchange rate | 3.007 | 2.827 | 2.753 | 2.635 | 2.722 | 2.84 | 3.187 | 3.142 | 3.371 |
| Gain (loss) to exchange rate (million US\$) | 23 | 7 | 17 | 29 | -54 | -35 | -48 | -98 | -6 |

OPERATING MARGIN



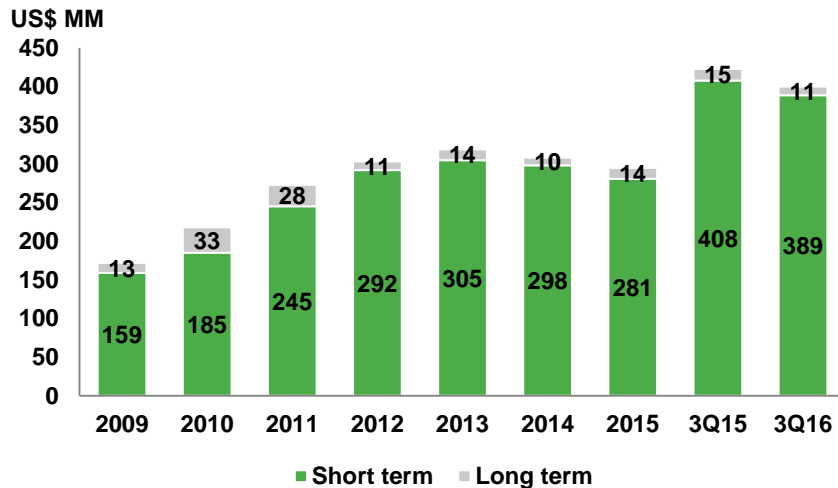
EBITDA (US\$MM) AND EBITDA MARGIN (%)



INVESTMENT IN ASSETS

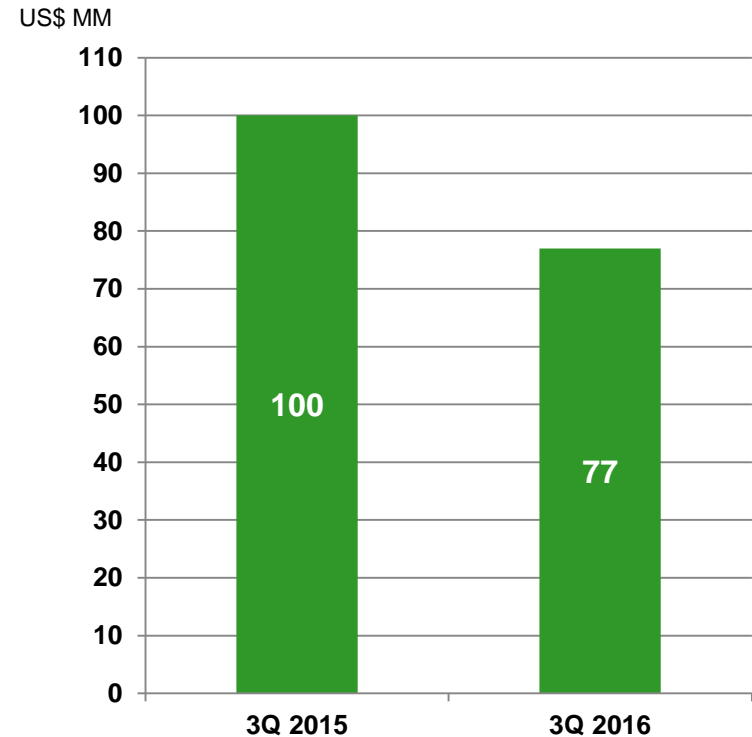
1) ACCOUNTS RECEIVABLES

ACCOUNTS RECEIVABLE EVOLUTION BY TERM



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

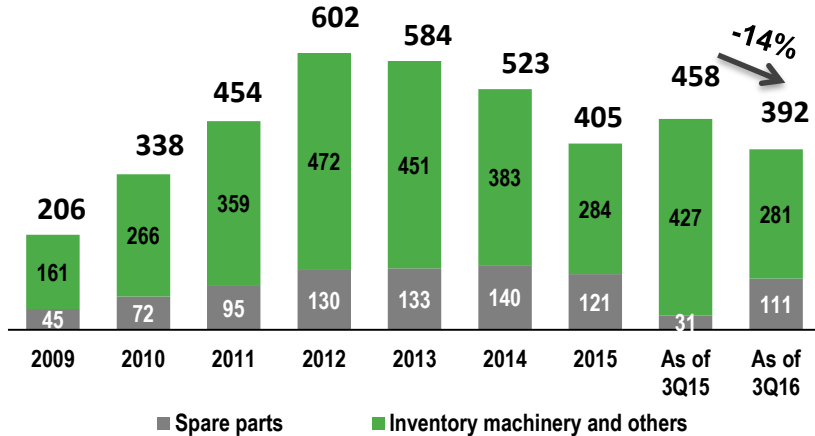
FACTORING



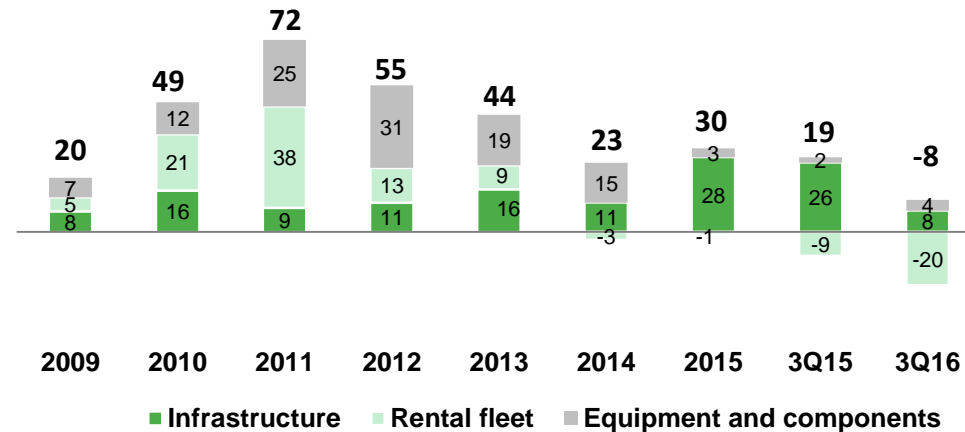
INVESTMENT IN ASSETS

2) INVENTORY AND FIXED ASSETS

INVENTORY EVOLUTION (US\$MM)



CAPEX EVOLUTION (US\$MM)



- As of 3Q16 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.
- 2015: As of 3Q15 Ferreycorp invested in Punta Negra US\$0.25 million in municipal permits, field studies and project work.
- 2016: Investments in 2016 correspond to permits and studies in La Joya and Punta Negra sum up to US\$0.93 million.

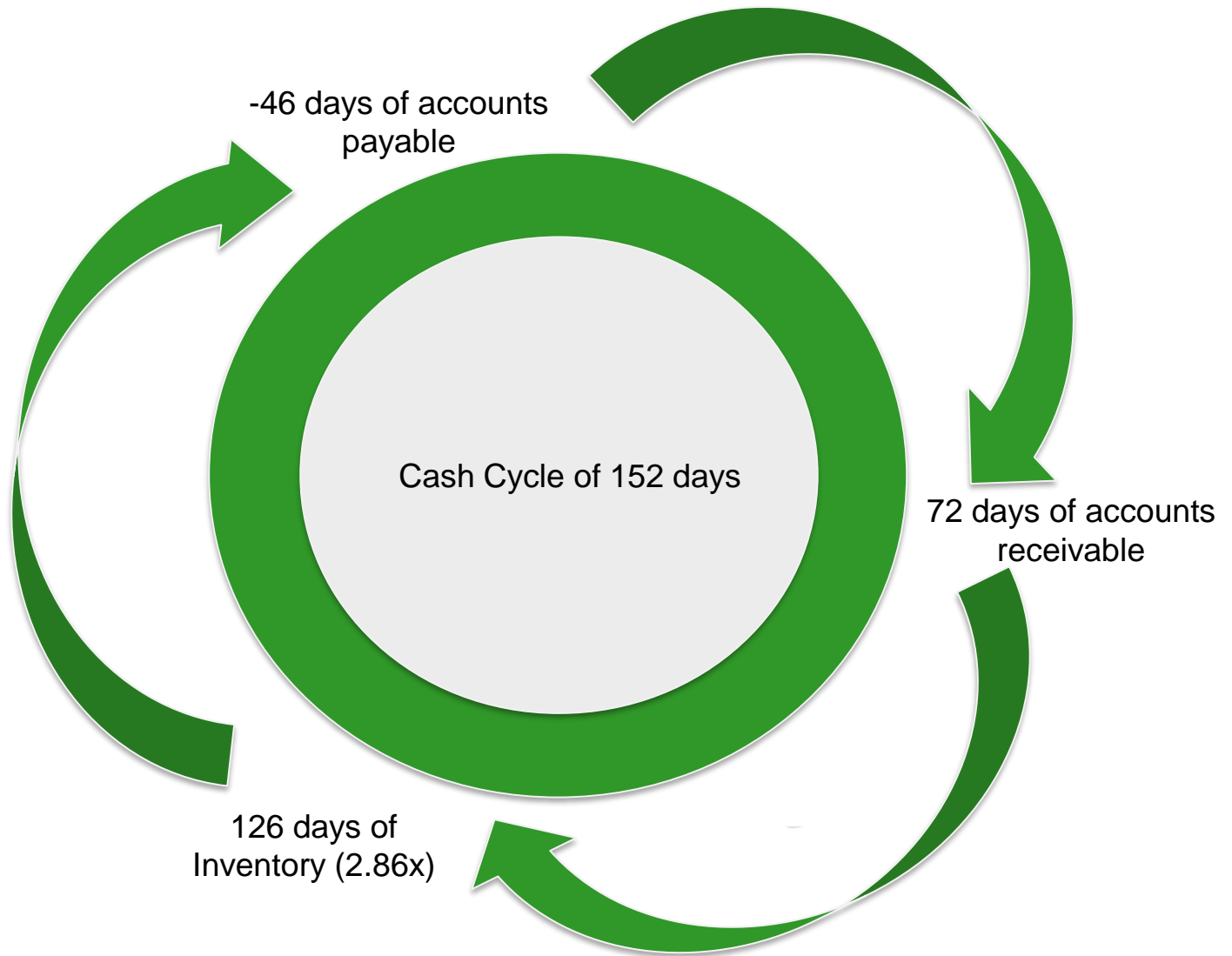
CASH CYCLE

Targets:

Inventory
120 days
3.0x

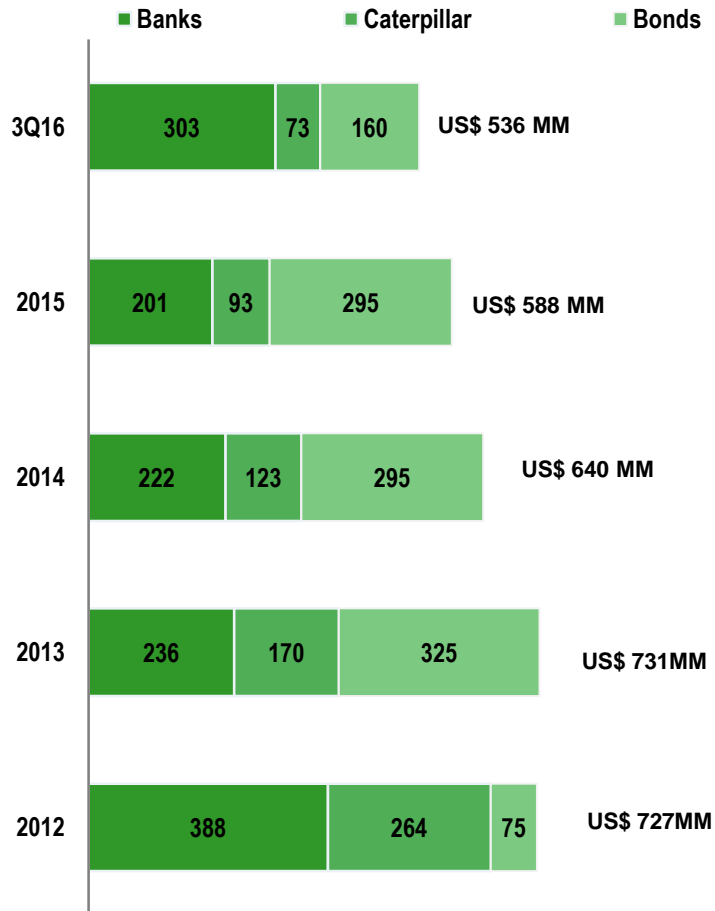
Payable
45 days

Receivable
45-60 days



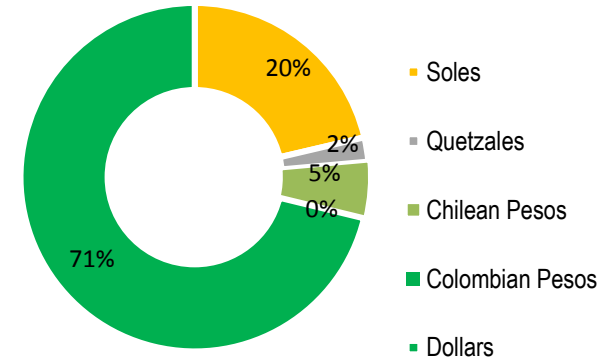
ACCESS TO DIVERSIFIED SOURCES OF FINANCING

DIVERSIFIED FUNDING BASE (US\$MM)

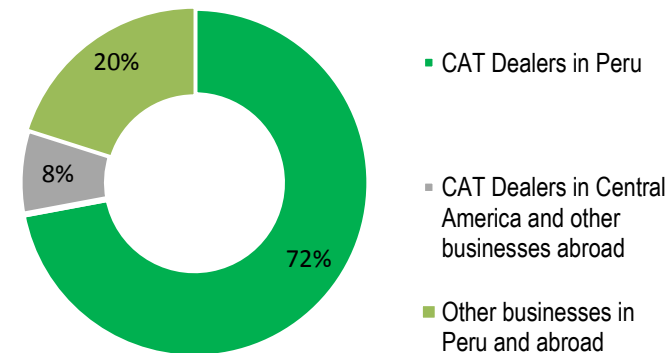


Natural hedge: revenue-debt

DEBT BY CURRENCY

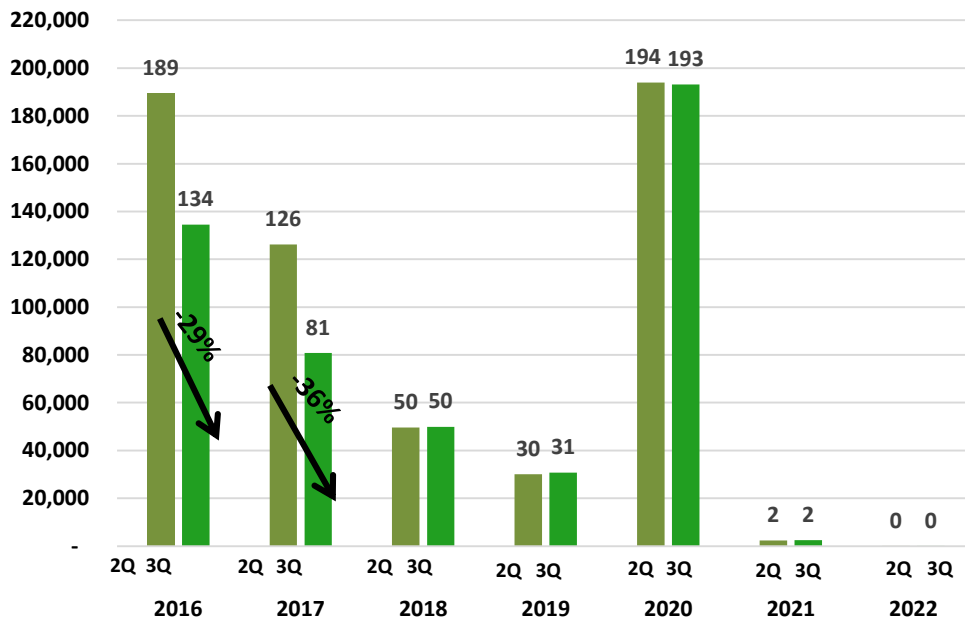


DEBT BY GROUP OF COMPANIES



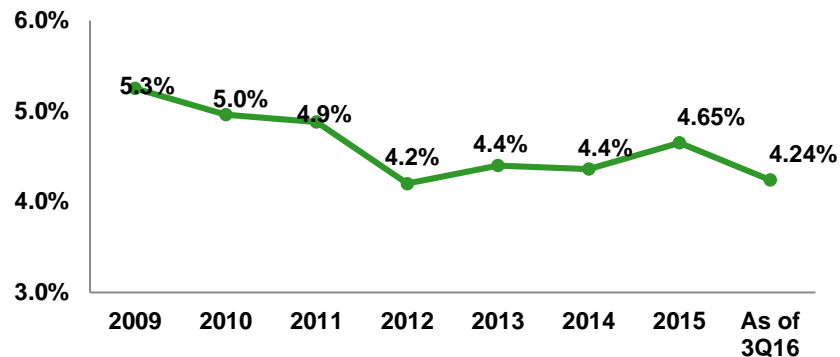
ACCESS TO DIVERSIFIED SOURCES OF FINANCING

MATURITY OF FINANCIAL DEBT (US\$MM)

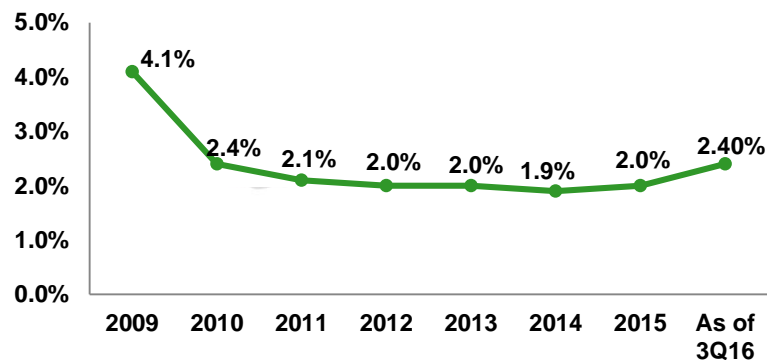


Strategy of financing: short term, flexible without penalties and low interest rate. Availability of credit lines

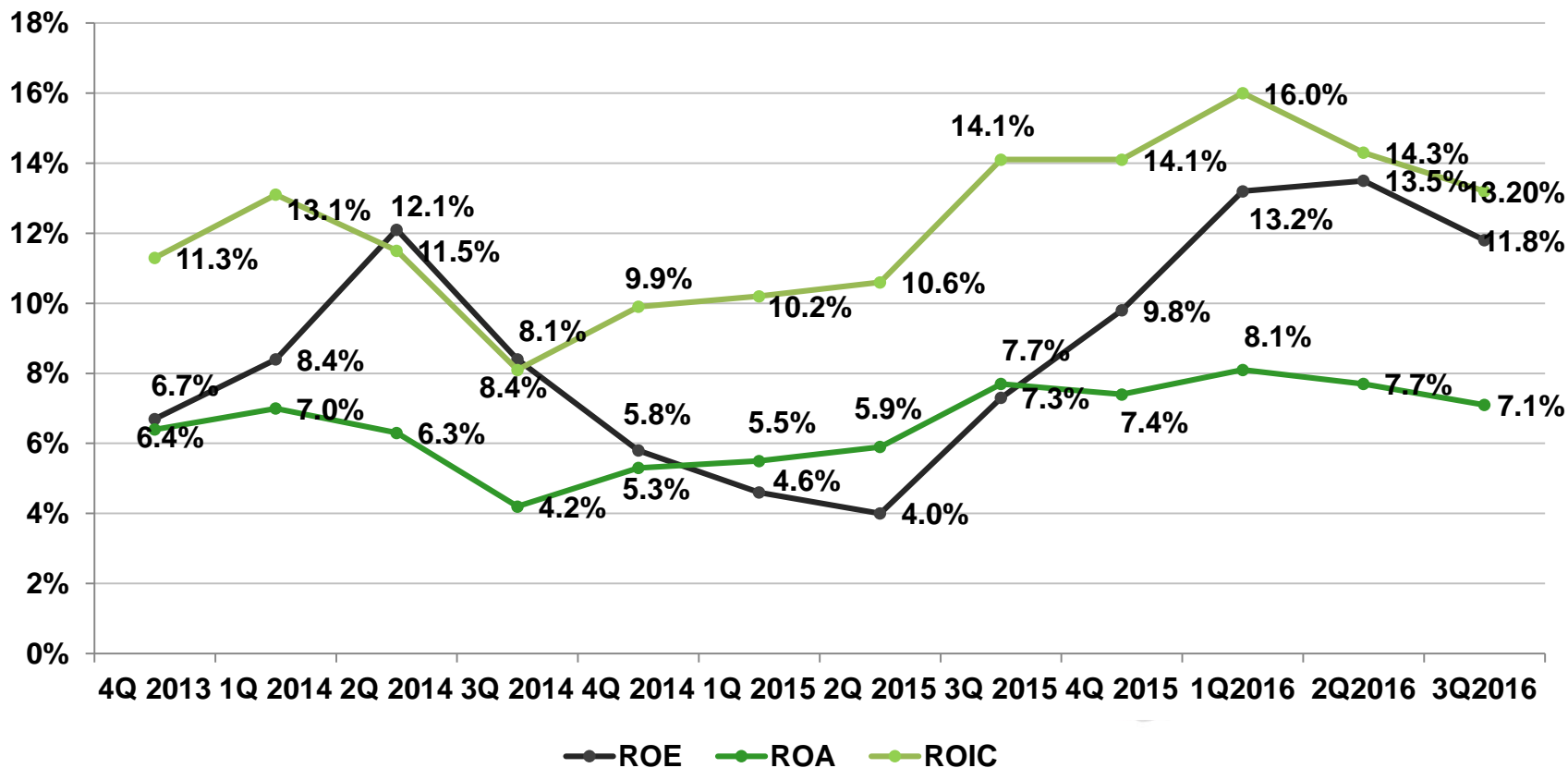
AVG INTEREST RATE



FINANCIAL EXPENSES (AS% OF TOTAL SALES)



PROFITABILITY RATIOS



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

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:
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