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Management Discussion and Analysis of the Consolidated Financial Statements of Ferreycorp S.A.A. and Subsidiaries

First Quarter 2017

Lima, April 26, 2017. Ferreycorp S.A.A. (BVL: FERREYC1), a leading corporation which aims to carry out investment activities in the capital goods sector and complementary services, with presence in Peru and other countries in Latin America, announces consolidated results for the first quarter 2017.

The consolidated financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in nuevos soles.

MAIN HIGHLIGHTS

FIRST QUARTER 2017 RESULTS VS FIRST QUARTER 2016 RESULTS

- Consolidated sales for the first quarter 2017 amounted to S/ 1,099 million compared to S/ 1,385 million reached during same period last year (-20.6%), mainly due to lower demand from mining and construction customers, reflected in the reduction of the country growth rates. Nevertheless, if we compare the 1Q2017 sales to the 2016 quarterly average, they decreased by -9.5%, taking into consideration that 1Q2016 was the quarter that reached maximum level of sales during last year. In dollars, sales reached to US\$ 334 million compared to US\$ 401 million (-16.7%). The corporation remains optimistic and confident regarding the reactivation of projects and investments in the aforementioned sectors that will result in a recovery of the economy.

- It should be noted that in the first quarter of the year the corporation maintained a high market share and its leadership with the Caterpillar brand. Caterpillar is the main

brand represented by Ferreycorp and has a market share near to 60% in Perú.

- Consolidated gross and net margin for the first quarter 2017 remained stable in 24% and 5.7%, respectively, and in a similar way as the results obtained during the same quarter 2016 (24.6% and 6%, respectively). Operating expenses during the first three months of the year dropped by 11%.
- Operating margin reached to 7.6% in 1Q2017, compared to 10.4% during 1Q2016, impacted by a decrease on sales. Likewise, first quarter 2017 EBITDA margin reached to 11% from 13.5% in first quarter last year as a result of sales reduction.
- Consolidated net profit during 1Q2017 amounted to S/ 62 million and dropped by 25% compared to S/ 84 million net profit reached during 1Q2016. Nevertheless, we should recall this result is higher than the 2016 net profit quarterly average of S/ 58 million.
- The cash cycle remained stable compared to the fourth quarter 2016.

(in million soles except ratios per share)	First Quarter				
	2017	2016	%Var.	Quarterly Average 2016	%Var.
Net sales US\$ (million)	\$334	\$401	-16.7%		
Net sales	S/. 1,099	S/. 1,385	-20.6%	S/. 1,214	-9.5%
Gross profit	S/. 264	S/. 341	-22.5%	S/. 295	-10.4%
Operating profit	S/. 83	S/. 144	-42.2%	S/. 106	-21.6%
Financial expenses	S/. -20	S/. -31	-33.4%	S/. -31	-34.2%
Gain (loss) to exchange rate	S/. 22	S/. 9		S/. 0.1	
Net profit	S/. 62	S/. 84	-25.3%	S/. 57.5	8.5%
EBITDA	S/. 120	S/. 187	-35.8%	S/. 146	-17.8%
EPS	0.064	0.084	-23.8%		
EBITDA per share	0.123	0.187	-34.5%		
Free cash flow	S/. 77	S/. 181	-57.7%		
Gross margin	24.0%	24.6%		24.3%	
Operating margin	7.6%	10.4%		8.7%	
Net margin	5.7%	6.0%		4.7%	
EBITDA margin	10.9%	13.5%		12.0%	
Leverage ratio	0.83	0.94			
Net debt / EBITDA	2.97	2.25			

MAIN HIGHLIGHTS

Ferreycorp support during the emergency

In order to contribute to the attention in the emergency zones and to take support to the most affected citizens, the board of Ferreycorp approved to allocate S/ 4 million soles in use of Caterpillar machinery with their respective services. In this way, about 50 units were delivered, between Caterpillar machinery, lighting towers and motor pumps for over a month. Ferreycorp also sent personal protective equipment and provided the logistics to deliver the donations made by its collaborators. Ferreycorp's support was provided by several of its subsidiary companies according to their portfolio of machinery and equipment.

It should be noted that beside the delivery of machinery, we worked very close to the government as part of a group of companies of the machinery sector, suppliers, dealers, builders among others, who provided information to the authorities on equipment available in the emergency zones in areas to be able to act as quickly as the situation required. This group of companies moved more than 500 units in the two-week peak of the crisis.

Ferreyros and Unimaq provided machinery for the east part of Lima, Áncash, Lambayeque and La Libertad, according to what the MTC established. They were also located in Piura, in coordination with the Regional Government. Ferreyros and Unimaq machines have focused their efforts in protecting and, in some cases, recovering the country's strategic infrastructure, such as the Panamericana Norte highway, the Central highway in the east part of Lima and the road to Canta

Unimaq sent motor pumps in order to support the extraction of water and lighting equipment to flooded areas. Likewise, Soltrak also provided personal protection equipment through its branches in the north part of the country

In addition to the supportive cooperation of the private companies, it is important to highlight the machinery operators individual offerings to take part, voluntarily, of the prevention and control of the emergency tasks using Caterpillar machines. Hundreds of members of the Heavy Equipment Operators Club, a Ferreycorp's social responsibility initiative, offered as volunteers.

In addition, a program is currently being set up to provide repairs to machinery of some municipalities in the most affected areas so that they can speed up the cleaning and reconstruction work through operational equipment.

Mandatory Annual General Meeting

The Annual General Meeting was held on March 29, 2017 with a quorum of 78.0633%, which made possible the approval of all items of the Agenda:

1. Review and approval of the 2016 Annual Report, which includes the analysis and discussion of the financial statements as well as the corporate management.
2. Profits distribution
3. Election of the Board of Directors for the period 2017-2020
4. Appointment of external auditors for fiscal year 2017
5. Merger by absorption of Inmobiliaria CDR S.A. by Ferreycorp S.A.A.

6. Empowerment to sign public and/or private documents with respect to the resolutions adopted by this shareholders' meeting

According to best corporate governance practices, during the previous days to the Shareholders meeting Ferreycorp distributed a *Governance Statement* to explain each of the items on the agenda and sent a proxy form for the shareholders to vote for each agenda item.

Dividend distribution

The General Shareholders Meeting approved the distribution of S/ 124,434,254.81 cash dividends, which equals to the maximum limit of the dividend policy. The payment date is May 26, 2017 and the record date is May 3rd.

According to the shareholders meeting agreement, after deducting treasury shares of 45,638,840 from the total issued shares, the outstanding shares with the right to receive dividends are 968,687,484 shares. The dividend per share equals to S/ 0.128457 per share.

I. COMMERCIAL MANAGEMENT

1. SALES BREAKDOWN ACCORDING TO CORPORATE ORGANIZATION

Ferreycorp divide its companies in three main groups:

Group I - Subsidiaries which are Caterpillar dealers and represent allied brands in Peru (Ferreyros, Unimaq and Orvisa)

During the first quarter 2017, sales dropped by -28.9% if compared to the same period 2016, which was primarily led by lower dynamism in mining and construction sectors. Sales to customer from the large mining sector reduced from S/ 134 million – quarterly average in 2016 – to S/23 million during the 1Q 2017.

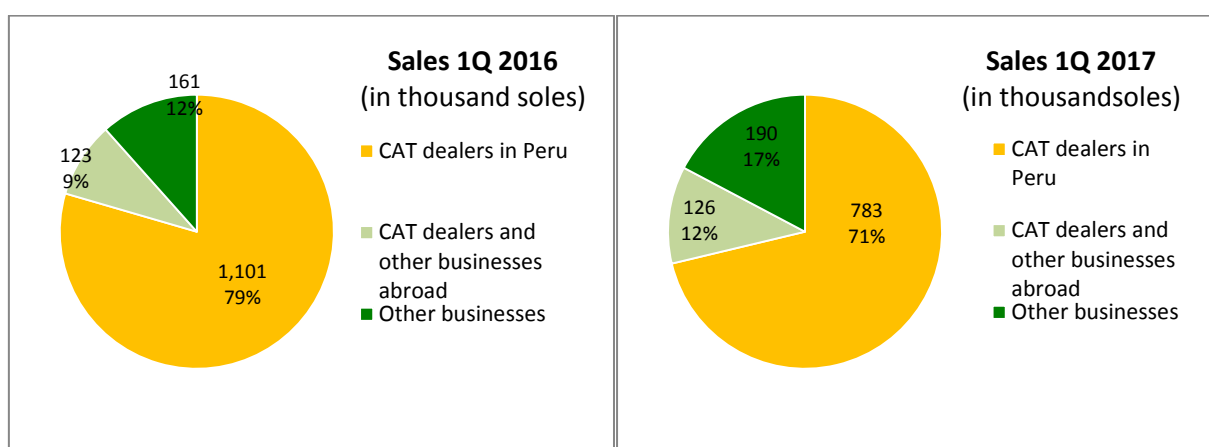
Group II - Caterpillar dealers and other businesses in Central America (Gentrac, Cogesa, Motored y Mercalsa).

This second group of companies, with presence in Central America, increased their sales by 2.2% compared to the 1Q 2016, in great part due to the recovery of economic sectors in the region. The share of this group of companies with respect to the total sale of the corporation increased to 12%.

Group III - Other subsidiaries aimed to offer capital goods and services other than Caterpillar to different economic sectors in Peru and South America (Motored, Soltrak, Trex, Motriza, Fargoline, Forbis Logistics, Fiansa y Sitech).

This group of companies, which complements the supply of goods and services through equipment and vehicles, consumables and logistic solutions, among other lines, increased its sales by 18%. This result turns out from Trex higher sales: company that represents Terex and other allied brands in Chile. This group of companies boost its share in the corporation consolidated sales, which currently amounts to 17.3%, equivalent to S/ 190 million, led by the line of equipment and consumables growth.

Ferreycorp and subsidiaries sales composition in the first quarter 2017 compared to first quarter 2016 is showed below:



The detail of sales by group of companies:

Sales (\$/ million)	1Q 2017	%	1Q 2016	%	VAR %
Ferreyros	622	56.6%	942	68.0%	-34.0%
Unimaq	124	11.3%	117	8.4%	6.1%
Orvisa	38	3.4%	42	3.0%	-10.6%
Total CAT dealers in Peru	783	71.3%	1,101	79.5%	-28.9%
Total CAT dealers and other businesses abroad	126	11.5%	123	8.9%	2.2%
Soltrak	63	5.7%	57	4.1%	11.5%
Motored	46	4.2%	43	3.1%	5.7%
Trex	36	3.2%	22	1.6%	62.4%
Otras (Fargoline, Motriza, Forbis, etc)	45	4.1%	39	2.8%	16.9%
Total other subsidiaries	190	17.3%	161	11.6%	18.2%
TOTAL	1,099	100.0%	1,385	100.0%	-20.6%

2. SALES BREAKDOWN BY BUSINESS LINE

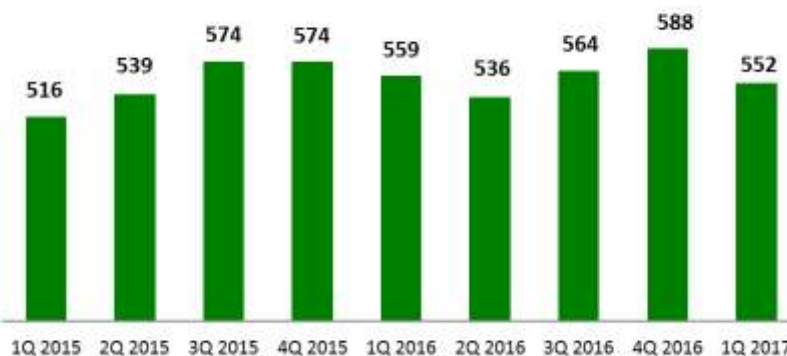
	1Q 2017	%	1Q 2016	%	Var %
Mining trucks and Caterpillar machines (GM)	22,591	2.1	314,935	22.7	-92.8
Caterpillar machines and engines for other sectors (NGM)	167,365	15.2	191,670	13.8	-12.7
Allied equipment	148,615	13.5	121,080	8.7	22.7
Rental and used	103,837	9.4	88,206	6.4	17.7
Spare parts and services	551,545	50.2	559,039	40.4	-1.3
Other lines	105,365	9.6	110,033	7.9	-4.2
TOTAL	1,099,318	100.0	1,384,964	100.0	-20.6

When analyzing the results by business lines as of March 31, 2017, there is a significant reduction in the line of Caterpillar mining trucks and equipment for large mining customers, led by the delivery of mining equipment during the first quarter last year for US\$ 90 million due to deals that were closed in 2015. Likewise, Caterpillar engines and machines shrank 12.7% during the first quarter as a consequence of the current environment where there is a delay in the execution of infrastructures projects.

Moreover, during the first quarter 2017, allied equipment, rental and used equipment sales, rose by 22.7% and 17.7%, respectively. It is important to recall that the corporation has been able to resize the dimension of Ferreyros, Unimaq and Trex rental fleets through the reduction in the number of machines.

Regarding the aftermarket revenues, spare parts and services sales amounted to S/ 552 million and remained almost stable if compare to same period 2016 driven by machinery population sold in recent years in countries where Ferreycorp has presence, where its Caterpillar dealers keep a high market share. During the last years, the population of Caterpillar machinery has increased, dynamic that allows the sustainability of the business model and evidenced in the greater share of this line in Ferreycorp total sales.

Spare parts and services (S/. million)

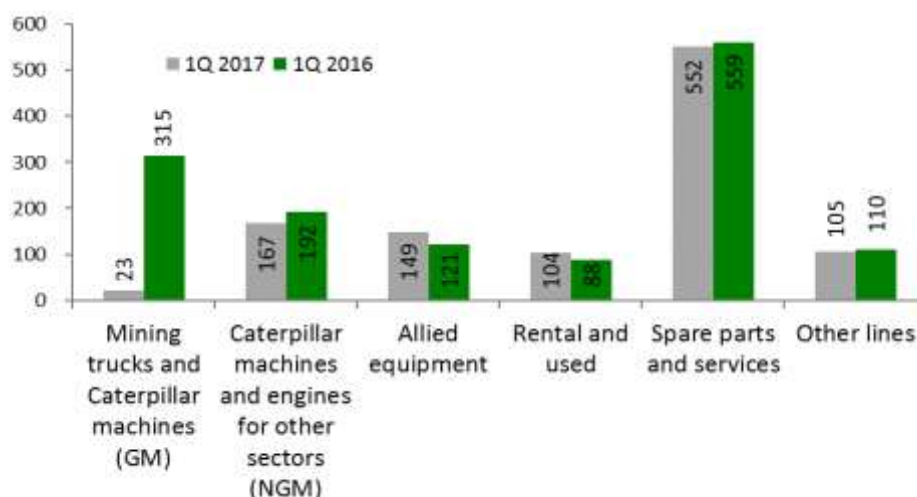


Spare parts and services is the business line that generates higher gross margin and more EBITDA to the corporation. The after-market provided by Ferreycorp to its customers is characterized by high quality standards. Nevertheless, this world class service impacts the operating expenses because it requires investments in inventories of spare parts and components as well as in modernizing its workshops and selecting and training its technicians, as well as accounts receivables for 45 to 60 days.

Businesses grouped in “Other lines” dropped by 4%, led by logistic services and metal-mechanic that reduced by 39% and 14%, respectively

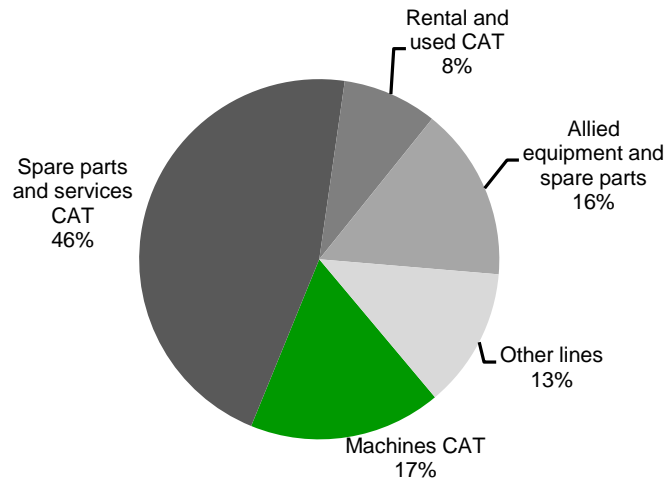
Sales by business line

(S/ million)



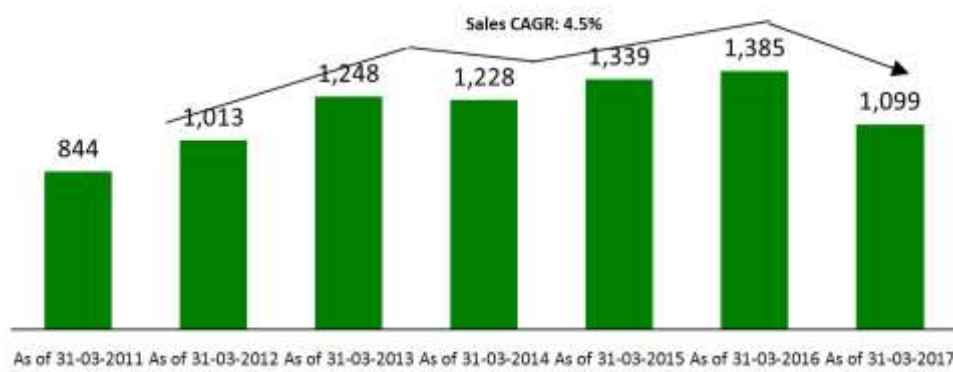
As of March, 2017 sales from the Caterpillar line carried by Caterpillar dealers in Peru, Guatemala, El Salvador and Belize, accounted for 71% of total income, including machinery and equipment (new, used and rental units) as well as spare parts and services.

Sales (as of March 2017)



It is important to highlight that the EBITDA margin recorded as of March 31, 2017 is 11% as a result of the sales volume reached during the year, good gross and operating margins, expenses control and the follow up of commercial and financial indicators.

Sales and EBITDA (\$/. million)



EBITDA margin	11.9%	10.1%	9.6%	11.7%	11.4%	13.5%	10.9%
EBITDA (\$/ MM)	100	102	119	144	152	187	120

EBITDA CAGR: 3.0%

3. SALES BREAKDOWN BY ECONOMIC SECTORS

Regarding sales distribution by economic sectors, sales to open pit mining represented during the first quarter 2017 32% of total revenues and reduced its participation in total revenues in 14 points if compared to same period 2016. Meanwhile, construction represented 24% of total sales and increased its share in 9 points. It is also worth noting the contribution of underground mining, Industry, commerce and services, transport; agriculture and forestry.

	1Q 2017	1Q 2016
Open pit mining	31.9%	46.2%
construction	24.1%	15.5%
Underground mining	17.4%	12.6%
Government	1.3%	4.1%
Transport	4.3%	2.9%
Industry,commerce and services	11.8%	9.7%
Agriculture and forestry	3.7%	2.6%
Fishing and marine	3.2%	1.7%
Hydrocarbons and energy	1.1%	1.5%
Others	1.2%	3.3%
Total	100.0%	100.0%

II. ANALYSIS OF FINANCIAL INFORMATION

1. Sales

Million of nuevos soles	1Q17	1Q16	%Var.
Sales	1,099.3	1,385.0	-20.6

(See section "Commercial Management" for an explanation of this variation).

2. Gross profit

Million of nuevos soles	1Q17	1Q16	%Var.
Gross profit	264.2	341.1	-22.5
Gross margin	24.0%	24.6%	

During the first quarter 2017, gross profit was below the amount obtained in the same period 2016 as a result of lower sales recorded during that period. In percentage terms, 1Q 2017 gross margin reached to 24.0%, slightly below the one reached during 1Q 2016.

3. Selling and Administrative Expenses

Million of nuevos soles	1Q17	1Q16	%Var.
Selling and administrative expenses	182.5	204.5	-10.8
As % of sales	-16.6%	-14.8%	

Selling and administrative expenses during the first quarter 2017 dropped by 10.8% compared to the same quarter last year. Despite sales reduction is higher, the effort to decrease expenses has started to show results: from the S/ 22 million expenses reduction, S/ 18 million belongs to personnel expenses.

4. Financial Expenses

Million of nuevos soles	1Q17	1Q16	%Var.
Financial expenses	20.4	30.6	-33.4
As a % of sales	-1.9%	-2.2%	

Financial expenses for the first quarter of 2017 showed a variation of 33.4% compared to the first quarter of 2016, as a result of 5.4% reduction of the average liabilities (1Q 2017: S/ 1.8 million, 1Q 2016: S/ 1.7 million); and due to the average cost of debt of 3.99%.

5. Foreign Exchange Gain/ Loss

Million of nuevos soles	1Q17	1Q16	%Var.
Foreign Exchange gain/loss	21.9	8.9	146.9

The foreign exchange gain of S/ 21.9 million in 1Q17 was led by a 4.81% nuevo sol appreciation against the dollar compared to the 2.49% nuevo sol appreciation during the same period last year.

As appointed before, it is important to recall that the company has a natural hedge considering that sales –as well as machinery import, invoicing to clients and financing– are made in foreign currency (US dollars)

6. Net profit

Million of nuevos soles	1Q17	1Q16	%Var.
Net profit	62.4	83.6	-25.3

Net profit for the first quarter 2017 amounted to S/ 62.4 million, 25% lower if compared to 1Q2016, but similar to the one obtained during the 4Q 2017 (S/ 65.7 million), and higher than the 2Q and 3Q 2016 (S/ 49.8 million y s/ 31.0 million, respectively). Likewise, net profit during the first quarter 2017 is higher than the 2016 net profit quarterly average of S/ 58 million.

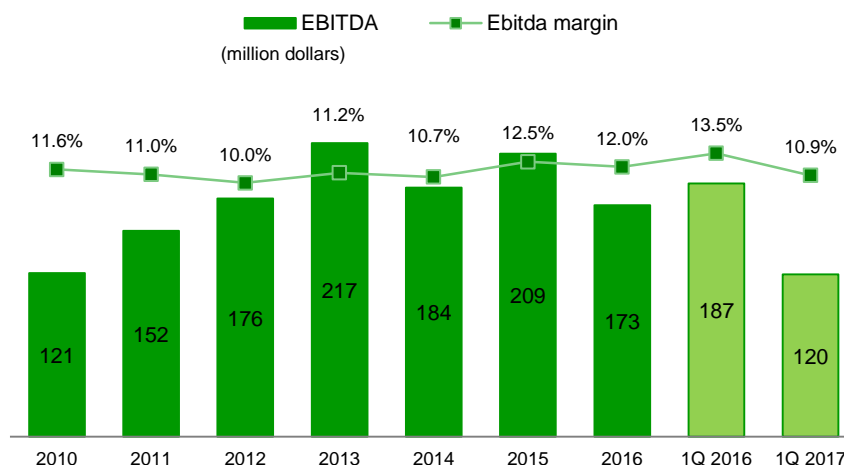
7. EBITDA

Million of nuevos soles	1Q17	1Q16	%Var.
EBITDA	120.0	186.9	-35.8
EBITDA margin	10.9%	13.5%	

As of March 31, 2017 82.2% of the corporation's EBITDA is generated by Caterpillar dealers and allied brands in Peru (Ferreyros, Unimaq and Orvisa), which are the businesses contributing more to sales and profit in the corporation. On the other hand, 11.4% of EBITDA is generated by Caterpillar dealers and other businesses abroad, while 6.5% comes from local and foreign subsidiaries aimed to offer capital goods and services for the different economic sectors. Some of the companies from the third group are

still young and have been affected by the market contraction of the last two years, without being able to adjust their expenses because they are still in a phase of market penetration. In other cases, these are businesses with different expectations of profitability that will gradually benefit from synergies with other companies of the corporation.

EBITDA as of March 31, 2017 reached to S/. 120.0 million compared to S/. 186.9 million reported as of March 2016, which represents a decrease of 35.8% in line with lower sales.



ANALYSIS ACCORDING TO CORPORATE ORGANIZATION

(S/ thousand)	Cat dealers in Peru		Cat dealers and other businesses abroad		Other businesses	
	1Q2017	1Q2016	1Q2017	1Q2016	1Q2017	1Q2016
Sales	783,324	1,101,127	126,025	123,273	189,969	160,564
Gross profit	198,661	271,815	30,828	32,379	34,711	36,868
Gross margin	25%	25%	24%	26%	18%	23%
Operating expenses	124,186	151,979	24,508	24,486	32,528	29,121
Operating margin	10%	11%	5%	6%	1%	5%
Depreciation and amort	21,365	21,013	5,527	5,738	3,985	7,770
EBITDA	98,645	149,191	13,634	14,076	7,756	17,234
EBITDA margin	13%	14%	11%	11%	4%	11%

Note: this results do not include Ferreycorp individually results

III. ANALYSIS OF CONSOLIDATED FINANCIAL INFORMATION

Total assets as of March 31, 2017 amounted to S/ 4,746.4 million compared to S/ 4,675.4 million as of March 31, 2016. This variation compared to March 2016 was primarily due to:

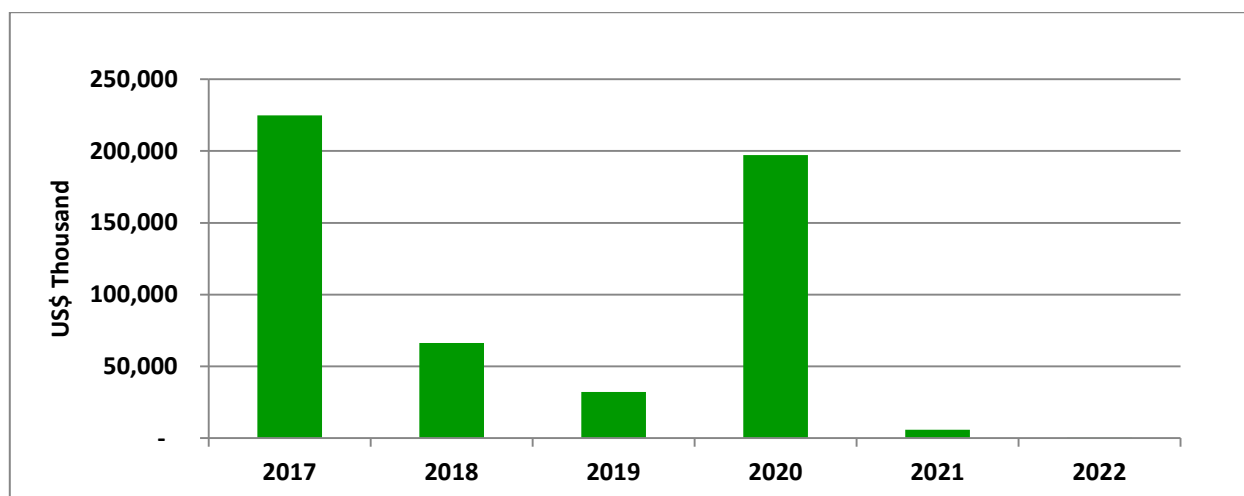
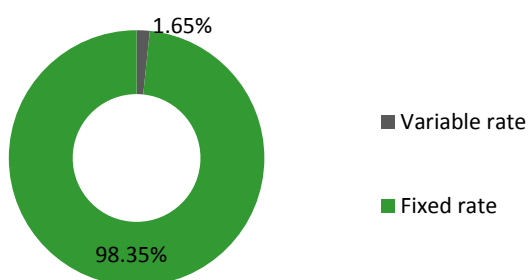
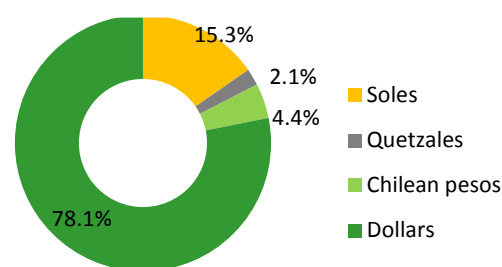
- i) Accounts receivables increased in S/ 26.5 million (2%) due to longer payment terms requested in sales to some mining clients, which led to an increment in the average collection days.
- ii) Fixed assets that rose by S/ 28.3 million (1.9%) as a result of investments in infrastructure within the facilities master plan in order to better serve our customers and keep our world-class service.
- iii) Intangible assets increased in S/ 13 million led by investments on IT, basically for the ERP SAP implementation that will allow an improvement on the management of the different processes of the subsidiaries.
- iv) On the other hand, the inventory reduced by S/ 14 million compared to March 2016.

Financial liabilities amounted to S/ 1,715.1 million (US\$528 million) as of March 2017, and dropped by 2.2% compared to financial liabilities of S/ 1,753.8 million recorded during the same period last year. The percentage of financial liabilities corresponding to short-term debt and the current portion of the long term debt is 48% (S/. 816.9 million), while (S/. 898.2 million) is long-term debt.

Given the context of low interest rates, the corporation kept the strategy to maintain large part of the debt in the short term; however, some of it will be refinanced during the year according to the needs for which Ferreycorp counts with available credit lines.

It is important to recall that financial expenses decreased by 33.4% from S/ 30.6 million during the 1Q2016 to S/ 22 million as of March this year, as a result of the reduction in the average cost of debt, which as of 1Q2017 reached 3.99% and dropped by 66bps from the average cost of debt during the same period last year. This result was achieved taking advantage from our diversified sources of financing.

Below is the maturity structure of the consolidated liabilities, which is 78.1% in dollars. The nuevos soles and other currency debt belong to subsidiaries that have a percentage of their income in local currency or whose legislation does not allow it to maintain accounts receivable in dollars (Trex Chile). Likewise, 98.35% of total debt has been contracted at fixed rate, which cover us from interest rates risks.

Maturity Structure of Liabilities (US\$ thousand)

Gross debt by rate

Gross debt by currency

Investment in Fixed Assets (CAPEX)

In million soles	As of Mar2017	As of Mar2016
Infraestructure (1)	20.0	15.9
Machinery and equipment	7.4	4.0
Rental fleet	9.8	22.3
Other (2)	2.9	1.8
Total S/.	40.1	43.9
Total US\$	12.3	13.2

Note: In the Financial Statements reported to the Superintendencia del Mercado de Valores (Superintendency of Securities Market. SMV, in Spanish), the items above have the following nomenclature:

- (1) Buildings and other constructions
- (2) Transport units, furniture and appliances

Las inversiones de capital (Capex) al 31 de marzo del 2017 ascendieron a S/ 40.1 millones (US\$ 12.3 millones), menores respecto del mismo período del 2016 (S/43.9 millones, equivalentes a US\$ 13.2 millones). En el rubro de infraestructura se incluye, principalmente, de obras en curso que se vienen ejecutando en algunas subsidiarias.

Capital expenditures (CAPEX) as of March 31, 2017 amounted to S/. 40.1 million (US\$ 12.3 million), and showed a reduction if compared to the same period in 2016 (S/. 43.9 million or US\$ 13.2 million). Infrastructure includes mainly works in progress that are being executed in some subsidiaries.

4. FINANCIAL RATIOS

	As of Mar 17	dec-16	sep-16	jun-16	mar-16
Current ratio	1.50	1.62	1.59	1.51	1.66
Financial debt ratio	0.83	0.83	0.98	0.99	0.94
Indebtness ratio	1.57	1.48	1.62	1.67	1.78
Net debt / EBITDA ratio	2.97	2.86	2.76	2.56	2.25
Adjusted Net debt/ EBITDA ratio	2.08	2.05	2.00	1.86	2.01
Financial expenses coverage ratio	5.88	4.55	4.99	5.35	6.18
Assets turnover	0.97	1.00	1.06	1.12	1.16
Inventory turnover	2.83	2.81	2.86	2.77	2.81
ROE	11.9%	12.2%	11.8%	13.5%	13.2%
ROA	5.5%	6.3%	7.1%	7.7%	8.1%
ROIC	10.8%	11.9%	13.2%	14.3%	16.0%
Receivable days	73	67	72	62	56
Payable days	53	47	46	47	44
Cash cycle	148	148	152	145	140
Book value per share	1.89	1.97	1.76	1.71	1.68

Note: go to "Glossary of terms".

As you can see in the chart above, the current and indebtness ratios are within the appropriate levels. The adjusted debt to Ebitda ratio, considered in the international bond covenant shows a slightly deterioration due to the EBITDA variation, but still within the covenants limit.

GLOSSARY OF TERMS

1) **Current Ratio:**

Evaluates the liquidity of the company to face its short- term liabilities with its short-term assets. It is calculated as follows: Current Assets / Current Liabilities.

2) **Equity debt**

Evaluates the company's level of debt. It shows the proportions of debt and capital that a company uses. It is calculated as follows: Total Liabilities / Total Equity

3) **Indebtedness Ratio:**

Indicates which assets of the company have been financed with debt, either short or long term. It is calculated as follows : Total Assets / Total Liabilities.

4) **Adjusted Financial Debt / EBITDA Ratio**

This ratio shows how many years Ferreycorp would take in order to pay its debt excluding its short term debt related to inventories. It is calculated as follows: (Total Financial Debt – Short Term debt related to inventories acquisition) / EBITDA

5) **Financial expenses coverage**

Indicates how many times the profit generated by the operations of the company are able to cover their financial expenses for the period. It is calculated as follows: EBITDA / Financial expenses.

6) **Assets turnover**

Ratio used as a performance indicator to measure how the company is using its assets to generate income. It is calculated as follows: Sales / Average Assets

7) **Inventory turnover:**

Shows the efficiency of the company to manage its inventory. It measures the number of times inventory is sold and replaced within a period of time. It is calculated as follows: Cost of Goods Sold / Average Inventory.

8) **Return On Equity - ROE**

This ratio measures the corporation's profitability in a period by revealing how much profit is generated with shareholders' investments. It is calculated as follows: Net Income / Shareholder's Equity.

9) **Return On Assets - ROA**

Measures the profitability of the company in a period based on the total assets of the corporation. It is calculated as follows: (Operating profit x (1 -T)) / Average Assets.

10) **Return On Invested Capital - ROIC**

This ratio is used by the company in order to make investment decisions and allocate resources. It is calculated as follows: EBIT (last twelve months) / Average Invested Capital

11) **Receivable days**

Establish the approximate time (in days) it takes for a company to carry out the collection of accounts receivables. It is calculated as follows: $360 * \text{Sales} / \text{Average Accounts Receivable}$.

12) Payable days

Establish the approximate time (in days) it takes the business to pay its payable accounts. The ratio is calculated as follows: $360 * \text{Cost of Sales} / \text{Average Accounts Payable}$.

13) Cash cycle:

Is the difference between the operating cycle and payment cycle. It is a rough calculation that measures how long it takes the company to convert its cash resources. It is calculated as follows: $\text{Days of inventory} + \text{Accounts receivable days} - \text{Accounts payable days}$.

14) Book value per share:

It is the net value of equity divided by the number of shares issued by the company. The calculation is: $\text{Equity} / \text{Number of shares}$.

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 1

Income Statement (NOTE)

(\$/. In thousand soles)

	1Q 2017	%	1Q 2016	%	Var %
Net sales	1,099,318	100.0	1,384,964	100.0	-20.6
Cost of goods sold	-835,118	-76.0	-1,043,903	-75.4	-20.0
Gross profit	264,200	24.0	341,061	24.6	-22.5
Selling and administrative expenses	-184,482	-16.6	-204,481	-14.8	-10.8
Other income (expenses), net	1,419	0.1	7,245	0.5	-80.4
Operating profit	83,137	7.6	143,826	10.4	-42.2
Financial income	4,980	0.5	7,595	0.5	-34.4
Gain (loss) to exchange rate	21,937	2.0	8,885	0.6	146.9
Financial expenses	-20,401	-1.9	-30,636	-2.2	-33.4
Share in the net result os associated through the equity method	3,503	0.3	2,119	0.2	65.3
Profit before income tax	93,156	8.5	131,788	9.5	-29.3
Income tax	-30,746	-2.8	-48,221	-3.5	-36.2
Net profit	62,410	5.7	83,567	6.0	-25.3
Earnings per share	0.064		0.084		
EBITDA	120,009	10.9	186,937	13.5	-35.8

NOTE: Some figures have been reclassified in this document to include the assignment in gross profit of purchase orders transferred by CAT to Ferreyros, as sales and cost of goods sold. This assignment was part of the purchase agreement of the former Bucyrus business acquired from Caterpillar. In the Income Statement presented to the SMV, the gross profit obtained from such operations is included in the operating profit.

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 2

Estate of Financial Position

(In million soles)

	As of 31-03-2017	As of 31-03-2016	Var % mar17/mar16
Cash and Banks	182,505	179,348	1.8
Account receivable - trade	1,071,158	1,045,898	2.4
Inventory	1,216,698	1,230,636	-1.1
Account receivable - other	171,200	163,020	5.0
Prepaid expenses	32,766	25,032	30.9
Current Assets	2,674,327	2,643,933	1.1
Long-term account receivables - trade	41,073	39,801	3.2
long-term account receivables - other	1,134	2,297	-50.6
Rental fleet	446,826	567,842	-21.3
Other fixed assets	1,633,285	1,472,524	10.9
	2,080,111	2,040,367	1.9
Accrued depreciation	-598,889	-587,421	2.0
Property, plant and equipment, net	1,481,222	1,452,946	1.9
Investment	82,430	95,662	-13.8
Intangible assets, net and goodwill	273,946	260,733	5.1
Deferred Income tax	192,225	180,045	6.8
Non Current Assets	2,072,030	2,031,484	2.0
Total Assets	4,746,357	4,675,417	1.5
Short term debt	177,194	165,500	7.1
Other current Liabilities	1,607,073	1,428,161	12.5
Currents Liabilities	1,784,267	1,593,661	12.0
Long term debt	898,232	1,243,787	-27.8
Other payables	2,075	386	437.6
Minority interest	3,725	-	
Deferred income tax	209,401	154,533	35.5
Total Liabilities	2,897,700	2,992,367	-3.2
Equity	1,848,657	1,683,050	9.8
Total Liabilities and equity	4,746,357	4,675,417	1.5
Other financial information			
Depreciation	27,580	31,704	
Amortization	4,312	16,143	

FERREYCORP S.A.A. AND SUBSIDIARIES
APPENDIX 3
NET SALES

(In million soles)

	1Q 2017	%	1Q 2016	%	Var %
Mining trucks and Caterpillar machines (GM)	22,591	2.1	314,935	22.7	-92.8
Caterpillar machines and engines for other sectors (NGM)	167,365	15.2	191,670	13.8	-12.7
Allied equipment	148,615	13.5	121,080	8.7	22.7
Rental and used	103,837	9.4	88,206	6.4	17.7
Spare parts and services	551,545	50.2	559,039	40.4	-1.3
Other lines	105,365	9.6	110,033	7.9	-4.3
TOTAL	1,099,318	100.0	1,384,964	100.0	-20.6

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 4

Total Liabilities as of March 2017

(in thousand US\$ dollars)

	Total Liabilities	Current Liabilities	Long term liabilities		(A) Financial Liabilities
			Current	Long term	
Local banks (short term)	172,783	172,783	-	-	172,783
Foreign banks (short term)	6,384	6,384	-	-	6,384
Local banks (long term)	81,089	-	33,037	48,053	81,089
Foreign banks (long term)	16,227	-	8,918	7,309	16,227
Local and foreign banks (long term lease)	2,304	-	1,055	1,249	2,304
Suppliers:					
Accounts payable to Caterpillar (invent)	48,999	48,999	-	-	-
Accounts payable to Caterpillar	15,992	15,992	-	-	15,992
Others	86,720	86,720	-	-	1,719
Corporate bonds	160,988	-	-	160,988	160,988
Caterpillar Financial	66,180	-	9,391	56,789	66,180
Other Liabilities	234,208	163,758	2,138	68,312	4,214
Total (US\$)	891,874	494,637	54,538	342,700	527,881
Total (S/.)	2,897,700	1,607,073	177,194	1,113,433	1,715,084

FERREYCORP S.A.A. AND SUBSIDIARIES
APPENDIX 5
Cashflow Statement

(In thousand of nuevos soles)

	As of March 2017
Cash flow form operating activities	
Collection to customers and third parties	1,160,747
Payment to suppliers	-895,658
Payment to employees and others	-95,346
Payment of taxes and income tax	-22,950
Net cash provided by operating activities	146,793
Cash flow from investing activities	
Acquisition of property, plant and equipment	-39,907
Share repurchase	8,266
Intangible acquisitions	-10,352
Net cash used in investing activities	-41,993
Cash flow from financing activities	
Financial liabilities	315,584
Payment of financial liabilities	-349,547
Interests payed	-19,817
Minority interests (Fiansa)	204
Net cash provided by financing activities	-53,576
Cash increase, net	51,224
Cash at the begining of the year	128,982
Result due traslation	-3,718
Cash due to exchange rate variation	6,017
Cash at the end of the year	182,505