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

### Third Quarter 2015

**Lima, October 28, 2015.** Ferreycorp S.A.A. and subsidiaries (BVL: FERREYC1), a leading corporation in the capital goods sector and complementary services, with presence in Peru, Chile, Guatemala, El Salvador, Nicaragua and Belize, announces consolidated results for the third quarter 2015. The consolidated financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in nuevos soles.

#### MAIN HIGHLIGHTS

- During the third quarter, consolidated sales amounted to S/. 1,398 million, showing a 19% increase if compared to same period last year (S/. 1,177 million). In this first nine month period, total sales reached S/. 4,060 million, 10% higher compared to first nine month period in 2014 (S/. 3,677 million), mainly as a result of large mining equipment deliveries to mining companies in expansion stage.
- In the same way, gross profit in 3Q 2015 increased by 19% to S/. 332 million, meanwhile gross margin reached to 23.7%. Accumulated gross profit as of September 2015 reached S/. 950 million, 13% higher than same period last year and gross margin increased to 23.4% from 22.8% in 2014.

- During the third quarter 2015, EBITDA reached S/. 178 million, 46% higher if compared to S/. 122 million reported in the third quarter 2014, as a result of greater sales, better margin and controlled expenses. For the nine month period ended on September 30, 2015 EBITDA grew by 23%. EBITDA margin of 3Q 2015 was 12.8%, higher if compared to 10.4% reported in 3Q 2014 and superior to the EBITDA margin reached during the first nine month period 2015 (12.0%)
- In the third quarter 2015, operating profit grew by 73% as a result of greater gross margin explained in part by the recovery of exchange loss registered during 2014 and 2015 and due to a permanent expenses control. As of September 2015, operating profit increased 38%. Operating margin reached to 9.2% in the 3Q 2015 compared to 6.3% in 3Q 2014, as a result of lower operating expenses as a percentage of total sales (14.8% in 3Q 2015 compared to 15.4% in 2Q 2015 and 17.6% in 3Q 2014). In the accumulated results as of September 2015, operating margin reached to 8.7% compared to 7.0% as of September 2014.
- Consolidated net profit reached S/. 54 million in 3Q 2015, showing an important increase if compared to 3Q 2014 (S/. 1 million), as a result of higher operating profit and lesser foreign exchange loss of S/. -19 million during 3Q 2015 if compared to S/-.51 million foreign exchange loss in 3Q 2014. For the nine months ended September 30, 2015 net profit reached S/. 123 million compared to S/. 97 million during the same period in 2014, as a result of the positive trend showed by net profit since the first quarter of the year 2015. (1Q: S/. 31 million, 2Q: S/. 38 million and 3Q: S/. 54 million).
- EPS in the 3Q 2015 reached to S/. 0.054 per share from S/. 0.001 per share in 3Q 2014 as a result of an increase in net profit. EPS as of September 2015 reached S/. 0.123 per share compared to S/. 0.096 per share as of September 2014.
- Third quarter 2015 EBITDA per share rose from S/. 0.122 per share in 3Q 2014 to S/. 0.178 per share, also higher if compared to S/. 0.152 in 1Q 2015 and S/. 0.155 in 2Q 2015. As of September 2015, EBITDA per share reached S/. 0.485 per share compared to S/. 0.395 the same period last year.
- Third quarter 2015 Free cash flow was S/. 48.3 million mainly due to a reduction in inventory. As of September 2015, Free Cash Flow reached S/. -5.4 million affected by the strategic acquisition of a piece of land during the first quarter this year and the increase of accounts receivables as a result of mining equipment that was invoiced to a mining customer and already collected.

**FINANCIAL RESULTS**

	3Q15	3Q14	%Var.	As of Sept 15	As of Sept 14	%Var.
Net sales US\$ (million)	435	417	4.3%	1,292	1,309	-1.3%
Net sales S/.	1,398	1,177	18.8%	4,060	3,677	10.4%
Gross profit S/.	332	279	18.8%	950	838	13.3%
Operating profit S/.	128	74	72.7%	353	256	37.8%
Financial expenses S/.	(26)	(24)	7.6%	(78)	(74)	5.1%
Gain (loss) to exchange rate S/.	(19)	(51)	-62.1%	(98)	(52)	86.9%
Net profit S/.	54	1	5640.6%	123	97	27.3%
EBITDA S/.	178	122	45.6%	487	396	23.0%
EPS	0.054	0.001	5640.6%	0.123	0.096	28.7%
Free cash flow	48	80	-40.0%	(5)	282	
Gross margin	23.7%	23.7%		23.4%	22.8%	
Operating margin	9.2%	6.3%		8.7%	7.0%	
Net margin	3.9%	0.1%		3.0%	2.6%	
EBITDA margin	12.8%	10.4%		12.0%	10.8%	
Leverage ratio				1.28	1.08	
Net debt / EBITDA				3.48	3.23	

**MAIN HIGHLIGHTS****Share repurchase program**

So far this year Ferreycorp has repurchased 11.9 million shares, amount that represents approximately 1% of total shares. Since the share repurchase program was announced on August 27, 2015 until September 30, 2015 the share price has recovered in 8%, from S/. 1.16 to S/. 1.25.

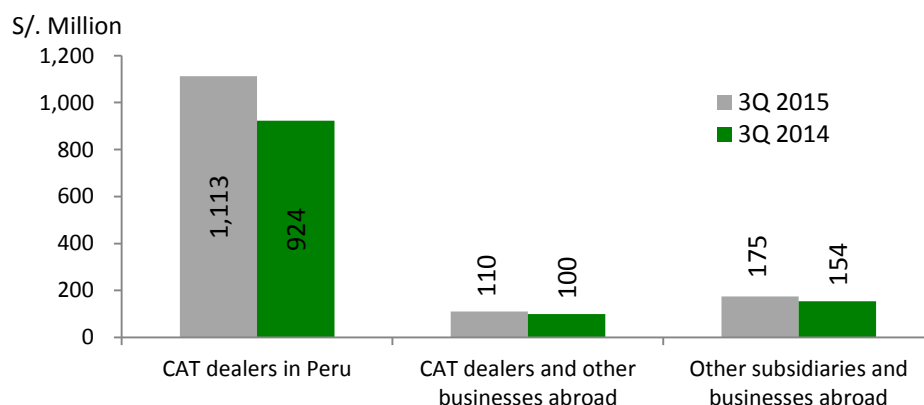
The company is also analyzing the recently regulated scheme of market maker in order to improve the share liquidity and contribute to keep Peru as Emerging Market.

**Ferreycorp: Best Corporate Governance in South America, in its category**

Ferreycorp was recently recognized by the magazine Ethical Boardroom with "Best Corporate Governance Award", in the category Industrial Services in South America. This award recognizes companies with high corporate governance standards that ensure a long-term value for all its stakeholders

## COMMERCAIL MANAGEMENT

### SALES BREAKDOWN ACCORDING TO CORPORATE ORGANIZATION



Consolidated sales of Ferreycorp S.A.A. and its subsidiaries in Peru, Chile, Guatemala, El Salvador, Nicaragua and Belize, amounted to S/. 1,398 million during the third quarter of 2015, showing an increase of 18.8% compared to the third quarter of 2014. In dollars, sales increased in 4.3% from US\$ 417 million to US\$ 435 million, explained by a lower average exchange rate in 2014 (S/. 2.822) compared to 2015 (S/. 3.215).

It is worth recalling that Ferreycorp divide its companies in three main groups: Subsidiaries which are Caterpillar dealers and represent allied brands in Peru (Ferreyros, Unimaq, Orvisa and Ferrenergy); subsidiaries which are Caterpillar dealers and have other businesses abroad (Gentrac, Cogesa, Transpesa and Mercalsa); and the ones aimed to offer capital goods and services other than Caterpillar to different economic sectors in Peru and abroad (Motored, Fiansa, Fargoline, Mega Representaciones, Cresko, Forbis Logistics, Sitech and Trex). Sales composition in the third quarter of 2015 showed no substantial variation compared to the same period in 2014.

Sales (S/. million)	3Q2015	%	3Q2014	%	Var %
CAT dealers in Peru	1,113	79.6	924	78.5	20.5
CAT dealers and other businesses abroad	110	7.9	100	8.5	10.2
Other subsidiaries and businesses abroad	175	12.5	154	13.1	14.0
<b>TOTAL</b>	<b>1,398</b>	<b>100.0</b>	<b>1,177</b>	<b>100.0</b>	<b>18.8</b>

According to the sales breakdown by group of companies, during the third quarter 2015 the three groups showed an increase in their sales. **Caterpillar dealers in Peru** increased their sales by 20.5% if compared with the same period 2014, which was primarily led by Ferreyros as the result of higher sales to large mining customers. With these deliveries, the corporation continues to increase the Caterpillar machinery population that will require in the near future spare parts and services.

**Caterpillar dealers in Central America and other businesses abroad** reported during these period sales that increased 10.2% if compared to 2014, in part as a result of higher sales in some business lines and due to the incorporation of the recently acquired company in El Salvador (Transportes Pesados S.A. de CV – Transpesa) which is part of Ferreycorp since July 2015.

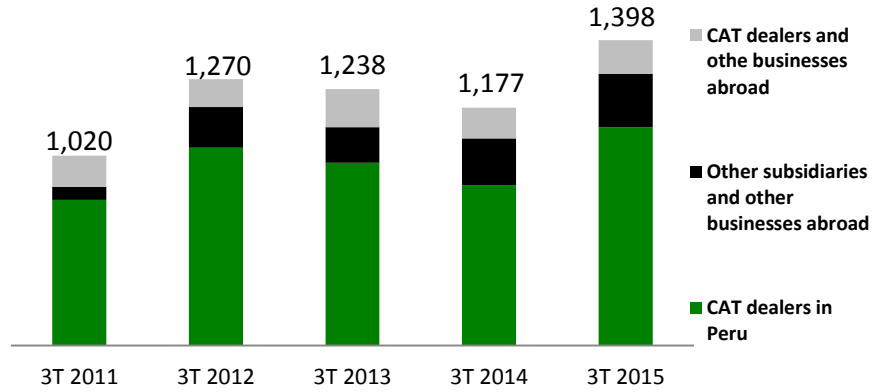
Finally, sales of **other subsidiaries aimed to offer capital goods and services other than Caterpillar to different economic sectors in Peru and abroad**, increased in 14.0%. This variation includes higher sales of the Chilean subsidiary TREX and Motored.

This reflects the diversification strategy adopted by the corporation, in selling various product lines, with attention to different economic sectors and presence and coverage in different countries. Thus, in a given situation it is possible to compensate the less favorable results in a business line with positive results from other lines.

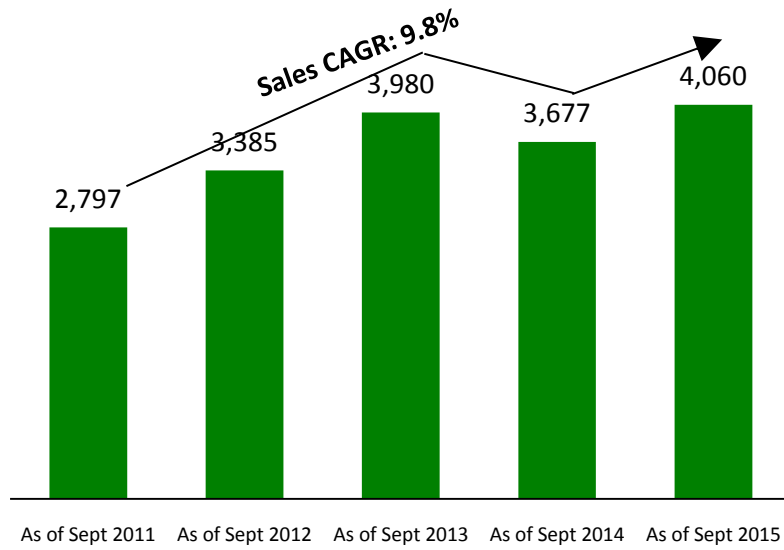
Sales	3Q2015	%	3Q2014	%	VAR %
(S/. Million)					
Ferreyros	919	65.8%	724	61.5%	26.9%
Unimaq	148	10.6%	139	11.8%	6.6%
Orvisa	46	3.3%	61	5.2%	-24.3%
<b>CAT dealers in Peru</b>	<b>1,113</b>	<b>79.6%</b>	<b>924</b>	<b>78.5%</b>	<b>20.5%</b>
<b>CAT dealers and other businesses abroad</b>	<b>110</b>	<b>7.9%</b>	<b>100</b>	<b>8.5%</b>	<b>10.2%</b>
Motored	66	4.7%	44	3.8%	49.7%
Mega Representaciones	49	3.5%	47	4.0%	3.6%
Trex	33	2.4%	22	1.9%	48.2%
Others (Fargoline, Cresko, Fiansa, etc )	27	1.9%	40	3.4%	-32.5%
<b>Other subsidiaries and businesses abroad</b>	<b>175</b>	<b>12.5%</b>	<b>154</b>	<b>13.1%</b>	<b>14.0%</b>
<b>TOTAL</b>	<b>1,398</b>	<b>100.0%</b>	<b>1,177</b>	<b>100.0%</b>	<b>18.8%</b>

In the following chart we present the sales evolution of the last five years (third quarter of each year) where you may notice that sales of 3Q 2015 has been the highest.

**Sales (S/. million)**

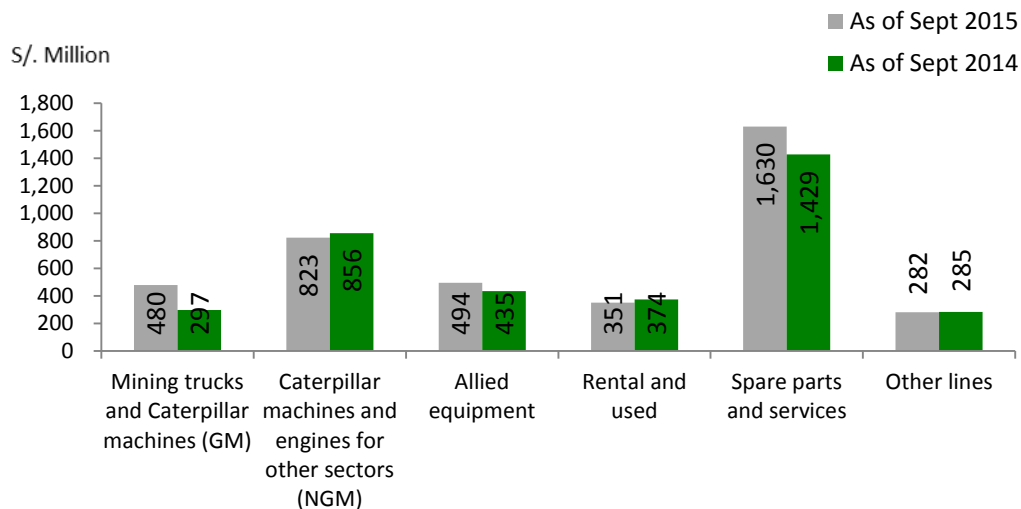
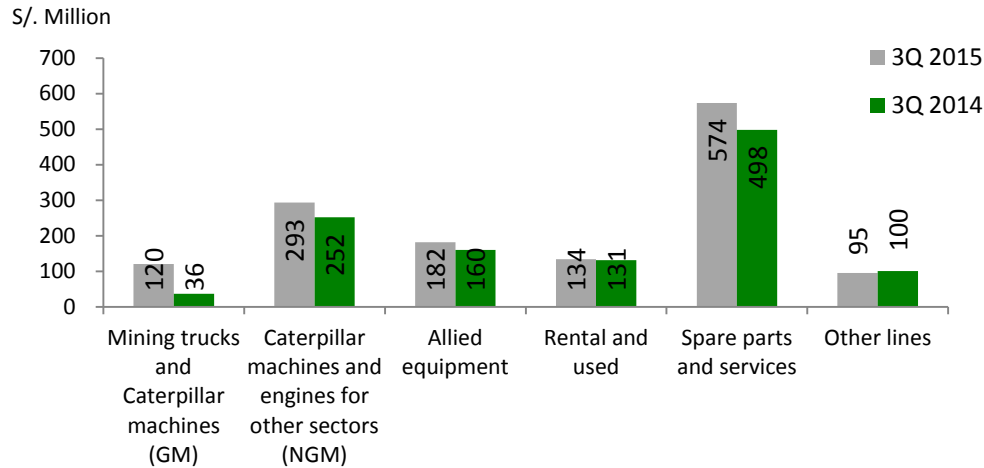


**Sales (S/. million)**



The chart above shows accumulated sales of the first nine month period of each year. As of September 2015, sales reached to S/. 4 billion soles, slightly higher than 2013.

**SALES BREAKDOWN BY BUSINESS LINE**



When analyzing the results by business line during the third quarter, we should highlight the increase of more than 200% related to Caterpillar equipment sales to large mining customers, mainly led by the delivery of 9 mining trucks to mining customers which projects are in expansion stage.

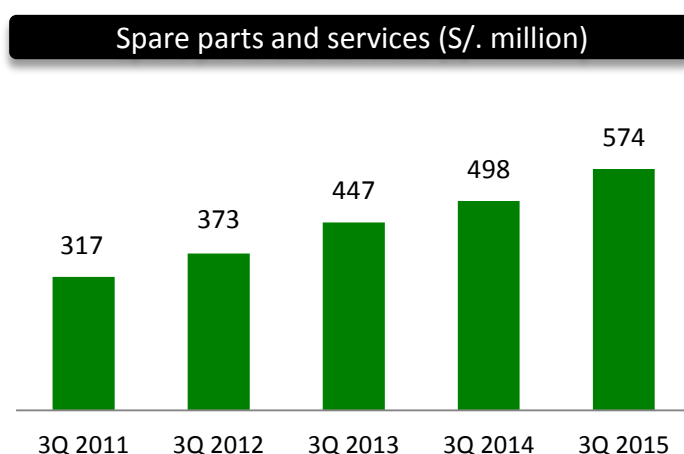
In the same way, the sale of Caterpillar machines to customers from other economic sectors, which represent 21% of total sales, increased by 16% mainly due to sales to customers from energy and construction sectors. As a result of these sales, Ferreyros increases its market share through higher imports of Caterpillar machinery. In construction, the Caterpillar market share reached to approximately 70% while in open pit mining the market share was near 60% as of September.

Other lines, with smaller share in total sales, also contributed to the corporation sales and showed important increases such as allied equipment, which rose by 14% basically due to the incorporation of Trex that provided S/. 33 million to total sales during the quarter. Trex has its main operations in Chile and represents Terex cranes, also represented by Ferreyros in Peru.



Other lines sales kept similar to 3Q2014 sales. Logistic services, safety equipment and tires rose by 31%, 29% and 23%, respectively.

Regarding the aftermarket revenues, spare parts and services sales continued to showed an increase of 15% over the same period in 2014, driven by machinery population sold in recent years in countries where Ferreycorp has presence, where its Caterpillar dealers keep a high market share. During 2015, the population of Caterpillar machinery has increased due to the delivery of equipment fleets to customers, which will require greater amounts of spare parts and services. This dynamic allows the sustainability of the business model.



It is important to notice that sales of spare parts and services continue to represent 41% of total sales, being the business line that generates higher margins, to cover distribution costs, and generate more EBITDA to the corporation.

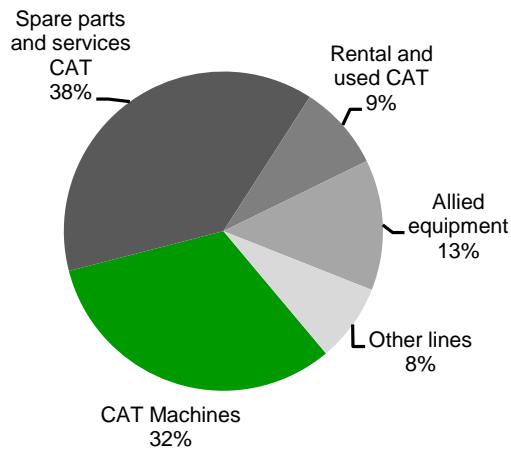
The after-market provided by Ferreycorp to its customers is characterized by high quality standards. It is well known that one of the main characteristics of the corporation is its high-quality after-market service, for which it makes important investments in inventories of spare parts and components as well as in modernizing its workshops and selecting and training its technicians

**Sales**  
(\$/ million)

	3Q2015	%	3Q2014	%	Var %	As of Sept 2015	%	As of Sept 2014	%	Var %
Mining trucks and Caterpillar machines (GM)	120	8.6	36	3.1	232.1	480	11.8	297	8.1	61.5
Caterpillar machines and engines for other sectors (NGM)	293	21.0	252	21.4	16.2	823	20.3	856	23.3	-3.9
Allied equipment	182	13.0	160	13.6	14.1	494	12.2	435	11.8	13.5
Rental and used	134	9.6	131	11.1	2.2	351	8.7	374	10.2	-6.2
Spare parts and services	574	41.1	498	42.3	15.3	1,630	40.1	1,429	38.9	14.0
Other lines	95	6.8	100	8.5	-5.6	282	6.9	285	7.7	-1.1
<b>TOTAL</b>	<b>1,398</b>	<b>100.0</b>	<b>1,177</b>	<b>100.0</b>	<b>18.8</b>	<b>4,060</b>	<b>100.0</b>	<b>3,677</b>	<b>100.0</b>	<b>10.4</b>

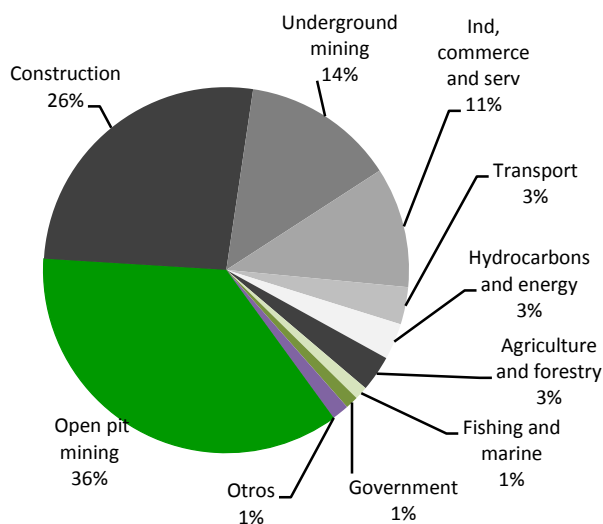
As of September 30, 2015 sales from the Caterpillar line accounted for 79% of total income, including machinery and equipment (new, used and rental units) as well as spare parts and services.

**Sales by business line as of September 2015**



**SALES BREAKDOWN BY ECONOMIC SECTORS**

Regarding sales distribution by economic sector, sales to the open pit mining and construction sectors as of September 30, 2015 continued to record the largest sales volume, with shares of 36% and 26% of total sales, respectively. As of September 30, 2014 open pit mining sales represented 26% of total sales, an increase of 10 points as a result of higher sales to mining customers as explained before.



## ANALYSIS OF FINANCIAL INFORMATION

### Sales

Million of nuevos soles	3Q15	3Q14	%Var.	As of Sept 2015	As of Sept 2014	%Var.
Sales	1,397.8	1,176.8	18.8	4,059.9	3,676.6	10.4

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

### Gross profit

Million of nuevos soles	3Q15	3Q14	%Var.	As of Sept 2015	As of Sept 2014	%Var.
Gross profit	331.9	279.4	18.8	949.6	838.4	13.3

During the third quarter 2015 gross profit increased from the amount obtained in the same period 2014. In percentage terms, gross margin reached to 23.7%. This result is explained by:

- Sales mix: increase of mining machinery sales, which have lower margin than other business lines. Large mining equipment sales share in total sales was 8.6% in 3Q 2015 compared to 3.1% in 3Q 2014, a 232% increase.
- These higher revenues has its counterpart in a lower gross margin, which partly offset the positive effect of the exchange loss recovery of S/. 24 million in 3Q 2015. During the third quarter the average exchange rate was S/. 3.142, while in 3Q 2014 the average exchange rate was S/. 2.809 which represents a variation of 11.9%. As of September 2015 the exchange loss recovery is S/. 104 million.

### Selling and Administrative Expenses

Million of nuevos soles	3Q15	3Q14	%Var.	As of Sept 2015	As of Sept 2014	%Var.
Selling and admin expenses	207.2	206.7	0.2	606.1	590.2	2.7

Selling and administrative expenses kept stable compared to third quarter 2014, despite sales increase. In that sense, selling and administrative expenses accounted for 14.8% of total sales in the third quarter of 2015, lower if compared to 17.6% in the third quarter of 2014 and 15.4% in the second quarter of 2015.

### Financial Expenses

Million of nuevos soles	3Q15	3Q14	%Var.	As of Sept 2015	As of Sept 2014	%Var.
Financial expenses	25.9	24.1	7.6	78.1	74.3	5.1

Financial expenses for the third quarter of 2015 showed a variation of 7.6% compared to the third quarter of 2014. The increase in the financial expenses in functional currency is explained by higher exchange rate used to the accounting registration (As of September 2015: S/. 78.1 million; As of September 2014: S/. 74.3 million).

### Foreign Exchange Gain/ Loss

Million of nuevos soles	3Q15	3Q14	%Var.	As of Sept 2015	As of Sept 2014	%Var.
Foreign Exchange Gain/ Loss	-19.2	-50.8		-97.5	-52.2	86.9

The exchange loss in 3Q 2015 was produced by a devaluation of the sol against the dollar of 1.38% compared to 3.43% sol devaluation in the 3Q 2014.

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). The net currency position is widely covered by inventories, which are recorded in US dollars but registered in the balance sheet using the exchange rate at the date of acquisition. As of September 30, 2015 the inventory was registered at an average exchange rate of S/. 3.084 while liabilities were registered at an exchange rate of S/. 3.223. The difference generated a reserve in inventory of S/. 59 million that will be recover in the upcoming months when these inventories are invoiced at a higher exchange rate to which they were registered when they were acquired.

As of September 30, 2015 the company recorded an exchange loss of S/. - 98 million, higher than exchange loss of S/. - 52 million as of September 2014, both result in S/. 149 million exchange loss. We estimate that the corporation has already recover S/. 104 million. However, it is noteworthy that during this quarter the exchange loss was substantially less than in the same period of 2014.

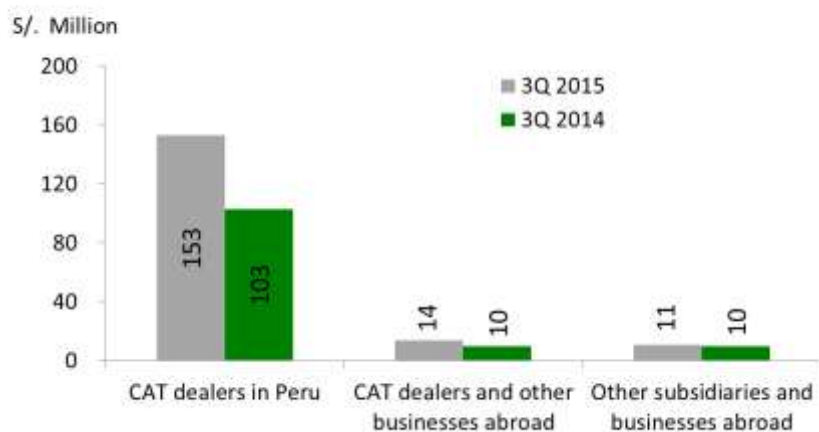
### Net Profit

Million of nuevos soles	3Q15	3Q14	%Var.	As of Sept 2015	As of Sept 2014	%Var.
Net Profit	54.5	0.9	5640.4	123.4	96.9	27.3

As explained above, net profit has been showing a positive trend during the year and in the third quarter reached to S/. 54.5 million, compared to S/. 0.9 million in 3Q 2014. This is the result of higher sales, increase in gross profit and expenses control, that allowed to show better operating results and also off-set the exchange loss effect.

**EBITDA**

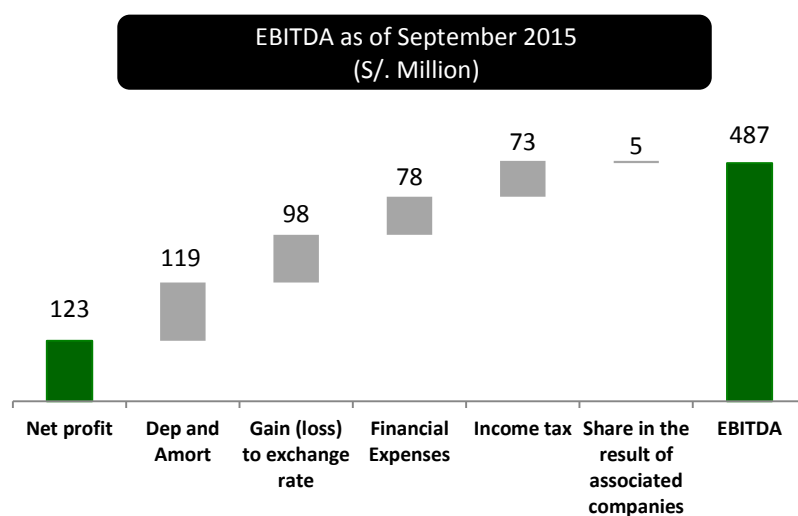
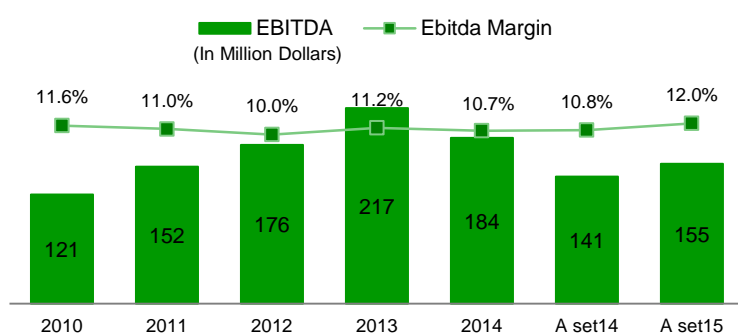
Million of nuevos soles	3Q15	3Q14	%Var.	As of Sept 2015	As of Sept 2014	%Var.
EBITDA	178.3	122.5	45.6	486.6	395.8	23.0



86% of the corporation’s EBITDA is generated by Caterpillar dealers and allied brands in Peru (Ferreyros, Unimaq, Orvisa and Ferrenergy), which are the businesses contributing more to sales and profit in the corporation. On the other hand, 8% of EBITDA is generated by Caterpillar dealers and other businesses abroad, while 6% comes from local and foreign subsidiaries aimed to offer capital goods and services for the different economic sectors, in accordance with sales distribution.

	2015			2014		
	3Q	2Q	1Q	3Q	2Q	1Q
<b>EBITDA (S/. Million)</b>						
Consolidated	178.3	155.8	152.5	122.5	129.0	144.2
CAT dealers in Perú	153.3	129.9	124.2	102.8	108.5	121.9
CaT dealers and other businesses abroad	13.5	14.6	15.7	9.8	13.8	11.3
Other subsidiaries and businesses abroad	11.5	11.3	12.5	9.8	6.7	11.0
<b>EBITDA Margin</b>						
Consolidated	12.8%	11.7%	11.4%	10.4%	10.1%	11.7%
CAT dealers in Perú	13.8%	12.5%	11.7%	11.1%	10.8%	12.7%
CaT dealers and other businesses abroad	12.3%	11.4%	10.7%	9.9%	10.6%	9.3%
Other subsidiaries and businesses abroad	6.6%	7.4%	9.2%	6.4%	5.0%	7.5%

The third quarter 2015 EBITDA reached to S/. 178 million compared to S/. 122 million reported in the third quarter of 2014, a 45.6% increase primarily due to the improvement of the operating profit. In foreign currency, the increase equals to 27.8%, from US\$ 43 million in the 3Q14 to US\$ 56 million in the 3Q15. EBITDA margin rose from 10.4% in 3Q14 to 12.8% in 3Q15.



**ANALYSIS OF CONSOLIDATED FINANCIAL INFORMATION**

As shown in Appendix 2, total assets as of September 30, 2015 amounted to S/. 4,771.9 million, compared to S/. 4,470.5 million as of September 30, 2014, representing an increase of S/. 301.4 million (6.7%). This variation was primarily due to an increase of S/. 309.5 million in accounts receivables (in US\$ dollars increased by US\$ 66 million) primarily due to the invoicing of large mining equipment. It is important to recall that this amount was collected during the first days of October.

Financial liabilities as of September 30, 2015 amounted to S/. 2,081.1 million or US\$ 646 million, which represent an increase of 13.3% in soles and of 1.7% in dollars if compared to the debt of S/. 1,836.7 million or US\$ 635 million as of September 30, 2014. Nevertheless, it is important to recall that the corporation has been able to reduce financial liabilities in US\$ 14 million since last results reported on June 2015.

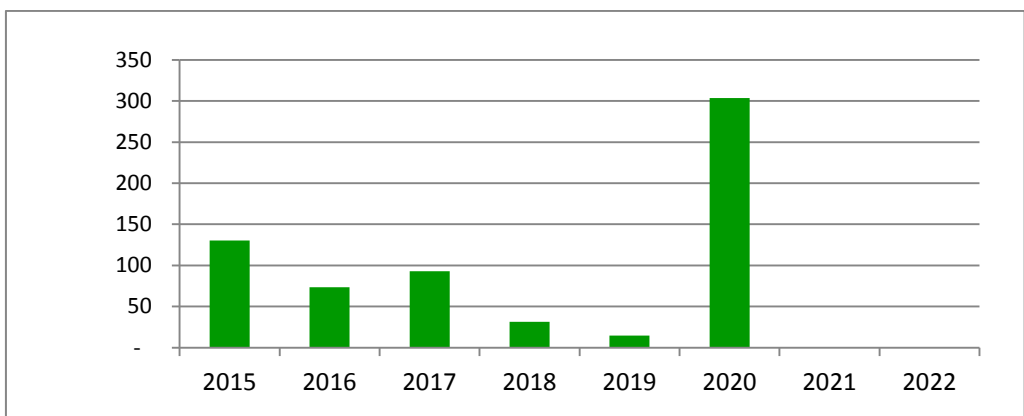
In this way, the shares repurchase has been done with free cash flow since its announcement on August, which has allowed no impact in total debt.

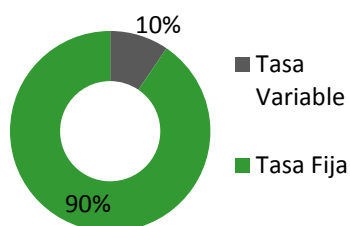
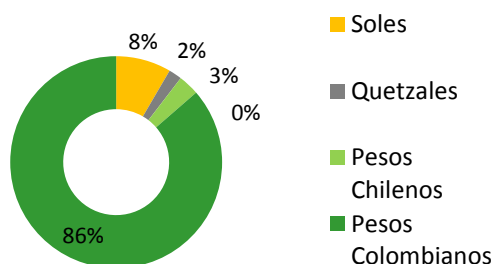
The percentage of financial liabilities corresponding to short-term debt is 29.9% (S/. 621.7 million), while (S/. 1,459.4 million) is long-term debt.

The debt that matures in 2015 is US\$ 130 million. The corporation has followed a short term financing strategy in order to make more flexible the debt and take advantage of better market conditions, in Perú and abroad. This strategy allows the corporation to improve the interest rates and reduce the effect in the financial expenses. These credits will be canceled with the corporation resources and with available credit lines in the capital market, local and foreign banks, Caterpillar Financial Services and the line for inventory financing from Caterpillar.

Below is the maturity structure of the consolidated liabilities, which is 86% in dollars. The nuevos soles debt belongs to subsidiaries that have a percentage of their income in nuevos soles. 90% of total debt has been contracted at fixed rate, which cover us from possible increases in interest rates.

**Maturity Structure of Liabilities (US\$ MM)**



**Gross debt by rate**

**Gross debt by currency**

**Investment in Fixed Assets (CAPEX)**

In million soles	As of set 2015	As of set 2014	As of set 2013	As of set 2012
Infrastructure (1)	80.0	34.6	23.2	36.4
Machinery and equipment	(0.6)	38.6	30.2	47.7
Rental fleet	(28.7)	(11.1)	45.6	99.0
Other (2)	8.2	15.2	9.5	9.9
Total S/.	58.9	77.3	108.6	193.0
Total US\$	18.2	26.7	39.0	74.3

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

Capital expenditures (CAPEX) as of September 30, 2015 amounted S/. 58.9 million (US\$ 18 million), 24% lower if compared to the same period in 2014 (S/. 77.3 million or US\$ 27 million). The amount is divided as follows: 136% on infrastructure, -1% on machinery and equipment, 14% on other items and -49% (net) in rental fleet.

This reduction on capital expenditures shows the effort made by the corporation to increase free cash flow, showing flexibility in this type of investments in order to adapt to the slower growth of the country.



**RESULTS ANALYSIS ACCORDING TO CORPORATE ORGANIZATION**

The detail of sales according to group of companies and the lines of business are as follows:

<b>Sales 3Q 2015</b>	<b>CAT dealers in Peru</b>	<b>CAT dealers and other businesses abroad</b>	<b>Other subsidiaries and businesses abroad</b>	<b>Consolidated</b>	<b>%</b>
(S/. million)					
Mining trucks and Caterpillar Machines (GM)	120	0	0	120	9
Caterpillar machines and engines for other sectors (NGM)	277	16	0	293	21
Allied equipment	95	3	85	182	13
Rental and used	119	11	3	134	10
Spare parts and services	502	47	25	574	41
Other lines	0	33	62	95	7
<b>TOTAL</b>	<b>1,113</b>	<b>110</b>	<b>175</b>	<b>1,398</b>	<b>100</b>
<b>% Share</b>	<b>79.6%</b>	<b>7.9%</b>	<b>12.5%</b>	<b>100.0%</b>	

<b>Sales 3Q 2014</b>	<b>CAT dealers in Peru</b>	<b>CAT dealers and other businesses abroad</b>	<b>Other subsidiaries and businesses abroad</b>	<b>Consolidated</b>	<b>%</b>
(S/. million)					
Mining trucks and Caterpillar Machines (GM)	36	0	0	36	3
Caterpillar machines and engines for other sectors (NGM)	229	25	0	254	22
Allied equipment	100	4	55	160	14
Rental and used	118	11	2	131	11
Spare parts and services	441	34	24	498	42
Other lines	0	26	73	98	8
<b>TOTAL</b>	<b>924</b>	<b>100</b>	<b>154</b>	<b>1,177</b>	<b>100</b>
<b>% Share</b>	<b>78.6%</b>	<b>8.5%</b>	<b>13.1%</b>	<b>100.0%</b>	

**Sales as of September 2015**

(\$/. million)

	CAT dealers in Peru	CAT dealers and other businesses abroad	Other subsidiaries and businesses abroad	Consolidated	%
Mining trucks and Caterpillar Machines (GM)	480	0	0	480	12
Caterpillar machines and engines for other sectors (NGM)	715	108	0	823	20
Allied equipment	294	9	192	494	12
Rental and used	288	56	8	351	9
Spare parts and services	1,433	119	78	1,630	40
Other lines	0	93	189	282	7
<b>TOTAL</b>	<b>3,209</b>	<b>385</b>	<b>466</b>	<b>4,060</b>	<b>100</b>
<b>% Share</b>	<b>79.1%</b>	<b>9.5%</b>	<b>11.5%</b>	<b>100.0%</b>	

**Sales as of September 2014**

(\$/. million)

	CAT dealers in Peru	CAT dealers and other businesses abroad	Other subsidiaries and businesses abroad	Consolidated	%
Mining trucks and Caterpillar Machines (GM)	297	0	0	297	8
Caterpillar machines and engines for other sectors (NGM)	738	119	0	856	23
Allied equipment	264	9	162	435	12
Rental and used	330	43	2	374	10
Spare parts and services	1,265	99	66	1,429	39
Other lines	0	82	202	285	8
<b>TOTAL</b>	<b>2,894</b>	<b>352</b>	<b>431</b>	<b>3,677</b>	<b>100</b>
<b>% Share</b>	<b>78.7%</b>	<b>9.6%</b>	<b>11.7%</b>	<b>100.0%</b>	

**CAT dealers in Perú**

The Caterpillar dealers in Perú consist of the following subsidiaries: Ferreyros, Unimaq, Orvisa and Ferrenergy. The main economic sectors attended by these subsidiaries are mining and construction.

(\$/. Thousand)

	Quarterly Results		Accumulated Results	
	3Q 2015	3Q 2014	As of Sept 15	As of Sept 14
<b>Sales</b>	1,112,847	924,412	3,209,358	2,893,806
<b>Gross profit</b>	269,784	221,035	761,377	665,777
<b>Gross margin</b>	24%	24%	24%	23%
<b>Operating expenses</b>	155,418	157,353	452,901	447,568
<b>Operating margin</b>	10%	7%	10%	8%
<b>Dep. and amort</b>	32,151	34,982	83,805	100,366
<b>EBITDA</b>	153,323	102,849	407,435	333,260
<b>EBITDA margin</b>	14%	11%	13%	12%

### Caterpillar dealers in Central America and other businesses abroad

The Caterpillar dealers and other businesses abroad consist on the following subsidiaries: Genprac Guatemala, Genprac Belice, Cogesa (El Salvador), Mercalsa (Nicaragua), Transpesa (El Salvador) and Forbis Logistics (USA). The main economic sectors attended by these subsidiaries are construction, mining, commerce and services.

(S/. Thousand)	Quarterly Results		Accumulated Results	
	3Q 2015	3Q 2014	As of Sept 15	As of Sept 14
<b>Sales</b>	110,026	99,670	385,155	351,549
<b>Gross profit</b>	30,412	23,966	93,383	81,580
<b>Gross margin</b>	28%	24%	24%	23%
<b>Operating expenses</b>	23,434	18,384	67,793	60,068
<b>Operating margin</b>	6%	6%	7%	6%
<b>Dep. and amort</b>	4,952	4,184	16,371	11,589
<b>EBITDA</b>	13,544	9,830	43,873	34,928
<b>EBITDA margin</b>	12%	10%	11%	10%

### Other businesses in Peru and abroad

The subsidiaries aimed to other businesses in Perú and abroad are: Motored, Mega Representaciones, Fargoline, Trex (Chile), Cresko, Fiansa, Forbis Peru and Inmobiliaria CDR. The main economic sectors attended by these subsidiaries are: construction, mining, transport, industry, commerce and services.

(S/. Thousand)	Quarterly Results		Accumulated Results	
	3Q 2015	3Q 2014	As of Sept 15	As of Sept 14
<b>Sales</b>	174,914	153,757	466,374	431,235
<b>Gross profit</b>	31,696	34,364	94,848	91,067
<b>Gross margin</b>	18%	22%	20%	21%
<b>Operating expenses</b>	28,374	31,000	85,358	82,521
<b>Operating margin</b>	2%	2%	2%	2%
<b>Dep. and amort</b>	7,539	4,648	18,725	12,570
<b>EBITDA</b>	11,462	9,839	35,304	27,564
<b>EBITDA margin</b>	7%	6%	8%	6%

**FINANCIAL RATIOS**

	2015	2014
Current Ratio	1.86	1.90
Financial debt ratio (1)	1.28	1.08
Indebtedness ratio (2)	1.87	1.81
Net debt / EBITDA ratio (3)	3.48	3.23
Adjusted debt / EBITDA ratio (4)	2.72	2.96
Financial expenses coverage ratio (5)	6.23	5.33
Assets turnover	1.14	1.12
Inventory turnover	2.71	2.41
ROE	7.3%	8.5%
ROA	2.5%	2.9%
ROIC (6)	13.5%	8.1%
Receivable days	60	55
Payable days	43	43
Cash cycle	150	161
Book value per share	1.64	1.57

Nota: See description of each ratio in: "Glossary of terms".

- Both, ROE and ROA have declined over the same period last year, mainly affected by the exchange loss that impacted the corporation results in the last twelve months. The exchange loss was recorded more accented since the second semester 2014 (S/. 47 million in the fourth quarter 2014 and S/. 78 during the first semester 2015). It is important to recall that this ratios show an improvement during the year and the company expect them to continue with this positive trend.
- ROIC as September 2015 increased if compared to the same period last year, due the increase in financial debt, mainly impacted by the rise in the operating profit during the last twelve months (Operating profit rolling as of September 2015: US\$ 511 million; operating profit rolling as of September 2014: US\$ 267 million).

## GLOSSARY OF TERMS

### **1) Financial Net Debt**

This metric shows how the financial debt would be when subtracted from the company's more liquid assets. It is calculated as follows: Total Financial Debt – Cash and cash equivalents

### **2) Compound Annual Growth Rate (CAGR)**

It is the year-over-year growth rate of an investment over a specified period of time.

### **3) 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

### **4) Adjusted Financial Expenses Coverage Ratio**

Company's ability to meet its obligations derived from debt, excluding expenses related to the short term debt related to inventories. The ratio is calculated as follows: EBITDA / Financial Expenses – Financial Expenses related to short term debt related to inventories.

### **5) 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.

### **6) 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.

### **7) Earnings Before Interest, Taxes, Depreciation, and Amortization - EBITDA**

It is used to evaluate the company's financial performance in its operations. It is calculated as follows: Net Income (+/-) Financial Expenses (+/-) Gain (loss) to exchange rate (+/-) Income Tax (+/-) Share in Associated Companies + Depreciation + Amortization

### **8) Net Debt / EBITDA Ratio**

This ratio corresponds to interest-bearing liabilities, minus cash or cash equivalents, divided by its EBITDA (accumulated from last twelve months).

### 9) Free Cash Flow

It represents the available cash after the company fulfills with all operative necessities. It is calculated as follows: Operating Cash Flow – Financial Income – CAPEX (without considering transferences to inventory, they are already registered in the Operating Cash Flow)

## FERREYCORP S.A.A. AND SUBSIDIARIES

## APPENDIX 1

**Income Statement** (NOTE)

(In thousand of nuevos soles)

	3Q 2015	%	3Q 2014	%	Var %	As of Sept 2015	%	As of Sept 2014	%	Var %
Net Sales	1,397,786	100.0	1,176,840	100.0	18.8	4,059,887	100.0	3,676,591	100.0	10.4
Cost of goods sold	-1,065,894	-76.3	-897,476	-76.3	18.8	-3,110,279	-76.6	-2,838,167	-77.2	9.6
<b>Gross profit</b>	<b>331,892</b>	<b>23.7</b>	<b>279,364</b>	<b>23.7</b>	<b>18.8</b>	<b>949,608</b>	<b>23.4</b>	<b>838,424</b>	<b>22.8</b>	<b>13.3</b>
Selling and administrative expenses	-207,227	-14.8	-206,737	-17.6	0.2	-606,053	-14.9	-590,157	-16.1	2.7
Other income (Expenses), net	3,730	0.3	1,703	0.1	119.0	9,166	0.2	7,650	0.2	19.8
<b>Operating profit</b>	<b>128,395</b>	<b>9.2</b>	<b>74,330</b>	<b>6.3</b>	<b>72.7</b>	<b>352,721</b>	<b>8.7</b>	<b>255,917</b>	<b>7.0</b>	<b>37.8</b>
Financial income	5,292	0.4	4,349	0.4	21.7	14,990	0.4	15,310	0.4	-2.1
Gain (loss) to exchange rate	-19,242	-1.4	-50,826	-4.3	-62.1	-97,540	-2.4	-52,181	-1.4	86.9
Financial expenses	-25,918	-1.9	-24,092	-2.0	7.6	-78,123	-1.9	-74,314	-2.0	5.1
Share in the net result of associated through the equity method	832	0.1	3,580	0.3	-76.8	4,650	0.1	7,670	0.2	-39.4
<b>Profit before income tax</b>	<b>89,360</b>	<b>6.4</b>	<b>7,341</b>	<b>0.6</b>	<b>1,117.3</b>	<b>196,699</b>	<b>4.8</b>	<b>152,402</b>	<b>4.1</b>	<b>29.1</b>
Income tax	-34,882	-2.5	-6,392	-0.5	445.7	-73,338	-1.8	-55,495	-1.5	32.2
<b>Net profit</b>	<b>54,478</b>	<b>3.9</b>	<b>949</b>	<b>0.1</b>	<b>5,640.6</b>	<b>123,361</b>	<b>3.0</b>	<b>96,907</b>	<b>2.6</b>	<b>27.3</b>
Earnings per share (EPS)	0.054		0.001			0.123		0.096		
<b>EBITDA</b>	<b>178,329</b>	<b>12.8</b>	<b>122,494</b>	<b>10.4</b>	<b>45.6</b>	<b>486,612</b>	<b>12.0</b>	<b>395,751</b>	<b>10.8</b>	<b>23.0</b>

NOTA: 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 present to the SMV, the gross profit obtained from such operations is included in other operating profit.

## FERREYCORP S.A.A. AND SUBSIDIARIES

## APPENDIX 2

**Statement of Financial Position**

(In thousand of nuevos soles)

	As of September 2015	As of September 2014	Variación %
Cash and banks	124,565	141,594	-12.0
Accounts receivables - trade	1,128,413	829,061	36.1
Inventories	1,379,353	1,511,499	-8.7
Accounts receivables - other	154,417	134,823	14.5
Prepaid expenses	27,834	20,917	33.1
<b>Current Assets</b>	<b>2,814,582</b>	<b>2,637,894</b>	<b>6.7</b>
Long-term account receivables - trade	42,848	32,668	31.2
Long-term account receivables - other	5,552	6,126	-9.4
Rental fleet	528,696	550,889	-4.0
Other fixed assets	1,446,957	1,330,603	8.7
	1,975,653	1,881,492	5.0
Accrued depreciation	-575,245	-557,723	3.1
Property, plant and equipment, net	1,400,408	1,323,769	5.8
Investment	87,932	81,031	8.5
Intangible assets, net and goodwill	263,235	248,436	6.0
Deferred income tax	157,343	140,592	11.9
<b>Non current assets</b>	<b>1,957,318</b>	<b>1,832,622</b>	<b>6.8</b>
<b>Total Assets</b>	<b>4,771,900</b>	<b>4,470,516</b>	<b>6.7</b>
Short term debt	218,680	222,264	-1.6
Other current liabilities	1,293,124	1,166,842	10.8
<b>Current liabilities</b>	<b>1,511,804</b>	<b>1,389,106</b>	<b>8.8</b>
Long term debt	1,455,995	1,330,619	9.4
Other payables	732	2,839	-74.2
Deferred income taxes	140,478	158,870	-11.6
<b>Total Liabilities</b>	<b>3,109,009</b>	<b>2,881,434</b>	<b>7.9</b>
<b>Equity</b>	<b>1,662,891</b>	<b>1,589,082</b>	<b>4.6</b>
<b>Total liabilities and equity</b>	<b>4,771,900</b>	<b>4,470,516</b>	<b>6.7</b>
<b>Other financial information</b>			
Depreciation	107,446	113,592	
Amortization	11,455	10,932	



## FERREYCORP S.A.A AND SUBSIDIARIES

## APPENDIX 3

Sales (S/. In thousand soles)	3T 2015	%	3T 2014	%	Var %	As of Sept 2015	%	As of Sept 2014	%	Var %
Mining trucks and Caterpillar machines (GM)	120,094	8.6	36,133	3.1	232.4	479,805	11.8	297,069	8.1	61.5
Caterpillar machines and engines for other sectors (NGM)	293,052	21.0	252,165	21.4	16.2	823,109	20.3	856,239	23.3	-3.9
Allied equipment	182,200	13.0	159,673	13.6	14.1	494,392	12.2	435,414	11.8	13.5
Rental and used	133,568	9.6	130,731	11.1	2.2	351,392	8.7	374,427	10.2	-6.2
Spare parts and services	574,172	41.1	497,869	42.3	15.3	1,629,541	40.1	1,428,797	38.9	14.0
Other lines	94,700	6.8	100,270	8.5	-5.6	281,648	6.9	284,645	7.7	-1.1
<b>TOTAL</b>	<b>1,397,786</b>	<b>100.0</b>	<b>1,176,840</b>	<b>100.0</b>	<b>18.8</b>	<b>4,059,887</b>	<b>100.0</b>	<b>3,676,591</b>	<b>100.0</b>	<b>10.4</b>

SALES DISTRIBUTION BY ECONOMIC SECTORS

	3Q 2015	3Q 2014	As of Sept 2015	As of Sept 2014
Open pit mining	33.0%	24.8%	36.0%	25.7%
Construction	25.5%	28.0%	26.6%	28.9%
Underground mining	14.0%	18.5%	13.5%	18.7%
Government	2.0%	0.8%	1.1%	1.6%
Transport	3.1%	4.8%	3.3%	4.8%
Industry, commerce and serv	9.4%	11.0%	10.7%	9.5%
Agriculture and forestry	3.5%	3.8%	3.2%	3.5%
Fishing and marine	1.4%	3.6%	1.2%	3.0%
Hydrocarbons and energy	5.0%	2.9%	3.2%	2.7%
Others	3.1%	1.9%	1.5%	1.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.3%</b>	<b>100.0%</b>

## FERREYCORP S.A.A. AND SUBSIDIARIES

## APPENDIX 4

**Total Liabilities as of September 2015**

(In thousand of US\$ dollars)

	Total Liabilities	Current Liabilities	Long term liabilities		(A) Financial Liabilities
			Current	Long term	
Local banks (short term)	83,494	83,494	-	-	83,494
Foreign banks (short term)	16,451	16,451	-	-	16,451
Local banks (long term)	45,348	-	14,542	30,806	45,348
Foreign banks (long term)	71,918	-	23,778	48,139	71,918
Local and foreign banks (long term) Leases	3,253	-	1,527	1,726	3,253
<b>Suppliers:</b>					
Accounts payable to Caterpillar (inventory)	30,790	30,790	-	-	-
Accounts payable to Caterpillar	23,937	23,937	-	-	23,937
Others	92,654	92,654	-	-	2,225
Corporate bonds	296,214	-	-	296,214	296,214
Caterpillar Financial	97,811	-	26,935	70,877	97,811
Other liabilities	202,773	153,902	1,067	47,803	5,057
<b>Total (US\$)</b>	<b>964,643</b>	<b>401,228</b>	<b>67,850</b>	<b>495,565</b>	<b>645,708</b>
<b>Total (S/.)</b>	<b>3,109,043</b>	<b>1,293,158</b>	<b>218,680</b>	<b>1,597,205</b>	<b>2,081,116</b>

**FERREYCORP S.A.A. AND SUBSIDIARIES**
**APPENDIX 5**
**Cashflow statement**

(In thousands of nuevo soles)

	<b>As of September 2015</b>
<b>Cash flow from operating activities</b>	
Trade accounts receivables	3,733,979
Suppliers	-3,089,230
Employees and others	-323,670
Taxes	-115,621
<b>Efectivo obtenido utilizado en las actividades de operación</b>	<b>205,458</b>
<b>Cash flow from investing activities</b>	
Acquisition of property, plant and equipment	-137,636
Business acquisition	-16,640
Intangible acquisitions	-9,391
Sale of property, plant and equipment	643
<b>Net cash used in investing activities</b>	<b>-163,024</b>
<b>Cash flow from financing activities</b>	
Financial liabilities	1,093,874
Financial liabilities payed	-957,559
Interests payed	-73,906
Dividends payed	-60,966
Own shares	-15,170
<b>Efectivo proveniente de las actividades de financiación</b>	<b>-13,727</b>
Net increase in cash	28,707
Cash at the begining of the year	89,949
Result in traslation	11,565
Cash due to variation in exchange rate	-5,656
<b>Cash and cash equivalentes at the end of the year</b>	<b>124,565</b>