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

## Second Quarter 2021

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**Lima, July 27, 2021.-** Ferreycorp S.A.A. (BVL: FERREYC1), a Peruvian leading corporation which aims to carry out investment activities in the capital goods sector and complementary services with presence in Latin America, announces consolidates results for the second quarter 2021. The consolidated financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in nuevos soles.

### EXECUTIVE SUMMARY

#### **SECOND QUARTER 2021 RESULTS**

Since 2020 results were impacted by the operations halt since March 16<sup>th</sup> led by the obligatory social isolation declared by the Peruvian government, the analysis of 2021 results will be compared not only with 2020 but also with 2019 results

- Consolidated sales for the second quarter 2021 amounted to S/ 1,477 million and surged by 83.6% compared to the same period 2020 (S/ 805 million) and showed a 7.7% increase compared to 2Q2019 (S/ 1,372 million). During this quarter Caterpillar mining equipment and equipment for clients other than mining recorded higher sales that rose by 38% and 127%, respectively, compared to 2Q2020; and increased by 73% and 19%, respectively, compared to 2Q2019. Likewise, logistic services, lubricants and personal protective equipment sales ramp up 45%, 143% y 55%, respectively compared to 2Q2020 and by 49%, 56% y 38%, compared to 2Q2019.

In turn, sales of spare parts and services during the 2Q2021 (S/ 778 million soles) were 106% and 5% on top 2Q2020 and 2Q2019 sales, respectively.

- Gross margin during the second quarter amounted to 27.4%, compared to 25.2% reached during the same period 2020 and 25.5% in second quarter 2019. Gross profit (S/ 404

million) improved by 99% compared to 2Q2020 (S/ 203 million), led by higher sales and margin. If compared to 2Q2019, gross profit rose 16% (S/ 349 million). Exchange rate affected the margin in S/ 21 million (1.4% as a percentage of total sales), therefore the adjusted margin would be 25.9%, still on top the adjusted gross margin of 23.9% in 2Q2020 and 25.4% in 2Q2019.

- Operating margin in this quarter reached to 12.6% higher than 4.0% in 2Q2020 and 9.9% in 2Q2019, mainly explained by higher gross profit and expenses that increased at a lower rate than sales compared to both periods. Excluding the FX effect in gross margin, operating margin is still on top of both periods (11.2%)
- EBITDA margin for the 2Q2021 reached 16.7% compared to 9.2% in the same period 2020 and 14.1% in 2Q2019. EBITDA amounted to S/ 246 million and boosted by 232% compared to same period 2020 (S/ 74 million) and increased by 27% compared to 2Q2019 (S/ 194 million). This EBITDA margin shows the corporations capacity to improve results led by the market recovery, higher demand and a better operating and financial structure.
- Consolidated net profit recorded in 2Q2021 amounted to S/ 86 million compared to S/ -4 million net loss recorded in 2Q2020, impacted by an S/ -16 million soles FX loss during that period. Net profit during 2Q2019 amounted to S/ 81 million benefited by a S/ 9 million FX gain. Excluding the exchange loss and the FX recovery in the gross margin, net profit in 2Q2021 is still 29% higher than net profit in 2Q2019.
- Free cash Flow for 2Q2021 amounted to S/ -239 million compared to S/ 205 million recorded in 2Q2020 and S/ -113 million in 2Q2019. This result compared to 2Q2020 is led by a reduction in investment in assets after the pandemic and lower sales during that period. Compared to 2Q2019, the result is led by higher inventories purchases, a reduction in other payables (Quellaveco payment in advance); and higher capex – due to the purchase of facilities that were sold and will generate future profits derived from less rental expenses.

## FIRST SEMESTER 2021 RESULTS

- Consolidated sales for the first semester 2021 amounted to S/ 2,720 million and rose by 37% compared to the same period last year (S/ 1,984 million) and posted similar levels to first semester 2019 (S/ 2,713 million). This result was driven by the market recovery after the economic reactivation since fourth quarter 2020 and was reflected in almost all business lines growth compared to 1S2020. Sales of Caterpillar mining equipment and machines for clients other than mining recorded higher sales that rose by 8% and 15%, respectively, compared to 1S2019; likewise, logistic services, lubricants and personal protective equipment sales increased 51%, 49% y 31%, respectively.
- Gross margin during this first six-month period reached to 27.2%, compared to 25.0% during the same period 2020 and 25.3% in 2019. Gross profit (S/ 740 million) improved by 49% compared to 1S2020 (S/ 496 million) and rose 8% (S/ 687 million) compared to 1S2019, led by higher sales and margin. Exchange rate affected the margin in S/ 40 million (1.5% as a percentage of total sales), therefore the adjusted margin would be 25.7%, still on top the adjusted gross margin of 24% in 1S2020 and 25.3% in 1S2019.
- Operating profit for the first semester 2021 amounted S/ 313 million and surged by 186% and 19% compared to 1S2020 (S/ 109 million) and 1S2019 (S/ 263 million), respectively. As expenses increased to a lesser extent than sales, operating margin recorded 11.5%, higher than operating margin for the 1S2020 (5.5%) and 1S2019 (9.7%). Excluding the FX recovery thru the gross margin, operating margin is still on top of both periods (10.0%)
- As of June 2021, EBITDA amounted to S/ 429 million and went up 112% compared to figures as of June 2020 (S/ 202 million) and rose 14% compared to 1S2019 (S/ 377 million). EBITDA margin for the 1S2021 reached 15.8% compared to 10.2% and 13.9% for the 1S2020 and 1S2019, respectively, led by higher sales and gross margin, as well as controlled expenses.

- Consolidated net profit for the first six-month period amounted to S/ 139 million compared to S/ -25 million net loss recorded as of June 2020 and S/ 173 million net profit as of June 2019. In fact, net profit as of June 2021 was impacted by S/ -74 million soles FX loss, meanwhile, net profit as of June 2019 was benefited by an FX gain. If we exclude the FX effect in both periods (excluding the FX loss/gain and the FX recovery in the gross margin), net profit for the first semester 2021 is still 5% higher than net profit for the first semester 2019.

(in million except ratios per share)	2Q 2021	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019
Net sales (US\$)	\$389	\$339	\$459	\$344	\$235	\$346	\$459	\$479	\$413	\$403
Net sales	S/. 1,477	S/. 1,243	S/. 1,653	S/. 1,220	S/. 805	S/. 1,179	S/. 1,545	S/. 1,601	S/. 1,372	S/. 1,341
Gross profit	S/. 404	S/. 336	S/. 397	S/. 312	S/. 203	S/. 293	S/. 336	S/. 353	S/. 349	S/. 338
SG&A expenses	S/. -227	S/. -216	S/. -210	S/. -202	S/. -179	S/. -219	S/. -255	S/. -225	S/. -220	S/. -216
Operating profit	S/. 186	S/. 127	S/. 184	S/. 113	S/. 32	S/. 77	S/. 74	S/. 124	S/. 136	S/. 127
Financial expenses	S/. -18	S/. -18	S/. -21	S/. -24	S/. -28	S/. -22	S/. -23	S/. -24	S/. -25	S/. -23
FX gain/ los	S/. -41	S/. -32	S/. -0	S/. -10	S/. -16	S/. -80	S/. 16	S/. -50	S/. 9	S/. 24
Net profit	S/. 86	S/. 53	S/. 113	S/. 56	S/. -4	S/. -21	S/. 41	S/. 32	S/. 81	S/. 92
EBITDA	S/. 246	S/. 183	S/. 238	S/. 159	S/. 74	S/. 128	S/. 133	S/. 175	S/. 194	S/. 183
Earnings per share	0.090	0.055	0.117	0.058	(0.004)	(0.021)	0.042	0.033	0.083	0.095
EBITDA per share	0.258	0.191	0.248	0.165	0.076	0.131	0.136	0.179	0.199	0.188
Free cash Flow	S/. -239	S/. 42	S/. 80	S/. 558	S/. 205	S/. 149	S/. 83	S/. -120	S/. -113	S/. 235
Gross margin	27.4%	27.0%	24.0%	25.5%	25.2%	24.9%	21.7%	22.1%	25.5%	25.2%
SG&A expenses / sales	15.3%	17.4%	12.7%	16.6%	22.3%	18.6%	16.5%	14.0%	16.0%	16.1%
Operating margin	12.6%	10.2%	11.2%	9.2%	4.0%	6.5%	4.8%	7.7%	9.9%	9.5%
Net margin	5.8%	4.3%	6.8%	4.6%	-0.5%	-1.8%	2.6%	2.0%	5.9%	6.9%
EBITDA margin	16.7%	14.7%	14.4%	13.1%	9.2%	10.8%	8.6%	10.9%	14.1%	13.6%
Indebtedness ratio	0.88	0.78	0.73	0.77	0.97	1.79	1.02	1.01	0.97	0.85
Net debt / EBITDA	2.35	2.53	2.64	3.19	4.05	3.43	3.21	2.97	2.88	2.69

## CURRENT ENVIRONMENT

This report is released within the bicentennial celebration of the Peruvian Independence.

The corporation has been an important actor during 99 years from the 200 years of Peruvian independent history, always carrying out development and keeping this commitment with our clients, suppliers, represented brands and other stakeholders.

In turn, this report happens to meet with Mr. Pedro Castillo Terrones appointment as new president of Perú last week. The elected president will take office on July 28.

The president proposals and his ministers will be known in detail during the upcoming days and weeks, however, he has already announced that his priorities will be the fight against the pandemic and the recovery of the economy.

In recent months Perú has shown encouraging signs in both, health and economic recovery.

In health sector, there is a gradual reduction in the contagion and death levels nationwide. Likewise, there is evidence regarding the vaccination progress thru the application of 12 million doses.

The announcements and measures adopted by the Head of State in the following months will provide greater clarity regarding economic policy and management of the pandemic; fundamental aspects for the business environment.

Still there are proposals from its government plan and offerings made during the campaign, whose execution plans need to be defined and announced. Nevertheless, the proposals regarding a state that is closer to the citizens and closing gaps in basic services will turn into investment opportunities.

## **MAIN HIGHLIGHTS**

### **Launch of the first autonomous trucks in Perú**

Autonomy is a reality in the Peruvian mining. Ferreyros, leader company in heavy equipment, and its represented brand Caterpillar put in to operation the first autonomous trucks (Cat 794AC that carry 320 tons) in Perú in the Quellaveco copper project. The units are part of a fleet that will reach a total of 27 autonomous trucks, equipped with Cat Command technology for hauling from Caterpillar's MineStar platform.

The first autonomous Caterpillar trucks are already operating in a safe and productive way and will make possible the first 100% autonomous haulage mining operation in the Americas.

Autonomy improves safety, increases productivity and optimizes the utilization of mining trucks. It should be noted that, worldwide, autonomy has led to the development of new technical positions in operational, maintenance and various process in mine.

### **Ferreycorp and five subsidiaries awarded with Social Responsible Distinction**

Ferreycorp and its subsidiaries Ferreyros, Unimaq, Orvisa, Fargoline and Soltrak received the Distinction of Socially Responsible Company (DESR) that seeks to strengthen sustainability practices in companies and recognize their good performance in this field. This recognition was granted by Peru 2021 in alliance with Cemefi and it is considered as one of the most important recognitions in this area.

Among the social responsibility initiatives of the corporation and its companies stands out development programs for employees; work for taxes in water, sanitation and infrastructure for education; programs for machine operators and technicians; programs focused on youth education; management of the environmental footprint; development of win-win relationships with clients and investors; and the promotion of good practices among its suppliers.

This award assesses the environmental, social and governance practices (ESG) through specific indicators aligned with the Global Reporting Initiative (GRI) and the Sustainable Development Goals (ODS) proposed by the United Nations

### **Ferreyros among the 10 best companies to work**

Ferreyros, Ferreycorp's flagship company, was once again recognized among the best 10 companies to attract and retain talent in Perú, according to the prestigious ranking Merco Talento 2021.

The company was recognized for eight consecutive year, since this recognition was launched in our country. It should be noted that Ferreyros hold the 8<sup>th</sup> position in Merco Talento ranking and was recognized in the first place in the industrial sector.

This recognition brought together more than 19,000 respondents from different profiles such as workers, trade unions, human resources experts, headhunters and human resources managers, alumni from business schools, university students and public in general. Likewise, it considered a detailed evaluation of various human resources indicators.

## **COMMERCIAL MANAGEMENT**

### **1. SALES BREAKDOWN ACCORDING TO CORPORATE ORGANIZATION**

Ferreycorp organizes 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 second quarter 2021, sales ramped up 109.9% and 5.4% compared to 2Q2020 and 2Q2019, respectively. The business lines that improved during the 2Q2021 compared to 2Q2020 are Caterpillar equipment for sectors other than mining (169%), rental and used (166%) and spare parts and services (111%). The increase compared to 2Q2019 was led mainly by Caterpillar mining equipment sales (73%), Caterpillar equipment for sectors other than mining (18%) and spare parts and services (4%).

In turn, Ferreyros, Unimaq and Orvisa sales rose by 106.4%, 99.8% and 361.5%, respectively, compared to sales for the second quarter 2020. Sales increased by 4%, 4.6% and 56.7%, respectively compared to 2Q2019.

The share of this first group of subsidiaries in total sales during the second quarter is 75.6%.

#### **Group II - Caterpillar dealers and other businesses in Central America (Gentrac, Cogesa, Motored and Soltrak).**

Sales of the second group of companies, with presence in Central America, went up 56.3% compared to 2Q2020 and 19.6% compared to 2Q2019. The business line that recorded major increase compared to 2Q2020 was spare parts and services (82%) and rose 21% compared to 2Q2019.

Gentrac and Cogesa sales increased by 44.9% and 60.7%, respectively, compared to 2Q2020 and rose by 13% and 29% if compared to 2Q2019.

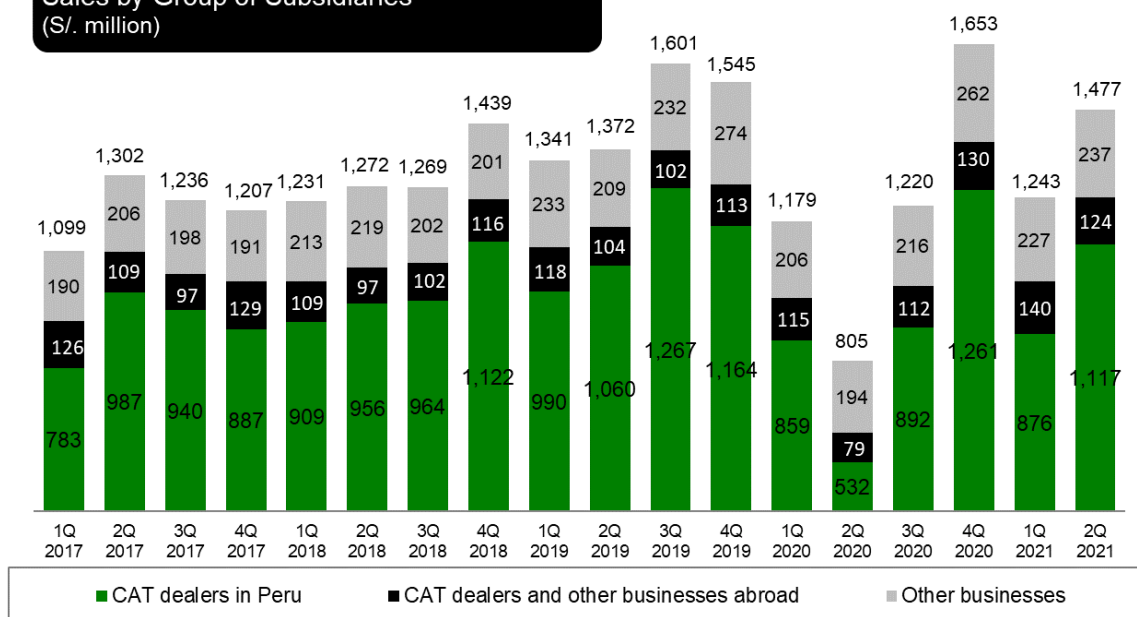
This group of companies currently represents 8.4% of total sales.

#### **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 and Sitech).**

This group of companies, which complements the supply of goods and services through equipment and vehicles, consumables and logistics solutions, among other lines, increased sales by 22.3% compared to 2Q2020 and by 13.5% compared to 2Q2019. The subsidiaries that recorded higher sales compared to 2Q2020 were Soltrak (+90%) and Forbis (+163%), meanwhile, compared to 2Q2019 the subsidiaries that recorded higher sales were Trex Chile (+69%), Soltrak (34%) and Forbis (194%).

This group of companies generated 16% of the total sales of the corporation.

## Sales by Group of Subsidiaries (S/. million)



The detail of sales by group of companies:

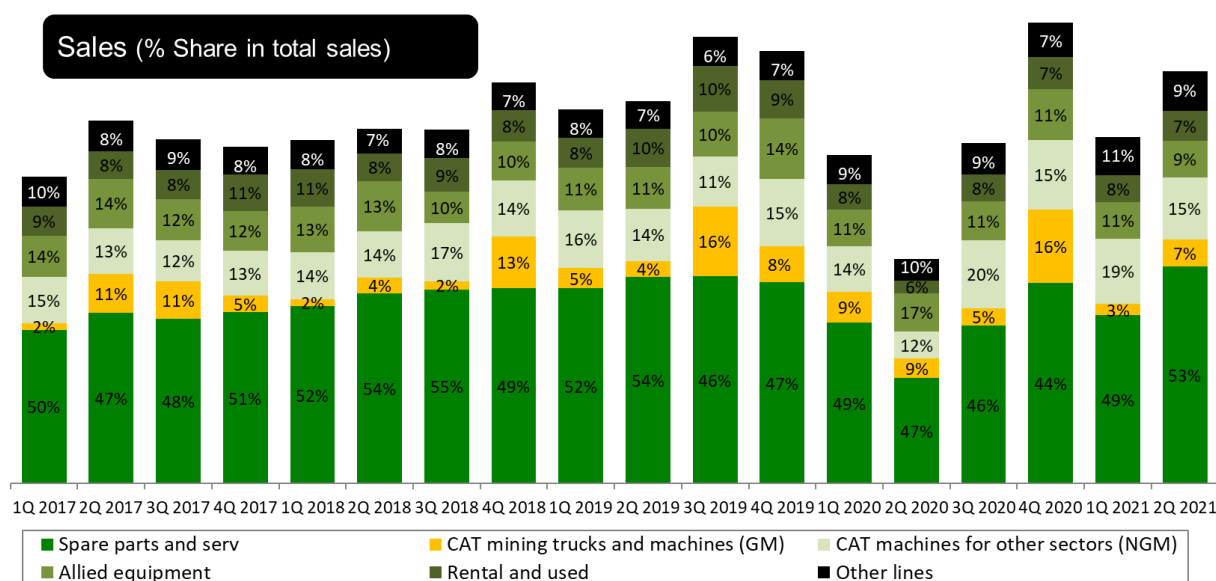
(S/ million)	2Q 2021	%	1Q 2021	%	2Q 2020	%	2Q 2019	%	% Var 2Q 2021/ 1Q 2021	% Var 2Q 2021/ 2Q 2020	% Var 2Q 2021/ 2Q 2019
Ferreyros	957	65.0	710	57.0	464	58.0	920	67.0	34.7	106.4	4.0
Unimaq	118	8.0	127	10.0	59	7.0	113	8.0	-6.9	99.8	4.6
Orvisa	41	3.0	39	3.0	9	1.0	26	2.0	6.6	361.5	56.7
Total dealers CAT in Peru	1,117	76.0	876	71.0	532	66.0	1,060	77.0	27.4	109.9	5.4
Total dealers CAT and other businesses abroad	124	8.0	140	11.0	79	10.0	104	8.0	-11.4	56.3	19.6
Soltrak	71	5.0	67	5.0	37	5.0	53	4.0	5.7	90.0	33.6
Trex (Chile)	84	6.0	57	5.0	88	11.0	50	4.0	47.7	-4.8	69.4
Motored	24	2.0	33	3.0	18	2.0	55	4.0	-28.9	32.8	-56.9
Trex (Peru)	20	1.0	31	2.0	21	3.0	22	2.0	-35.9	-8.3	-9.0
Fargoline	21	1.0	24	2.0	19	2.0	19	1.0	-12.0	12.3	10.1
Forbis	16	1.0	15	1.0	6	1.0	6	0.0	12.3	162.6	193.5
Others	2	0.0	1	0.0	4	1.0	5	0.0	79.7	-60.8	-66.4
Total other businesses	237	16.0	227	18.0	194	24.0	209	15.0	4.4	22.3	13.5
<b>TOTAL</b>	<b>1,477</b>	<b>100.0</b>	<b>1,243</b>	<b>100.0</b>	<b>805</b>	<b>100.0</b>	<b>1,372</b>	<b>100.0</b>	<b>18.9</b>	<b>83.6</b>	<b>7.7</b>



## 2. SALES BREAKDOWN BY BUSINESS LINE

(S/ million)	2Q 2021	%	1Q 2021	%	2Q 2020	%	2Q 2019	%	% Var 2Q 2021/ 1Q 2021	% Var 2Q 2021/ 2Q 2020	% Var 2Q 2021/ 2Q 2019
CAT mining trucks and machines (GM)	96	7	41	16	70	9	56	5	134.6	38.2	72.8
CAT machines for other sectors (NGM)	224	15	234	15	99	14	189	16	-4.2	126.5	18.6
Allied equipment	131	9	131	11	136	11	149	11	0.0	-3.7	-12.1
Rental and used	108	7	98	7	45	8	138	8	11.0	140.1	-21.5
Spare parts and service:	778	53	603	44	378	49	742	52	29.0	106.0	4.9
Other lines	140	9	136	7	78	9	98	8	2.6	80.3	42.2
<b>TOTAL</b>	<b>1,477</b>	<b>100</b>	<b>1,243</b>	<b>100</b>	<b>805</b>	<b>100</b>	<b>1,372</b>	<b>100</b>	<b>18.9</b>	<b>83.6</b>	<b>7.7</b>

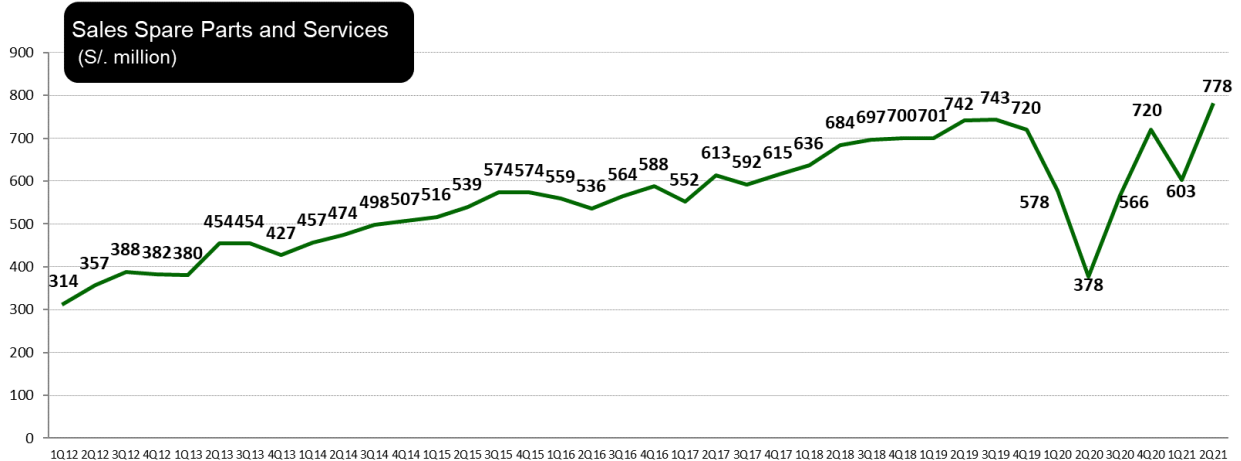
When analyzing the results by business lines during the second quarter 2021, almost all lines went up compared to 2Q2020; nevertheless, among the business lines that have shown a greater increase compared to 2Q2019 are Caterpillar mining equipment (73%), Caterpillar equipment for other sectors than mining (19%), as well as other lines (42%) that include logistic services (49%), personal protective equipment (38%) and lubricants (56%).



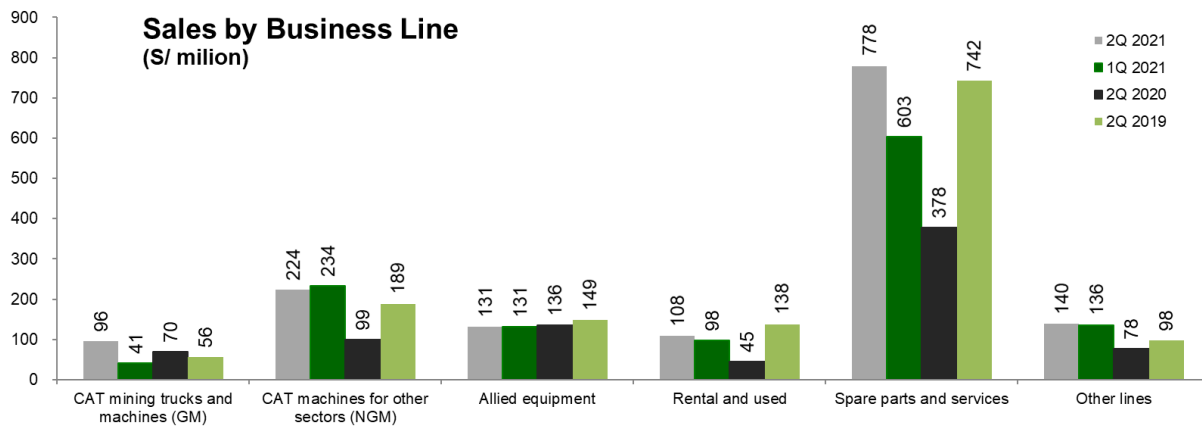
The strategy of the corporation is focused in serving the customers throughout the life of their equipment, for this reason, great efforts are deployed to deliver the best quality aftermarket support through locations near the customers.

These capacities have allowed spare parts and services business line, both Caterpillar and allied brands, to keep the higher share in the composition of total sales (53%), reaching record sales of S/ 778 million thru the second quarter 2021, higher by 106% compared to 2Q2020 and 5% on top 2Q2019 sales.



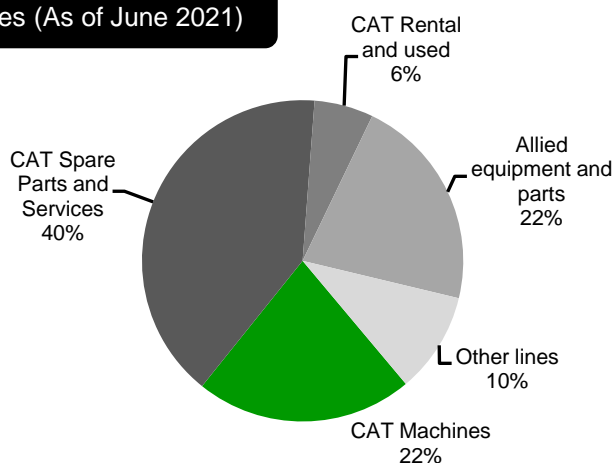


The after-market provided by Ferreycorp to its customers is recognized by high quality standards, a key difference from the competition. However, as mentioned before, all of the corporation's subsidiaries have gradually restarted their operations in service in shops, warehouses, branches and offices, within the mandatory security protocols and safeguarding in first instance the health of all employees and the other stakeholders with whom they interact. As of June 2021, employees in most subsidiaries are working in the following schemes: 73% presence in the office or in a mix scheme, 25% home office and 2% under leave with payment.

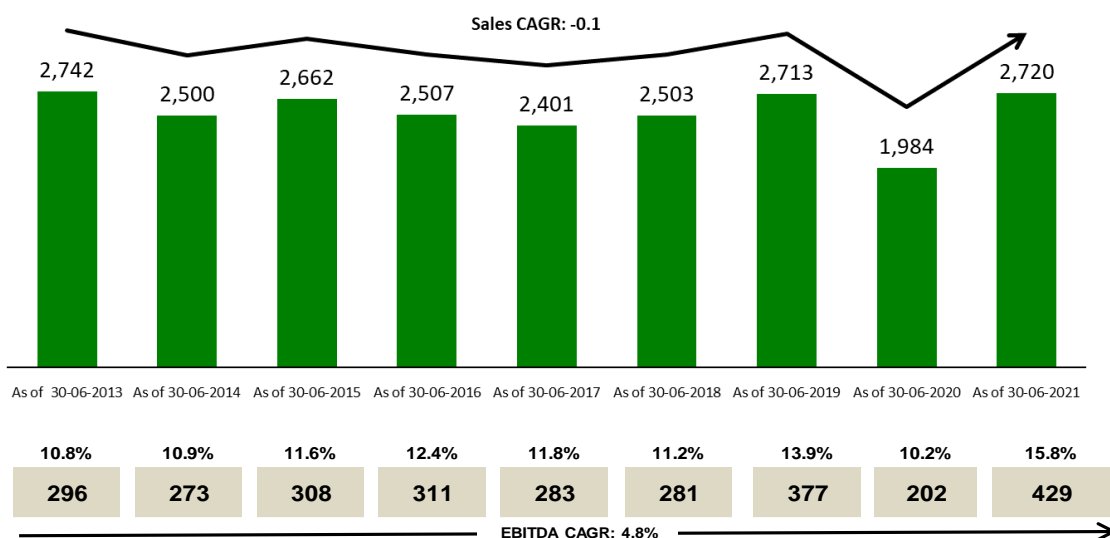


As of June 2021, sales of the Caterpillar brand carried by Caterpillar dealers in Peru, Guatemala, El Salvador and Belize, accounted for 68% of total sales, including machinery and equipment (new, used and rental units) as well as spare parts and services.

Sales (As of June 2021)



Sales and EBITDA  
(\$/ million)



### 3. SALES BREAKDOWN BY ECONOMIC SECTORS

Regarding sales distribution by economic sectors, sales to open pit mining represented, during the second quarter 2021, 42% of total sales compared to 44% during the second quarter 2020 and 43% for 2Q2019. Sales to construction sector accounted to 16% of total sales, behind 17% reached during the 2Q2020 and similar to share to 2Q2019. Meanwhile, industry, construction and services accounted to 13% of total sales, less than 19% in 2Q2020 but on top 10% in 2Q2019.

Underground mining sales accounted to 11% of total sales, on top of second quarter 2020 share of 7% but below 2Q2019 share of 15%.

	2Q 2021	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019
Open pit mining	41.6%	35.8%	47.4%	35.5%	43.9%	44.7%	43.1%	43.8%	42.6%	43.6%
Construction	16.2%	23.5%	20.6%	25.3%	16.9%	19.2%	23.3%	18.7%	16.0%	21.9%
Industry, commerce and serv	13.4%	15.4%	10.3%	13.7%	19.1%	12.6%	10.2%	9.7%	9.8%	9.2%
Underground mining	10.8%	11.1%	6.8%	7.6%	6.8%	8.8%	8.6%	12.9%	15.1%	12.1%
Agriculture and forestry	2.9%	3.0%	2.7%	4.0%	3.8%	2.0%	2.1%	2.4%	2.1%	2.0%
Transportation	2.6%	3.3%	3.8%	3.7%	2.5%	4.2%	3.8%	3.6%	3.7%	4.0%
Government	1.6%	2.8%	2.5%	3.6%	1.5%	2.1%	5.1%	1.8%	1.1%	1.0%
Fish and marine	1.6%	1.8%	1.2%	1.8%	1.2%	2.0%	1.1%	1.9%	2.1%	2.2%
Hydrocarbons and energy	0.8%	0.6%	0.6%	1.3%	1.3%	1.4%	0.7%	0.8%	0.6%	0.6%
Others	8.4%	2.9%	4.0%	3.6%	2.9%	3.0%	2.0%	4.4%	6.9%	3.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## ANALYSIS OF FINANCIAL INFORMATION

### 1. Sales

Million soles	2Q 2021	2Q 2020	%Var.	2Q 2019	%Var.	As of jun 21	As of jun 20	%Var.	As of jun 19	%Var.
Sales	1,477.4	804.8	83.6	1,371.9	7.7	2,720.3	1,983.6	37.1	2,712.7	0.3

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

### 2. Gross Profit

Million soles	2Q 2021	2Q 2020	%Var.	2Q 2019	%Var.	As of jun 21	As of jun 20	%Var.	As of jun 19	%Var.
Gross profit	404.2	203.0	99.1	349.3	15.7	740.0	496.4	49.1	687.0	7.7
Gross margin	27.4%	25.2%		25.5%		27.2%	25.0%		25.3%	

Gross profit in second quarter 2021 amounted to S/ 404 million and increased by 99% if compared to gross profit recorded in 2Q2020, due to higher sales and gross margin. In percentage terms, gross margin was 27.4% higher than gross margin in 2Q2020, mainly led by the FX recovery which equals to 1.4% in 2Q2021. Gross margin in 2Q2021 was also higher than gross margin recorded in 2Q2019.

Moreover, if we exclude the FX recovery thru the margin, the adjusted gross margin would be: 2Q2021, 26.0%; 2Q2020, 23.9%; and 2Q2019, 25.4%; gross margin for 2Q2021 still on top last year's figures, mainly due to the share of spare parts and services of 53% in overall sales.

### 3. Selling and Administrative Expenses

Million soles	2Q 2021	2Q 2020	%Var.	2Q 2019	%Var.	As of jun 21	As of jun 20	%Var.	As of jun 19	%Var.
Selling and administrative expenses	226.8	179.1	26.6	219.8	3.2	442.4	398.1	11.1	435.6	1.6
As a % of total sales	15.3%	22.3%		16.0%		-16.3%	-20.1%		-16.1%	

Selling and administrative expenses during the second quarter 2021 went up 26.6% and 3.2% if compared to 2Q2020 and 2Q2019, respectively. Expenses as a percentage of total sales amounted to 15.3%, below 22.3% recorded in 2Q2020 and also below 16.0% recorded in 2Q2019, due to higher sales. If compared to second quarter 2020, the increase in SG&A expenses is led by higher profit share, increase in personnel expenses (in 2020 expenses were reduced by temporary salary adjustments, reduction in working hours, vacation compensation, among others), amortization and other expenses related to the SAP S/4 HANA project (S/ 6.5 million) which were recorded as intangible assets during 2020.

### 4. Financial Expenses

Million soles	2Q 2021	2Q 2020	%Var.	2Q 2019	%Var.	As of jun 21	As of jun 20	%Var.	As of jun 19	%Var.
Financial expenses	18.3	28.3	-35.3	24.9	-26.4	35.8	50.8	-29.5	48.4	-25.9
As a % of total sales	1.2%	3.5%		1.8%		-1.3%	-2.6%		-1.8%	

Financial expenses during the second quarter 2021 shrunk by 35.3% and 26.4% compared to 2Q2020 and 2Q2019, respectively. In the second quarter 2021 debt and the average interest rate were reduced (average

rate for the second quarter 2021: 2.61%; 3.58% in 2Q2020 and 3.90% in 2Q2019). As a result, average financial liabilities went from US\$ 624 million in 2Q2019 to US\$ 722 million in 2Q2020 to US\$ 544 million in 2Q2021.

## 5. Foreign Exchange Gain/Loss

Million soles	2Q 2021	2Q 2020	2Q 2019	As of jun 21	As of jun 20	As of jun 19
Foreign Exchange Gain/Loss	-41.5	-15.9	8.8	-73.8	-96.2	33.0

During the second quarter 2021, the company recorded a S/ 41 million FX loss as a result of the FX devaluation in Peru. The devaluation of the sol against the dollar was 2.87% (went from S/ 3.758 in March 2021 to S/ 3.866 in June 2021); in 2Q2020, a 2.88% devaluation of the sol was registered (went from S/ 3.442 in March 2020 to S/ 3.541 in June 2020); while in 2Q2019, there was a 0.93% nuevo sol appreciation ( went from S/ 3.321 in March 2019 to S/ 3.290 in June 2019). The devaluation of the Chilean peso against the dollar in the second quarter 2021 was 0.82%, in 2Q2020 the appreciation was 3.61%, meanwhile, in 2Q 2019 a 0.09% devaluation was recorded.

As appointed before, it is important to mention 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). Therefore, exchange loss recorded during the year derived from higher exchange rates will be recovered in part through the sale of the inventory which is registered at a lower exchange rate, but which is not susceptible to adjustment due to accounting standards.

## 6. Net profit

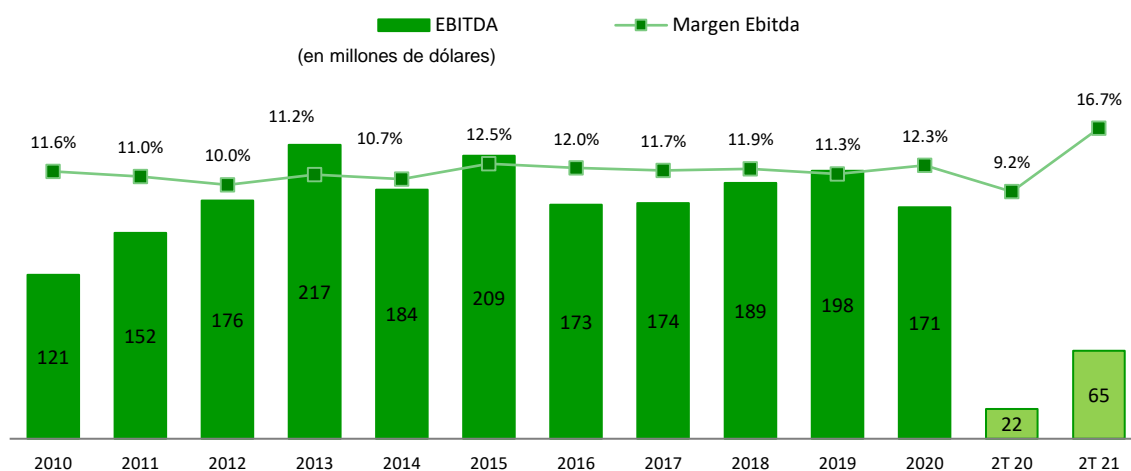
Million soles	2Q 2021	2Q 2020	Var%	2Q 2019	%Var.	As of jun 21	As of jun 20	%Var.	As of jun 19	%Var.
Net profit	85.9	-4.1		80.9	6.2	138.9	-24.9		173.2	-19.8
Net margin	5.8%	-0.5%		5.9%		5.1%	-1.3%		6.4%	

Net profit for the second quarter 2021 amounted to S/ 86 million, compared to the net loss registered in the second quarter 2020 for S/ -4 million and second quarter 2019 net profit of S/ 81 million. The result for 2Q2021 is a result of higher sales with better gross margin and controlled expenses that partially offset the FX loss. If we exclude the FX loss and the FX effect in the gross margin, net profit for the second quarter 2021 would amount to S/ 109.6 million, net loss for the 2Q2020 becomes S/ 1.1 million and net profit for 2Q2019 amounts to S/ 84.7 million – 2Q2021 net profit is still 29% higher than 2Q2019.

## 7. EBITDA

Million soles	2Q 2021	2Q 2020	Var%	2Q 2019	%Var.	As of jun 21	As of jun 20	%Var.	As of jun 19	%Var.
EBITDA	246.1	74.1	232.3	193.9	26.9	428.7	201.9	112.4	376.9	13.7
EBITDA Margin	16.7%	9.2%		14.1%		15.8%	10.2%		13.9%	

Second quarter 2021 EBITDA surged 232.9% and 26.9% compared to 2Q2020 and 2Q2019, respectively, as a result of higher operating profit derived from higher sales and gross margin.



## ANALYSIS ACCORDING TO CORPORATE ORGANIZATION

(S/ thousand)

	CAT Dealers in Peru		CAT Dealers and other businesses abroad		Other businesses	
	2021	2020	2021	2020	2021	2020
<b>Sales</b>	1,993,109	1,388,155	263,485	193,319	463,706	402,162
<b>Gross profit</b>	576,349	364,352	63,027	46,117	100,657	85,915
<b>Gross margin</b>	<b>29%</b>	<b>26%</b>	<b>24%</b>	<b>24%</b>	<b>22%</b>	<b>21%</b>
<b>SG&amp;A</b>	321,505	299,527	40,532	33,747	72,782	61,942
<b>Operating profit</b>	264,494	74,659	22,801	13,507	29,764	24,986
<b>Operating margin</b>	<b>13%</b>	<b>5%</b>	<b>9%</b>	<b>7%</b>	<b>6%</b>	<b>6%</b>
<b>Depreciation and amortization</b>	60,432	42,667	12,172	11,470	28,394	26,504
<b>EBITDA</b>	330,208	121,896	36,201	26,021	62,979	54,147
<b>EBITDA margin</b>	<b>17%</b>	<b>9%</b>	<b>14%</b>	<b>13%</b>	<b>14%</b>	<b>13%</b>

Note: This results do not include Ferreycorp and Inti

## **ANALYSIS OF CONSOLIDATED FINANCIAL INFORMATION**

As of June 30<sup>th</sup>, 2021, total assets amounted to S/ 6,053.3 million, 2.6% lower if compared to S/ 6,217.0 million as of June 30<sup>th</sup>, 2020. This variation is mainly explained by: decrease in cash and cash equivalents in S/ 60 million - led by the strategy adopted by the corporation during the first semester 2020 to increase its cash balance to have sufficient liquidity to meet operating and financial cash flow needs, anticipating that the halt of operations would be extended. In the same way, inventories went down by S/ 69 million led by the control in inventory and less purchases of the automotive business line.

As of June 30, 2021, assets turnover accounted to 0.91 (considering Rolling 12 months); nevertheless, if we consider rolling 6 months, which better reflects the sales stabilization, assets turnover would be 0.94.

Financial debt as of June 30<sup>th</sup>, 2021, amounted S/2,340.1 million or US\$ 605 million, and decreased by 14.9% compared to 2Q2020 (US\$ 712 million). Current maturities account to 57% of total debt.

It is important to mention that financial debt include S/ 113.9 million (US\$ 29.5 million) corresponding to the application of IFRS16 on Leases. This rule indicates that lease contracts must be converted into a liability and an asset equivalent to the right of use of the good that belongs to the contract and recording a financial expense that results from bringing the corresponding obligation to present value.

## **INVESTMENT IN FIXED ASSETS (CAPEX) AND INTANGIBLES**

As of June 2021, the investment in fixed assets and intangibles amounted S/ 79.8 million led by: Ferreycorp that acquired two facilities in Ate and Lurín, as investment properties, for S/ 57.5 million to be leased to subsidiaries; rental fleet acquired by Gentrac-Guatemala (S/ 5.6 million); Ferreyros work in progress in complimentary projects (S/ 5.1 million) and S/ 4.1 million that was additionally invested for the ERP SAP S/4 HANA stabilization stage.

As of June 2021, there is a difference between the fixed assets account recorded in the Statement of Financial Position and the capital expenditures (CAPEX) related to additions derived from the recognition of leased assets (locations, rental fleet, vehicles fleet, among the most important) as fixed assets according to IFRS 16 for S/ 40 million.



## FINANCIAL RATIOS

Ratios	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
Current ratio	1.38	1.30	1.42	1.40	1.40	1.37	1.42	1.40	1.41	1.69
Financial debt ratio	0.88	0.78	0.73	0.77	0.95	0.99	1.02	1.01	0.97	0.85
Indebtedness ratio	1.75	1.66	1.61	1.94	1.93	1.79	1.66	1.65	1.64	1.60
Net debt / EBITDA	2.35	2.53	2.64	3.19	4.05	3.35	3.21	2.97	2.88	2.69
Adjusted debt / EBITDA	1.71	1.92	2.37	3.07	3.22	2.50	2.36	2.04	2.05	2.30
Financial expenses coverage ratio	11.96	10.44	6.26	4.85	3.97	5.69	7.13	7.59	7.80	7.81
Asset turnover	0.91	0.85	0.85	0.80	0.86	0.99	1.04	1.05	1.01	1.01
Inventory turnover	1.97	1.87	2.00	1.87	1.93	2.26	2.39	2.42	2.32	2.41
Inventory days	183	193	180	193	187	159	150	149	155	149
Collection days	56	60	69	76	64	56	62	64	63	67
Payable days	46	57	55	58	52	47	48	52	55	53
Cash cycle	192	195	193	210	198	169	165	161	163	163
ROE	14.2%	10.3%	6.7%	3.4%	2.3%	6.3%	11.5%	12.1%	13.3%	12.2%
ROA	7.0%	5.6%	5.0%	3.5%	3.6%	5.1%	5.8%	6.9%	6.9%	6.7%
ROIC	10.7%	8.8%	8.0%	5.8%	5.2%	6.8%	7.3%	8.5%	8.7%	8.8%
Book value per share	2.22	2.22	2.25	2.09	2.18	2.17	2.21	2.23	2.20	2.17

Note: See description of each ratio in the section "Glossary of terms".

It is important to mention that all ratios were impacted by the operations halt since the second half of March 2020.

The leverage ratios considered within the covenants of the medium-term loans, in particular the adjusted debt covenant show a significant decrease due to a reduction of financial debt and EBITDA increase.

The cash cycle increased by the end of June 2021 to 192 days; higher if compared to December 2019. Nevertheless, inventory days reduced from 193 days as of March 2021 to 183 days as of June, offset by payable days that shrunk to 46 days. However, if we exclude the effect of mining equipment in inventory, the cash cycle will drop to 159 days. It is important to recall that all subsidiaries are improving their cash cycle days thru their inventories control.

## 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: Days of inventory + Accounts receivable days - 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: Equity / Number of shares.

## FERREYCORP S.A.A. AND SUBSIDIARIES

## APPENDIX 1

Income Statement

(In thousand soles)

	2Q 2021	%	2Q 2020	%	Var %	2Q 2019	%	Var %	As of jun 21	%	As of jun 20	%	Var %	As of jun 19	%	Var %
Net sales	1,477,398	100.0	804,824	100.0	83.6	1,371,882	100.0	7.7	2,720,300	100.0	1,983,636	100.0	37.1	2,712,655.0	100.0	0.3
Cost of goods sold	-1,073,194	-72.6	-601,857	-74.8	78.3	-1,022,595	-74.5	4.9	-1,980,267	-72.8	-1,487,252	-75.0	33.1	-2,025,638.0	-74.7	-2.2
<b>Gross profit</b>	<b>404,204</b>	<b>27.4</b>	<b>202,967</b>	<b>25.2</b>	<b>99.1</b>	<b>349,287</b>	<b>25.5</b>	<b>15.7</b>	<b>740,033</b>	<b>27.2</b>	<b>496,384</b>	<b>25.0</b>	<b>49.1</b>	<b>687,017.0</b>	<b>25.3</b>	<b>7.7</b>
Selling and administrative expenses	-226,752	-15.3	-179,146	-22.3	26.6	-219,764	-16.0	3.2	-442,421	-16.3	-398,105	-20.1	11.1	-435,649.0	-16.1	1.6
Other income (expenses), net	8,503	0.6	8,676	1.1	-2.0	6,614	0.5	28.6	15,251	0.6	11,176	0.6	36.5	12,023.0	0.4	26.8
<b>Operating profit</b>	<b>185,955</b>	<b>12.6</b>	<b>32,497</b>	<b>4.0</b>	<b>472.2</b>	<b>136,137</b>	<b>9.9</b>	<b>36.6</b>	<b>312,863</b>	<b>11.5</b>	<b>109,455</b>	<b>5.5</b>	<b>185.8</b>	<b>263,391.0</b>	<b>9.7</b>	<b>18.8</b>
Financial income	5,829	0.4	4,020	0.5	45.0	5,690	0.4	2.4	11,262	0.4	8,081	0.4	39.4	10,538.0	0.4	6.9
Gain (Loss) to exchange rate	-41,452	-2.8	-15,927	-2.0	160.3	8,787	0.6		-73,810	-2.7	-96,180	-4.8	-23.3	33,027.0	1.2	
Financial expenses	-18,343	-1.2	-28,342	-3.5	-35.3	-24,922	-1.8	-26.4	-35,843	-1.3	-50,809	-2.6	-29.5	-48,350.0	-1.8	-25.9
Participation in the results of associates	331	-	1,005	0.1	-67.1	529	-	-37.4	953	-	1,296	0.1	-26.5	1,598.0	0.1	-40.4
<b>Profit before income tax</b>	<b>132,320</b>	<b>9.0</b>	<b>-6,747</b>	<b>-0.8</b>		<b>126,221</b>	<b>9.2</b>	<b>4.8</b>	<b>215,425</b>	<b>7.9</b>	<b>-28,157</b>	<b>-1.4</b>		<b>260,204.0</b>	<b>9.6</b>	<b>-17.2</b>
Income tax	-46,383	-3.1	2,631	0.3		-45,337	-3.3	2.3	-76,518	-2.8	3,256	0.2		-86,975.0	-3.2	-12.0
<b>Net profit</b>	<b>85,937</b>	<b>5.8</b>	<b>-4,116</b>	<b>-0.5</b>		<b>80,884</b>	<b>5.9</b>	<b>6.2</b>	<b>138,907</b>	<b>5.1</b>	<b>-24,901</b>	<b>-1.3</b>		<b>173,229.0</b>	<b>6.4</b>	<b>-19.8</b>
<b>EBITDA</b>	<b>246,072</b>	<b>16.7</b>	<b>74,050</b>	<b>9.2</b>	<b>232.3</b>	<b>193,921</b>	<b>14.1</b>	<b>26.9</b>	<b>428,721</b>	<b>15.8</b>	<b>201,891</b>	<b>10.2</b>	<b>112.4</b>	<b>376,909.0</b>	<b>13.9</b>	<b>13.9</b>

NOTE: Some amounts have been reclassified in this document, to include the allocation of the gross profit of purchase orders, such as sale and cost of sale. In the Income Statement presented to the SMV, only the gross profit obtained in various operations is shown in the heading of other operating income.

## FERREYCORP S.A.A. AND SUBSIDIARIES

## APPENDIX 2

**Statement of Financial Position**

(In thousand soles)

	As of 30-06-2021	As of 30-06-2020	Var %
Cash and cash equivalents	398,288	458,523	-13.1
Accounts receivables - trade	966,672	990,823	-2.4
Inventories	2,055,395	2,124,363	-3.2
Accounts receivables - other	206,485	231,847	-10.9
Assets available for sale	13,914	13,863	0.4
Investment in shares	-	-	-
Prepaid expenses	44,542	41,747	6.7
<b>Current assets</b>	<b>3,685,296</b>	<b>3,861,166</b>	<b>-4.6</b>
Long term accounts receivables - trade	45,351	28,319	60.1
Long term accounts receivables - other	32,935	33,797	-2.6
Property	1,198,941	1,137,100	5.4
Rental fleet	605,278	582,504	3.9
Machinery and equipment	462,796	463,616	-0.2
Other fixed assets	163,234	153,391	6.4
	2,430,249	2,336,611	4.0
Accrued depreciation	-786,975	-692,950	13.6
Property, plant and equipment	1,643,274	1,643,661	-0.0
Investments	18,951	17,645	7.4
Intangible assets, net and goodwill	450,089	420,842	6.9
Deferred income tax	177,355	211,554	-16.2
<b>Non current assets</b>	<b>2,367,955</b>	<b>2,355,818</b>	<b>0.5</b>
<b>Total Assets</b>	<b>6,053,251</b>	<b>6,216,984</b>	<b>-2.6</b>

	As of 30-06-2021	As of 30-06-2020	Var %
Short term debt	323,729	455,773	-29.0
Liabilities derived from leases (IFRS16)	40,203	56,968	-29.4
Other current liabilities	2,311,371	2,240,809	3.1
<b>Current liabilities</b>	<b>2,675,303</b>	<b>2,753,550</b>	<b>-2.8</b>
Long term debt	941,813	1,057,590	-10.9
Other payables	1,021	895	14.1
Liabilities derived from leases (IFRS16)	73,741	94,837	-22.2
Deferred income tax	156,492	185,112	-15.5
<b>Total Liabilities</b>	<b>3,848,370</b>	<b>4,091,984</b>	<b>-6.0</b>
<b>Equity</b>	<b>2,204,881</b>	<b>2,125,000</b>	<b>3.8</b>
<b>Total Liabilities and Equity</b>	<b>6,053,251</b>	<b>6,216,984</b>	<b>-2.6</b>
<b>Other financial information</b>			
Depreciation	91,005	79,827	
Amortization	13,599	4,528	

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

(In thousand nuevos soles)

	2Q 2021	%	1Q 2021	%	2Q 2020	%	2Q 2019	%	% Var 2Q 2021/ 1Q 2021	% Var 2Q 2021/ 2Q 2020	% Var 2Q 2021/ 2Q 2019	As of jun 21	%	As of jun 20	%	As of jun 19	%	% Var as of jun21/as of jun20	% Var as of jun21/as of jun19
CAT mining trucks and machines (GM)	96,362	7	41,082	3	69,747	9	55,781	4	134.6	38.2	72.8	137,444	5	179,990	9	127,845	5	-23.6	7.5
CAT machines for other sectors (NGM)	223,944	15	233,746	19	98,880	12	188,834	14	-4.2	126.5	18.6	457,689	17	261,312	13	397,011	15	75.2	15.3
Allied equipment	130,821	9	130,854	11	135,838	17	148,787	11	0.0	-3.7	-12.1	261,675	10	267,196	13	301,837	11	-2.1	-13.3
Rental and used	108,382	7	97,601	8	45,149	6	138,111	10	11.0	140.1	-21.5	205,983	8	136,281	7	243,552	9	51.1	-15.4
Spare parts and service	778,057	53	603,357	49	377,665	47	742,023	54	29.0	106.0	4.9	1,381,414	51	955,210	48	1,442,554	53	44.6	-4.2
Other lines	139,832	9	136,263	11	77,545	10	98,345	7	2.6	80.3	42.2	276,095	10	183,647	9	199,857	7	50.3	38.1
<b>TOTAL</b>	<b>1,477,398</b>	<b>100</b>	<b>1,242,902</b>	<b>100</b>	<b>804,824</b>	<b>100</b>	<b>1,371,882</b>	<b>100</b>	<b>18.9</b>	<b>83.6</b>	<b>7.7</b>	<b>2,720,300</b>	<b>100</b>	<b>1,983,636</b>	<b>100</b>	<b>2,712,655</b>	<b>100</b>	<b>37.1</b>	<b>0.3</b>

## FERREYCORP S.A.A. AND SUBSIDIARIES

## APPENDIX 4

**Total Liabilities as of June 30th, 2021**

(In thousand US\$)

	Total Liabilities	Current Liabilities	Long term Liabilities		(A)
			Current	Long term	Financial Liabilities
Local banks (short term)	205,281	205,281	-	-	205,281
Foreign banks (short term)	53,585	53,585	-	-	53,585
Local banks (long term)	129,316	-	21,229	108,087	129,316
Foreign banks (long term)	56,166	-	18,198	37,968	56,166
Local and foreign banks (Leasing Fin)	436	-	318	118	436
<b>Suppliers:</b>					
Accounts payable to Caterpillar	67,446	67,446	-	-	-
Accounts payable to Caterpillar	-	-	-	-	-
Others	60,256	60,256	-	-	-
Corporate bonds	89,264	-	-	89,264	89,264
Caterpillar Financial	41,771	-	33,594	8,177	41,771
Liabilities derived from leases (IFRS16)	29,473	-	10,399	19,074	29,473
Other Liabilities	262,446	221,703	-	40,743	-
<b>Total (US\$)</b>	<b>995,440</b>	<b>608,271</b>	<b>83,738</b>	<b>303,432</b>	<b>605,292</b>
<b>Total (S/)</b>	<b>3,848,370</b>	<b>2,351,574</b>	<b>323,729</b>	<b>1,173,067</b>	<b>2,340,060</b>

(A) Subject to interest payment

## FERREYCORP S.A.A. AND SUBSIDIARIES

## APPENDIX 5

**Cash Flow Statement**

(In thousand of nuevos soles)

	2Q 2021	2Q 2020	As of 30-06-2021	As of 30-06-2020
<b>Cashflow from operating activities</b>				
Collection from customers and third parties	1,320,692	807,252	2,706,377	2,161,671
Payment to suppliers	-1,254,919	-416,072	-2,339,187	-1,388,717
Payment to employers and others	-143,715	-90,515	-312,553	-203,178
Payment of taxes and income tax	-49,995	-2,391	-95,174	-39,151
<b>Net cash provided by operating activities</b>	<b>-127,937</b>	<b>298,274</b>	<b>-40,537</b>	<b>530,625</b>
<b>Cashflow from investing activities</b>				
Acquisition of property, plant and equipment	-70,116	-17,265	-79,989	-40,086
Sale of financial instruments (mutual funds)	5,000	-	-	9,303
Intangible acquisitions	-3,913	-15,918	-5,173	-28,483
<b>Net cash used in investing activities</b>	<b>-69,029</b>	<b>-33,183</b>	<b>-85,162</b>	<b>-59,266</b>
<b>Cashflow from financing activities</b>				
Financial liabilities	1,139,744	1,021,406	1,650,255	1,780,421
Payment of financial liabilities	-556,246	-1,115,584	-1,186,737	-1,737,610
Payment of lease liabilities	-22,974	-27,772	-39,836	-49,745
Interests paid	-14,310	-28,932	-31,993	-55,271
Dividends paid	-86,418	-	-86,418	-
Share repurchase	-13,218	-665	-22,578	-22,627
<b>Cash from financing activities</b>	<b>446,578</b>	<b>-151,547</b>	<b>282,693</b>	<b>-84,833</b>
Cash increase, net	249,613	113,545	156,994	386,526
Cash at the beginning of the year	-	-	256,188	84,433
Cash due to exchange variation	-9,632	-12,150	-14,894	-12,436
<b>Cash at the end of the year</b>	<b>239,981</b>	<b>101,395</b>	<b>398,288</b>	<b>458,523</b>