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

First Quarter 2020

Lima, May 6, 2020.- Ferreycorp S.A.A. (BVL: FERREYC1), a leading corporation 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 2020.

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

Business conditions under current circumstances

Since March 16th 2020, Ferreycorp and its subsidiaries comply the obligatory social isolation declared by the government in order to contain the spread of Coronavirus in Perú. Almost none of our activities have been exceptioned from the shutdown and operations restrictions such as attention in our workshops, warehouses, branches and offices, **therefore we have showed very little commercial activity during this period.** Only a minimal part of our operations has been carried out to serve clients with activities exempted by their sector and working remotely at a very low sale in those companies and activities that have been allowed.

The corporation first priority is the health and welfare of our employees, customers, suppliers and other partners. Ferreycorp and its subsidiaries have designed detailed preventive and control measures against Covid-19, integrated into its Work Safety Program, for risk control and response to eventual cases. The company keeps close communication with its employees for the adoption of this measures to return to work and to protect their health during current isolation. The corporation and its companies are ready to return to operate again, under high security standards.

Thus, our main focus now is on expenses control and working capital management, as well as access to liquidity.

In this context, we've reduced discretionary expenses including consulting, travel, training and events, among other expenses. As in other crisis throughout our history, the corporation is making every effort to prioritize human capital taking some measures regarding personnel expenses, temporary employee pay reductions and provision for vacations. Our estimate of total reduction of expenses for the period April - December 2020 is for S/110 million. In addition, we've adjusted the fixed assets budget for this year (capex).

In other area, we've also taken actions in order to improve our financial position and increase liquidity. We've drawn down US\$ 240 million since March 15th from local banks and from Caterpillar Financial. As a result, we have assured cash to cover expenses, payments to local suppliers and importation of any required reposition of inventories, and to cover any contingency in the upcoming months. As a result, financial debt increased went from US\$ 703 million as of December 2019 to US\$ 732 million as of March 2020.

Regarding the maturity of the new debt, US\$ 189 million is short term, mainly loans for one year, and US\$ 51 million medium term debt. The average cost of debt increased from 3.19% to 3.5% due to major interest rates derived from the current financial market conditions and increase in medium term borrowings.

At this moment we are expecting to return to business in May, as our activities are included in the First Phase, and waiting for specific government resolutions. Our view is that in May we will start at a lower level and expect sales volume should return to normal levels towards the fourth quarter.

We have been able to successfully get through difficult times over almost 100 years of existence, our experience and the support of our stakeholders gives us confidence that our strong business model, financial position and resilience will continue to position us well.

MAIN HIGHLIGHTS

FIRST QUARTER 2020 RESULTS

- Consolidated sales for the first quarter amounted to S/ 1,179 million and declined by 12% if compared to the same period last year (S/ 1,341 million) as a result of the 15-day operational halt following the declaration of state of emergency in Perú and in the other countries where the corporation operates, affecting almost all the business lines. It is worth mentioning that consolidated sales during January and February 2020 amounted to S/ 869 million and showed a slight increase compared to sales from the same period of 2019 (S/ 863 million).
- Gross profit (S/ 293 million) decreased by 13% compared to the first quarter 2019 (S/ 338 million) as a result of half month without commercial operations. In turn, gross margin amounted to 24.9%, compared to 25.2% reached during the same period of 2019, explained mainly by the sales mix where product support went from an overall share of 52% to 49% of total sales as of March 2020 due to deliveries of spare parts and services that were delayed during the quarantine and also due to a greater number of machines sold to our customers during this quarter, according to the deliveries agreed with our mining customers.
- Operating margin reached to 6.5% in 1Q2020 compared to 9.5% in the 1Q2019, led by lower gross profit and expenses that showed no major variation compared to March 2019. SG&A as a percentage of total sales increased to 18.6% from 16.1% as of March 2019. During the second half of March the company recorded almost no sales, but kept the expenses related to payroll. The expenses reduction

plan explained at the beginning of this Press Release will be noticed from April and throughout the year.

- EBITDA amounted to S/ 128 million and fell by 30% compared to first quarter 2019 (S/ 183 million). EBITDA margin for the 1Q2020 reached 10.8% compared to 13.6% in the same quarter 2019.
- Consolidated net loss during 1Q2020 amounted to S/ -21 million while net profit during 1Q2019 reached to S/ 92 million. The net loss during the first quarter 2020 is derived from the lower operating profit and also attributed to the exchange loss for S/ 80 million registered during the first three months of the year. It should be noted that the exchange loss is accounting wise since the inventory is registered in nuevos soles but will be sold in dollars, which will allow the loss recovery in the upcoming months. The inventory reserve is S/ 60 million.

(in million, except for per share ratios)	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	%Var. 1Q 2020/ 4Q 2019	%Var. 1Q 2020/ 1Q 2019
Net sales (US\$)	\$346	\$459	\$479	\$413	\$403	-24.6%	-14.1%
Net sales	S/ 1,179	S/ 1,545	S/ 1,601	S/ 1,372	S/ 1,341	-23.7%	-12.1%
Gross profit	S/ 293	S/ 336	S/ 353	S/ 349	S/ 338	-12.6%	-13.1%
SG&A expenses	S/ -219	S/ -225	S/ -225	S/ -220	S/ -216	-14.0%	1.4%
Operating profit	S/ 77	S/ 74	S/ 124	S/ 136	S/ 127	4.6%	-39.5%
Financial expenses	S/ -22	S/ -23	S/ -24	S/ -25	S/ -23	-3.4%	-4.1%
(Gain)Loss to exchange rate	S/ -80	S/ 16	S/ -50	S/ 9	S/ 24		
Net profit	S/ -21	S/ 41	S/ 32	S/ 81	S/ 92		
EBITDA	S/ 128	S/ 133	S/ 175	S/ 194	S/ 183	-3.5%	-30.1%
Profit per share	(0.021)	0.042	0.033	0.083	0.095		
EBITDA per share	0.131	0.136	0.179	0.199	0.188	-3.5%	-30.1%
Free cash flow	160	S/ 103	S/ -120	S/ -113	S/ 235		
Gross margin	24.9%	21.7%	22.1%	25.5%	25.2%		
SG&A expenses / sales	18.6%	16.5%	14.0%	16.0%	16.1%		
Operating margin	6.5%	4.8%	7.7%	9.9%	9.5%		
Net margin	-1.8%	2.6%	2.0%	5.9%	6.9%		
EBITDA margin	10.8%	8.6%	10.9%	14.1%	13.6%		
Leverage ratio	1.79						
Net Debt / EBITDA	3.43						

MAIN HIGHLIGHTS

Mandatory Annual General Meeting

Given that the Government extended the National State of Emergency until April 12th, the Board agreed in the meeting held on March 27th, not to carry out the Annual Mandatory General Shareholders Meeting scheduled for March 31st on first call and on April 6th on second call. This decision was taken given the impossibility to carry out the meeting due to the mandatory social isolation and border closure measures.

As soon as the conditions allow us to hold a meeting of this nature, the Board will adopt the necessary agreements to convene this meeting.

This agreement was reported on March 27th 2020 as an Important Matter to the Superintendencia del Mercado de Valores and posted in the company website.

Conference Call with investors

In order to keep our investors and shareholders informed, the management hosted two conference calls on March 26th and April 30th, in order to inform about the actions taken by the company during the quarantine. You can find the audio in our website.

Share Repurchase Program

The Board approved on October 2019 a repurchase program for up to 50 million shares (5% of the capital) to be executed according to market conditions.

The purchase of our common shares represents a desirable use of our available cash to increase shareholder value. However, our primary near-term objective regarding current conditions, is to prioritize liquidity and the use of credit lines toward operational needs and financial expenses.

In this way, the share repurchase program has been executed and will continue to be monitored and reported to the market.

As of March 2020, Ferreycorp has repurchased 16,788,791 shares at an average price of S/ 2.04.

Ferreycorp donates personal protective equipment to the front line against Covid-19

Ferreycorp donated personal protective equipment to institutions such as the Mobile Urgency Care System (SAMU), the Ministry of Health, the Volunteer Firefighters Peruavian Company and the National Institute of Neoplastic Diseases (INEN). This equipment was provided by the subsidiary Soltrak in order to safeguard the integrity of people that attend emergencies or provide health services.

Ferreycorp's contribution includes more than 3,000 safety suits, 2,300 N95 masks, 21,000 pairs of gloves, boots and safety glasses. This donation started recently and will continue during the following days.

The corporation has focused on the delivery of personal protective equipment which is a line of products carried through our subsidiary Soltrak. Additionally, Ferreycorp has contributed with the provision food through institutions and initiatives, such as Cáritas del Perú and Hombro a Hombro.

Social Responsible Distinction

Ferreycorp and its subsidiaries Ferreyros, Unimaq, Orvisa, Motored, Fargoline and Soltrak received the Distinction of Socially Responsible Company (DESR). This recognition was granted by Peru 2021 and it is considered as one of the most important recognitions in this area.

The subsidiaries demonstrated their outstanding performance in terms of sustainability. They were evaluated on three areas: values and organizational culture; environment development; and risk and impact management.

I. 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 first quarter 2020, sales shrunk by 13.3% if compared to the same period 2019, as a result of the operations halt that started in Perú on March 16th, 2020. Nevertheless, Caterpillar mining equipment sales went up by 53% as a result of important deliveries of mining machines to two mining customers.

In turn, Orvisa and Unimaq sales dropped by 1.4% and 7.6%, respectively, while Ferreyros sales fell by 14.4%.

The share of this first group of subsidiaries in total sales during the first quarter is 72.8%.

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 down 2.9%. The operational halt in almost all the countries where these subsidiaries are located started during the fourth week of March and affected mainly to Gentrac which is in Guatemala.

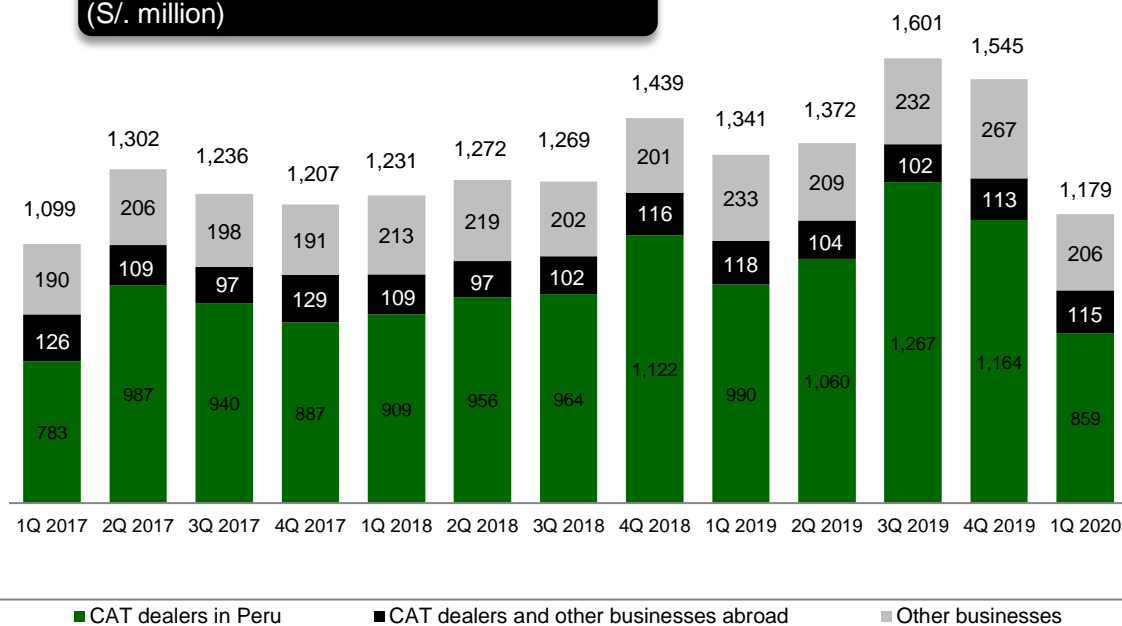
On the other hand, Cogesa which is located in El Salvador, increased sales by 10% and continued with its operations attending customers from the agricultural sector, essential activity that hasn't stopped.

The share of this group of companies in total sales is 9.7%.

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 complement the supply of goods and services through equipment and vehicles, consumables and logistic solutions, among other lines, decreased its sales by 11.8%. This result turns out from Trex outside Perú lower sales (-25%) derived from the delay in equipment delivery due to the quarantine that started on March 16th, 2020. These machines will be delivered during the second quarter this year.

This group of companies currently represents 17.4% of total sales

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


The detail of sales by group of companies:

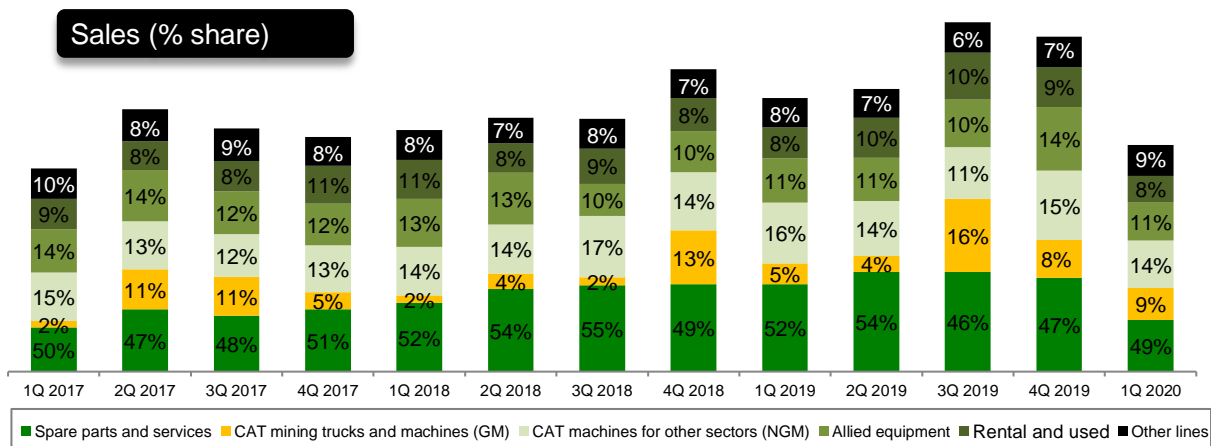
(S/ million)	1Q 2020	%	4Q 2019	%	3Q 2019	%	2Q 2019	%	1Q 2019	%	% Var 1Q 2020/ 4Q 2019	% Var 1Q 2020/ 1Q 2019
Ferreyros	733	62	1,032	67	1,132	71	920	67	856	64	-29.0	-14.4
Unimaq	95	8	86	6	103	6	113	8	103	8	11.0	-7.6
Orvisa	31	3	47	3	33	2	26	2	31	2	-34.6	-1.4
Total CAT dealers in Peru	859	73	1,164	75	1,267	79	1,060	77	990	74	-26.3	-13.3
Total CAT dealers and other businesses abroad	115	10	113	7	102	6	104	8	118	9	1.2	-2.9
Motored	43	4	47	3	48	3	55	4	47	4	-6.6	-7.4
Soltrak	53	4	51	3	57	4	53	4	53	4	3.5	0.0
Trex (Chile)	56	5	93	6	77	5	50	4	74	6	-40.3	-25.0
Trex (Perú)	27	2	41	3	19	1	22	2	30	2	-32.2	-7.9
Fargo	20	2	21	1	20	1	19	1	21	2	-5.6	-2.1
Forbis	4	0	7	0	4	0	6	0	4	0	-47.0	-15.0
Otras	2	0	8	1	6	0	5	0	4	0	-69.3	-45.3
Total other businesses	206	17	267	17	232	14	209	15	233	17	-23.1	-11.8
TOTAL	1,179	100	1,545	100	1,601	100	1,372	100	1,341	100	-23.7	-12.1

2. SALES BREAKDOWN BY BUSINESS LINE

(S/ million)

	1Q 2020	%	4Q 2019	%	3Q 2019	%	2Q 2019	%	1Q 2019	%	% Var 1Q 2020 / 4Q 2019	% Var 1Q 2020 / 1Q 2019
CAT mining trucks and machines (GM)	110	9	130	8	250	16	56	4	72	5	-15.1	53.0
CAT machines for other sectors (NGM)	162	14	239	15	178	11	189	14	208	16	-32.1	-22.0
Allied equipment	131	11	218	14	163	10	149	11	153	11	-39.9	-14.2
Rental and used	91	8	137	9	162	10	138	10	105	8	-33.4	-13.6
Spare parts and services	578	49	720	47	743	46	742	54	701	52	-19.7	-17.6
Other lines	106	9	101	7	104	6	98	7	102	8	5.1	4.5
TOTAL	1,179	100	1,545	100	1,601	100	1,372	100	1,341	100	-135.1	-12.1

When analyzing the results by business lines during the first quarter 2020 almost all are affected by the operations halt. Among the lines that have shown a positive result are Caterpillar mining equipment sales, as a result of deliveries during January and March, and lubricants sales – which are shown within Other lines – that increased by 22.5%.

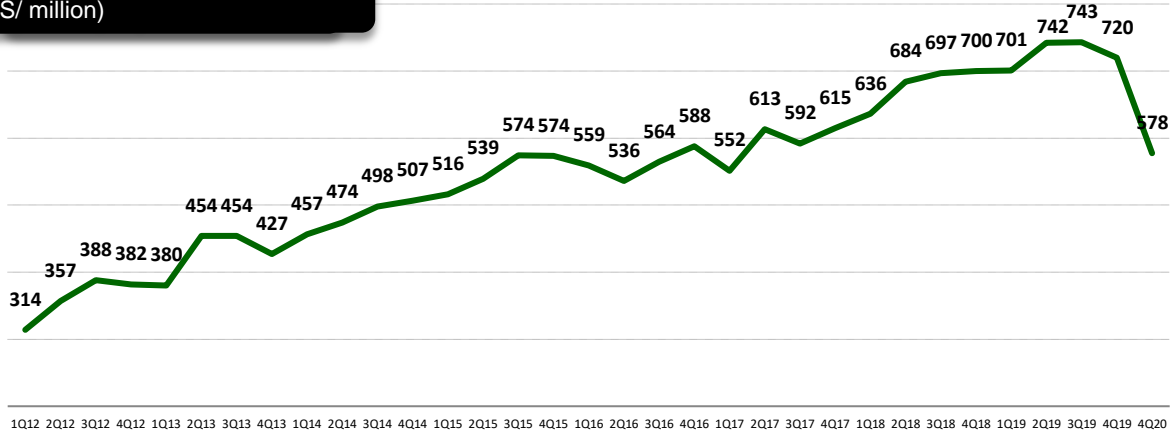


The strategy of the corporation is focused in serving the customers throughout the life of their equipment, for this reason, great efforts are deployed to deliver the best quality aftermarket support through locations near the customers.

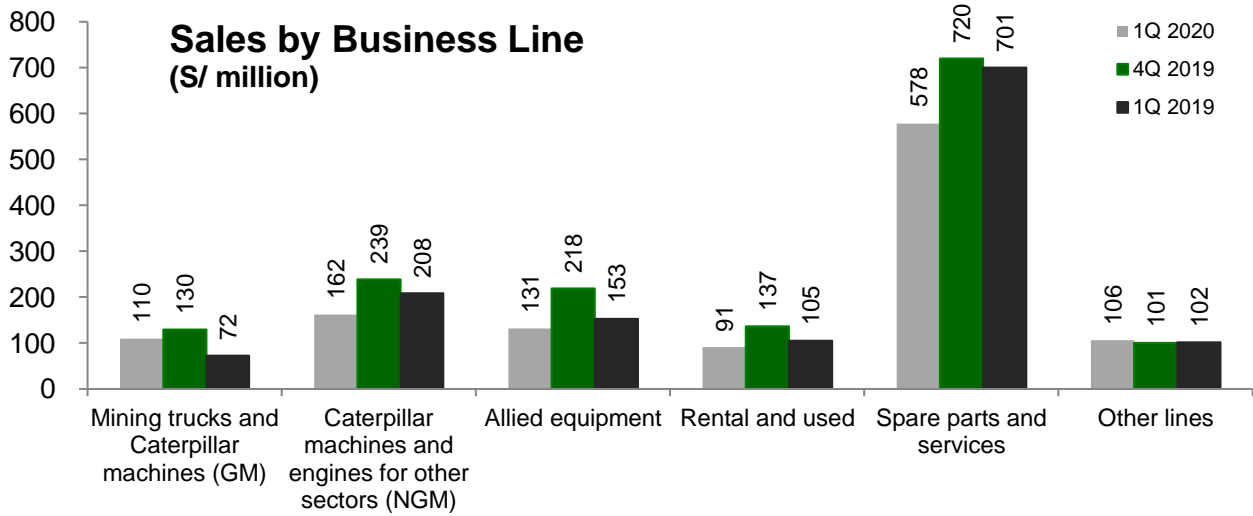
These capacities have allowed spare parts and services business line, both Caterpillar and allied brands, to keep the higher share in the composition of total sales (49%), reaching S/ 578 million thru the first quarter 2020 and dropped by 17.6% compared to 1Q'19 led by the halt of the operations since March 15th in the countries were the corporation has presence due to the health emergency.

It is important to mention that sales of 1Q19 include exports sales of spare parts and guarantees claims for S/ 26.6 million. Without this effect, spare parts and services would have dropped by 14.3%

Spare parts and services
(S/ million)

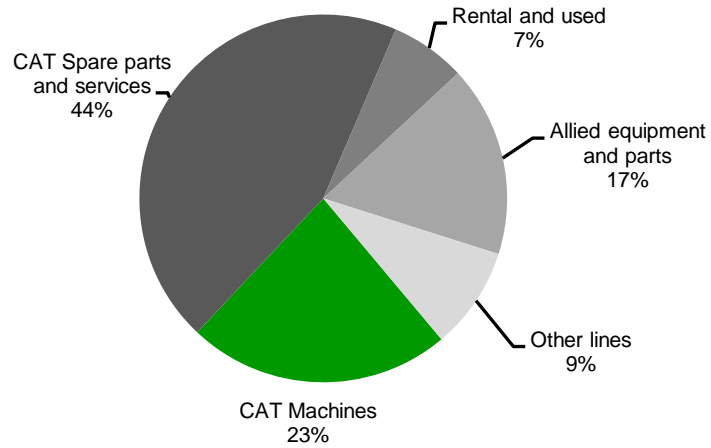


The after-market provided by Ferreycorp to its customers is recognized by high quality standards, a key difference from the competition. However, as mentioned before, almost all of the corporation’s activities are restricted, such as service in workshops, warehouses, branches and offices, within the mandatory social isolation that the corporation and its subsidiaries comply with.

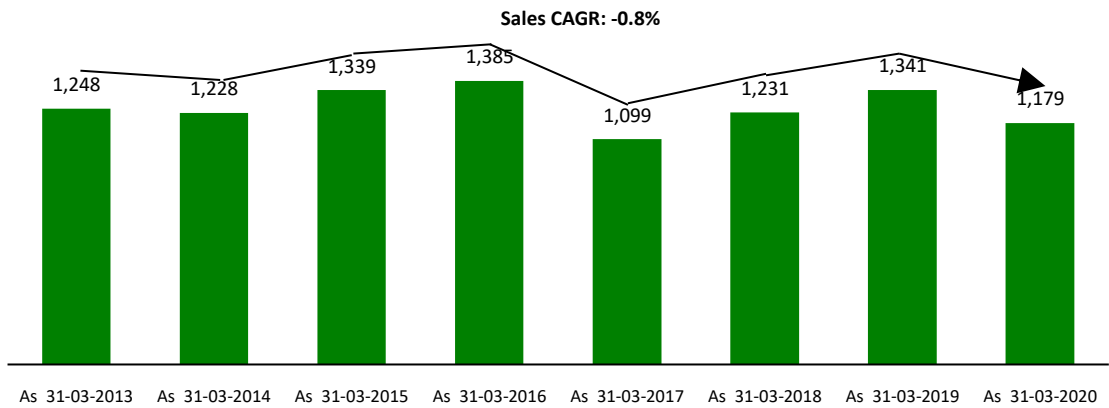


As of March 31, 2020, sales of the Caterpillar brand carried by Caterpillar dealers in Peru, Guatemala, El Salvador and Belize, accounted for 74% of total sales, including machinery and equipment (new, used and rental units) as well as spare parts and services.

Sales (As of march 2020)



Sales and EBITDA (S/. million)



	2013	2014	2015	2016	2017	2018	2019	2020
Ebitda Margin	9.6%	11.7%	11.4%	13.5%	10.9%	10.7%	13.6%	10.8%
EBITDA (S/ MM)	119	144	152	187	120	132	183	128

EBITDA CAGR: 1.0%

3. SALES BREAKDOWN BY ECONOMIC SECTORS

Regarding sales distribution by economic sectors, sales to open pit mining represented, during the first quarter 2020, 45% of total sales compared to 44% during the first quarter last year. Meanwhile, underground mining account 9% of total sales, lower than first quarter 2019 share of 12%.

	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019
Open pit mining	44.7%	43.1%	43.8%	42.6%	43.6%
Construction	19.2%	23.3%	18.7%	16.0%	21.9%
Underground mining	8.8%	8.6%	12.9%	15.1%	12.1%
Government	2.1%	5.1%	1.8%	1.1%	1.0%
Transportation	4.2%	3.8%	3.6%	3.7%	4.0%
Industry, commerce and service	12.6%	10.2%	9.7%	9.8%	9.2%
Agriculture and forestry	2.0%	2.1%	2.4%	2.1%	2.0%
Fishing and marine	2.0%	1.1%	1.9%	2.1%	2.2%
Hydrocarbons and energy	1.4%	0.7%	0.8%	0.6%	0.6%
Others	3.0%	2.0%	4.4%	6.9%	3.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

II. ANALYSIS OF FINANCIAL INFORMATION

1. Sales

Million soles	1Q20	1Q19	%Var.
Sales	1,178.8	1,340.8	-12.1

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

2. Gross profit

Million soles	1Q20	1Q19	%Var.
Gross profit	293.4	337.7	-13.1
Gross margin	24.9%	25.2%	

In the first quarter 2020, gross profit decreased if compared the one obtained in the same period of 2019 led by the operations halt. In percentage terms, 1Q 2020 reached to 24.9%, below 1Q 2019, led by share of spare parts and services in total sales that went from 52% in 1Q 2019 to 49% this quarter. Sales of main products, rose from 21% to 23% during the first quarter of 2020.

3. Selling and Administrative Expenses

Million soles	1Q20	1Q19	%Var.
Selling and administrative expenses	219.0	215.9	1.4
As a % of total sales	-18.6%	-16.1%	

Selling and administrative expenses during the first quarter 2020 increased by 1.4% compared to the same quarter 2019, mainly explained by higher expenses: i) pre-operative expenses related to prepare our activities in an important mining project and, ii) IT expenses to improve coverage and time of response nationwide.

4. Financial Expenses

Million soles	1Q20	1Q19	%Var.
Financial expenses	22.5	23.4	-4.1
As a % of total sales	-1.9%	-1.7%	

Financial expenses for the first quarter 2020 decrease by 4.1% compared to 1Q 2019 led by: i) in the first quarter 2019 the corporation took medium term loans in order to change the maturity of short term debt, in a context of increasing interest rates and ii) In the first quarter 2020 we notice a reduction in the interest rate as well as in the debt. However, this situation started to change during the second half of March when the Corporation looked for liquidity and started to change the maturity of the debt at higher rates, which will impact second quarter results.

Moreover, in order to count with the funds and liquidity to meet the needs of the corporation, the average financial liabilities increased from US\$ 601 million in the first quarter 2019 to US\$ 717 million as of March 2020.

5. Foreign Exchange Gain/ Loss

Million soles	1Q20	1Q19	%Var.
Foreign Exchange Gain/ Loss	-80.3	24.2	

During the first quarter 2020, an exchange loss was recorded as a result of exchange rate devaluations in Peru and Chile. The devaluation of the sol against the dollar was 3.77% (it went from S / 3.317 in December 2019 to S / 3.442 in March 2020). During similar period in 2019, the sol appreciated in 1.72% (it went from S / 3.379 in December 2018 to 3.321 in March 2019). The devaluation of the Chilean peso against the dollar in the first quarter 2020 was 13.8%, and in the first quarter 2019 a 2.34% appreciation 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 will be recovered in part through the sale of the inventory which is registered at a lower exchange rate.

6. Net profit

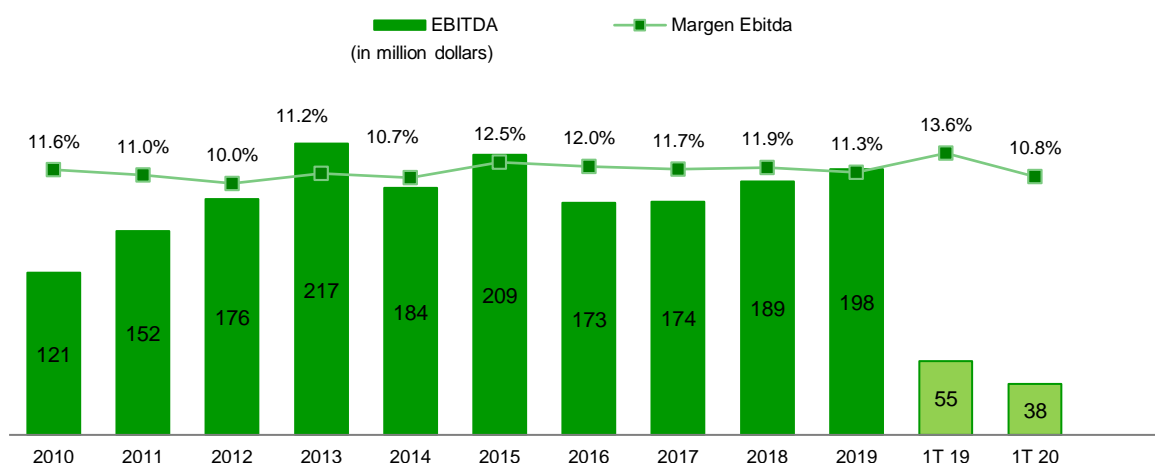
Million soles	1Q20	1Q19	%Var.
Net profit	-20.8	92.3	-122.5
Net margin	-1.8%	6.9%	

Net loss for the first quarter 2020 amounted to S/ -20.8 million, mainly due to an exchange loss recorded in this period of S/ -80.3 million led by the devaluation of the local currency against the dollar in both countries Peru and Chile. It is worth noting that part of the exchange loss is accounting wise and will be recover in the upcoming months when the reserve in the inventory that is registered in soles is sold (S/ 60 million).

7. EBITDA

Million soles	1Q20	1Q19	%Var.
EBITDA	127.8	183	-30.1
EBITDA margin	10.8%	13.6%	

First quarter 2020 EBITDA reached to S/. 127.8 million and dropped 30.1% compared to EBITDA reported in the first quarter 2019 due to a reduction in operating profit, which was also affected by lower sales and gross margin.



ANALYSIS ACCORDING TO CORPORATE ORGANIZATION

(S/ thousand)

	CAT Dealers in Peru		CAT Dealers and other businesses abroad		Other businesses	
	2020	2019	2020	2019	2020	2019
Sales	858,692	989,874	114,563	117,936	205,557	232,963
Gross profit	222,914	263,818	28,613	29,101	41,890	44,811
Gros margin	26%	27%	25%	25%	20%	19%
SG&A	164,314	159,734	18,575	19,256	34,695	35,145
Operating margin	8%	11%	9%	9%	4%	5%
Depreciation and amort	24,131	31,264	6,851	5,273	14,007	12,466
EBITDA	91,856	142,416	17,056	16,148	23,138	25,050
EBITDA margin	11%	14%	15%	14%	11%	11%

Note: this results do not includ Ferreycorp and Inti

III. ANALYSIS OF CONSOLIDATED FINANCIAL INFORMATION

In order to provide additional liquidity in this period of uncertainty and to meet operational and financial cash flow needs during the first fifteen days of the quarantine period (and foreseeing that it would extend), the corporation increased its cash balance derived from customers collections.

In this way, total assets as of March 31, 2020 amounted to S/ 5,912.0 million, 7.6% higher if compared to S/ 5,496.3 million as of March 31, 2019.

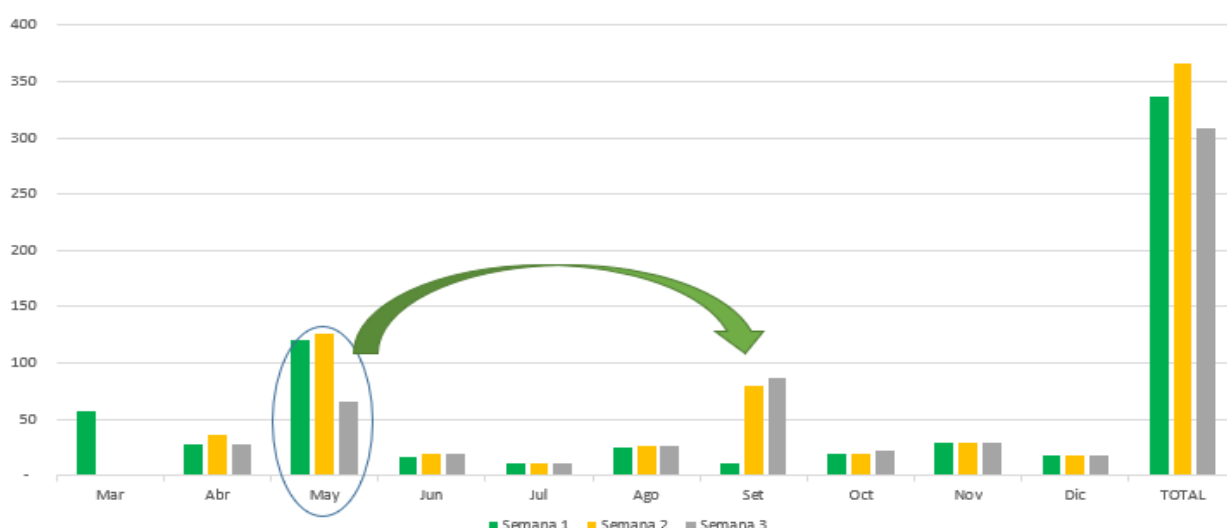
This variation is primarily due to i) higher amount in cash and cash equivalent (S/ 250.7 million) as part of the actions taken after the operations halt; and ii) inventories that increased by S/ 119.5 million due to lower sales registered in March; cranes inventory in Trex Chile and Peru and machines and spare parts in Unimaq that will be deliver to mining and renting customers during the upcoming months.

Financial liabilities as of March 2020 amounted to S/ 2,518.1 million (US\$ 732 million) and increased by 25.2% compared to US\$ 584 million recorded during the same period last year, led by higher assets, mainly driven by the increase in cash. Current maturities account for 62% of total debt.

It is important to recall that financial liabilities include S/ 118.7 million (US\$ 34.5 million) related to IFRS16 application that points out that lease contracts must be turned into a liability with its related asset (right of use), recording also the financial expenses derived from bringing this obligation to present value using a discount rate (average cost of debt).

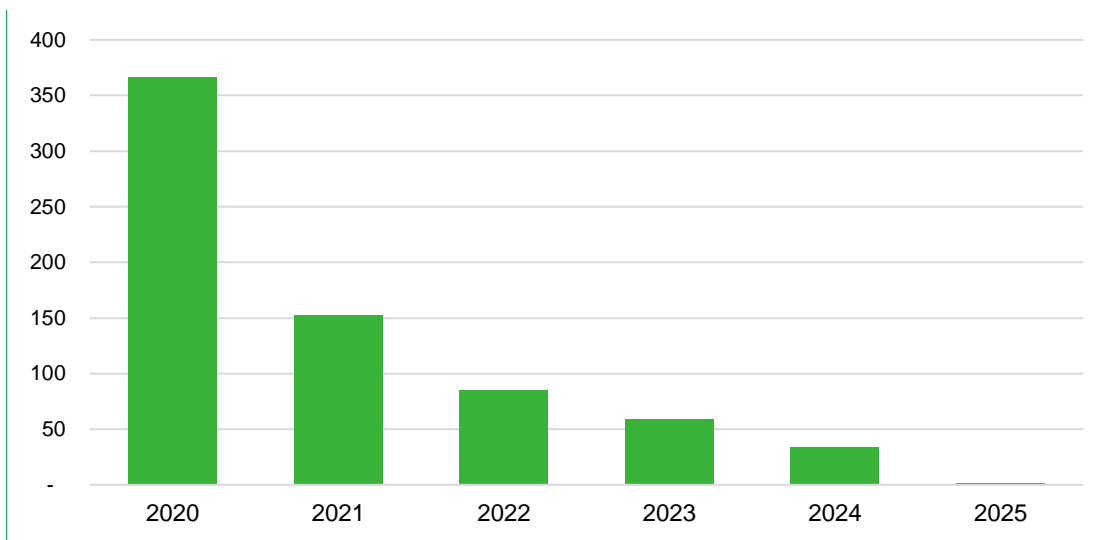
Since the beginning of the quarantine, it was considered convenient to review the debt structure of each company and the corporation itself, in order to preserve the cash and liquidity and reschedule liabilities with new maturities. Maturities were rescheduled at 180 and 360 days. Additionally, the company requested the activation of medium term credit lines, which given the current situation, have taken more time to review the documentation process.

The following chart shows the reschedule of the debt that matured during the first quarter:

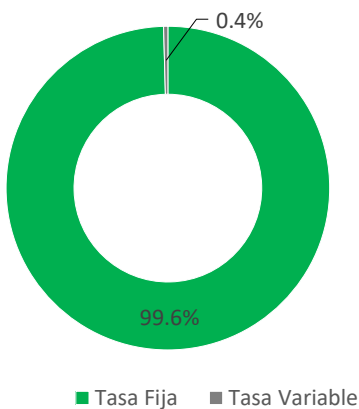


Below is the maturity structure of the consolidated liabilities, which is 96.1% in dollars according to the strategy of the corporation to keep a natural hedge between its sales and financing. The local currency financing belongs to subsidiaries that have a percentage of their income in local currency. Likewise, 99.6% of total debt has been contracted at fixed rate, which cover us from interest rate risks.

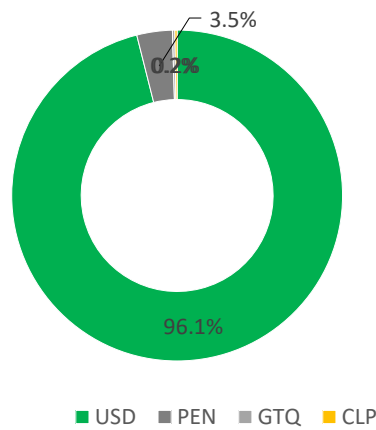
**Debt Maturity
(US\$ million)**



Debt by rate



Debt by currency



Investment in Fixed Assets (Capex) and intangibles

As of March 31, 2020, the investment in fixed assets and intangibles amounted S/ 37.5 million:

Rental Fleet

Rental fleet units were replaced with a net investment of S/ 9.0 million (Ferreyros S/ 5.1 million, Gentrac S/ 3.7 million).

Machinery and equipment for workshops

The net investment was S/ 3.5 million (Ferreyros S/ 3.4 million).

Work in progress

Ferreyros is doing additional works in CRC in La Joya and the ceiling construction of its main parts warehouse (S/ 9.6 million).

Intangibles

The investment in intangible assets reached S/ 12.6 million, mainly for the implementation of ERP SAP S/4 HANA platform that will “go 100% live” in the second half of 2020 in the main companies of the corporation to improve their process, information and reports. From that date, we will start to record the corresponding amortization according to the deadlines established by current regulations.

As of March 2020, the total amount invested in this implementation amounts to S/ 196.2 million soles (2016: S/ 7.4 million, 2017: S/ 38.2 million, 2018: S/ 69.2 million, 2019: S/ 68.6 million and 2020: S/ 12.6 million)

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 IFRS 16 for S/ 10.2 million.

In this way, the balance sheet shows a fixed asset increase of S/ 21.9 million (US\$ 6.4 million) from same period 2019.

FINANCIAL RATIOS

Ratios	Mar-20	Dic-19	Set-19	Jun-19	Mar-19
Current ratio	1.37	1.42	1.40	1.41	1.69
Financial debt ratio	1.02	1.04	1.03	0.98	0.87
Indebtedness ratio	1.79	1.66	1.65	1.64	1.60
Net debt / EBITDA	3.43	3.29	3.03	2.92	2.73
Adjusted debt / EBITDA	2.39	2.17	1.87	1.84	2.31
Financial expenses coverage ratio	5.69	7.13	7.59	7.80	7.81
Asset turnover	0.99	1.04	1.05	1.01	1.01
Inventory turnover	2.26	2.39	2.42	2.32	2.41
Inventory days	159	150	149	155	149
Receivable days	56	62	64	63	67
Payable days	47	48	52	55	53
Cash cycle	169	165	161	163	163
ROE	6.3%	11.5%	12.1%	13.3%	12.2%
ROA	5.1%	5.8%	6.9%	6.9%	6.7%
ROIC (6)	6.7%	7.3%	8.5%	8.7%	8.8%
Book value per share	2.17	2.21	2.23	2.20	2.17

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

It is important to mention that all ratios are impacted by the operation halt since March 15th.

The leverage ratios considered within the covenants of the Medium-term loans, in particular, the adjusted debt to ebitda ratio show higher levels due to the financial debt increase and the change of the maturity into medium term.

The cash cycle rose during this quarter, showing 169 days, compared to the one obtained in the same period of 2019, affected by inventory turnover.

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)

	As of mar20	%	As of mar19	%	Var %
Net sales	1,178,812	100.0	1,340,773	100.0	-12.1
Cost of goods sold	-885,395	-75.1	-1,003,043	-74.8	-11.7
Gross profit	293,417	24.9	337,730	25.2	-13.1
Selling and admin expenses	-218,959	-18.6	-215,885	-16.1	1.4
Other income (expenses), net	2,500	0.2	5,409	0.4	-53.8
Operating profit	76,958	6.5	127,254	9.5	-39.5
Financial income	4,061	0.3	4,848	0.4	-16.2
Gain (loss) to exchange rate	-80,253	-6.8	24,240	1.8	-431.1
Financial expenses	-22,467	-1.9	-23,428	-1.7	-4.1
Share in the result of associated through the equity method	291	0.0	1,069	0.1	-72.8
Profit before income tax	-21,410	-1.8	133,983	10.0	
Income tax	625	0.1	-41,638	-3.1	
Net profit	-20,785	-1.8	92,345	6.9	
EBITDA	127,841	10.8	182,988	13.6	-30.1

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 31-03-2020	As of 31-03-2019	Var %		As of 31-03-2020	As of 31-03-2019	Var %
Cash and cash equivalents	357,128	106,402	235.6	Short term debt	491,974	486,340	1.2
Accounts receivables - trade	931,796	1,098,372	-15.2	Liabilities derived from leases (IFRS1)	55,317	41,772	32.4
Inventories	1,971,495	1,852,013	6.5	Other current liabilities	2,083,025	1,424,882	46.2
Accounts receivables - other	293,298	197,318	48.6	Current liabilities	2,630,316	1,952,994	34.7
Investment in shares	13,863	10,465	32.5	Long term debt	910,083	1,135,763	-19.9
Investment in securities	-	9,000		Other payables	342	143	139.2
Prepaid expenses	35,099	34,510	1.7	Liabilities derived from leases (IFRS1)	63,337	99,391	-36.3
Current assets	3,602,679	3,308,080	8.9	Deferred income tax	187,134	193,418	-3.2
Long term account receivables - trade	30,387	27,783	9.4	Total Liabilities	3,791,212	3,381,709	12.1
Long term account receivables - other	32,166	298	10,694.0	Equity	2,120,809	2,114,603	0.3
Rental fleet	533,450	514,647	3.7	Total Liabilities and Equity	5,912,021	5,496,312	7.6
Property	1,130,426	1,097,888	3.0				
Machinery and equipment	461,777	391,740	17.9	Other financial information			
Other fixed assets	150,902	162,061	-6.9	Depreciation	44,560	46,585	
	2,276,555	2,166,336	5.1	Amortization	2,262	4,301	
Accrued depreciation	-656,784	-573,657	14.5				
Property, plant and equipment	1,619,771	1,592,679	1.7				
Investments	17,010	14,558	16.8				
Intangible assets, net and goodwill	403,786	345,124	17.0				
Deferred income tax	206,222	207,790	-0.8				
Non current assets	2,309,342	2,188,232	5.5				
Total Assets	5,912,021	5,496,312	7.6				

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 3

NET SALES

(In thousand nuevos soles)

	1Q 2020	%	4Q 2019	%	3Q 2019	%	2Q 2019	%	1Q 2019	%	% Var 1Q 2020/ 4Q 2019	% Var 1Q 2020/ 1Q 2019
CAT mining trucks and machines (GM)	110,243	9.4	129,869	8.4	250,473	15.6	55,781	4.1	72,064	5.4	-15.1	53.0
CAT machines for other sectors (NGM)	162,432	13.8	239,326	15.5	178,202	11.1	188,834	13.8	208,176	15.5	-32.1	-22.0
Allied equipment	131,358	11.1	218,442	14.1	163,030	10.2	148,787	10.8	153,050	11.4	-39.9	-14.2
Rental and used	91,132	7.7	136,809	8.9	162,129	10.1	138,111	10.1	105,441	7.9	-33.4	-13.6
Spare parts and services	577,546	49.0	719,569	46.6	743,408	46.4	742,023	54.1	700,531	52.2	-19.7	-17.6
Other lines	106,102	9.0	100,991	6.5	103,522	6.5	98,345	7.2	101,511	7.6	5.1	4.5
TOTAL	1,178,812	100.0	1,545,005	100.0	1,600,764	100.0	1,371,882	100.0	1,340,773	100.0	-23.7	-12.1

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 4

Total Liabilities as of March 2020

(In thousand US\$)

	Total Liabilities	Current Liabilities	Long term Liabilities		(A) Financial Liabilities
			Current	Long term	
Local banks (short term)	235,290	235,290	-	-	235,290
Foreign banks (short term)	62,606	62,606	-	-	62,606
Local banks (long term)	259,697	-	81,109	178,588	259,697
Foreign banks (long term)	83,343	-	22,499	60,845	83,343
Local and foreign banks (Leasing Fin)	902	-	374	528	902
Suppliers					
Accounts payable to Caterpillar	54,267	54,267	-	-	-
Accounts payable to Caterpillar	14,829	14,829	-	-	14,829
Others	103,222	103,222	-	-	112
Corporate bonds					
Caterpillar Financial	40,335	-	18,544	21,791	40,335
Liabilities derived from leases (IFRS16)	34,472	-	16,071	18,401	34,472
Other Liabilities	212,491	158,024	-	54,467	-
Total (US\$)	1,101,456	628,239	138,598	334,619	731,588
Total (S/.)	3,791,212	2,162,398	477,054	1,151,760	2,518,125

(A) Subject to interest payment

FERREYCORP S.A.A. AND SUBSIDIARIES
APPENDIX 5
Cash Flow Statement

(In thousand of nuevos soles)

	As of March 2020
Cashflow from operating activities	
Collection from customers and third parties	1,354,419
Payment to suppliers	-972,646
Payment to employees and others	-112,663
Payment of taxes and income tax	-36,760
Net cash provided by operating activities	232,350
Cashflow from investing activities	
Acquisition of property, plant and equipment	-22,821
Acquisition of assets by right in use (IFRS16)	-10,227
Acquisition of financial instruments (mutual funds)	9,303
Intangible acquisitions	-12,565
Net cash used in investing activities	-36,310
Cashflow from financing activities	
Financial liabilities	759,014
Payment of financial liabilities	-622,026
Payment of lease liabilities	-11,746
Interests paid	-26,339
Dividends paid	-
Share repurchase	-21,962
Efectivo proveniente de las actividades de financiación	76,941
Cash increase, net	272,981
Cash at the beginning of the year	84,433
Result due transaction	979
Cash due to exchange rate variation	-1,265
Cash at the end of the year	357,128

**DISCLAIMER**

Este informe puede contener en las declaraciones ciertas estimaciones. Estas declaraciones son hechos no históricos, y se basan en la visión actual de la administración de Ferreycorp S.A.A. y en estimaciones de circunstancias económicas futuras, de las condiciones de la industria, el desempeño de la compañía y resultados financieros. Las palabras “anticipada”, “cree”, “estima”, “espera”, “planea” y otras expresiones similares, relacionadas con la corporación, tienen la intención de identificar estimaciones o previsiones. Las declaraciones relativas a las actividades, los proyectos, las condiciones financieras y/o las operaciones de resultados de la corporación, así como la implementación de la operación principal y estrategias financieras, y de planes de inversión de capital, la dirección de operaciones futuras y los factores y las tendencias que afecten la condición financiera, la liquidez o los resultados de operaciones son ejemplos de estimaciones declaradas; tales declaraciones reflejan la visión actual de la gerencia y están sujetas a varios riesgos e incertidumbres. No hay garantía que los eventos esperados, tendencias o resultados ocurrirán realmente. Las declaraciones están basadas en varias suposiciones y factores, inclusive las condiciones generales económicas y de mercado, condiciones de la industria y los factores de operación. Cualquier cambio en tales suposiciones o factores podrían causar que los resultados reales difieran materialmente de las expectativas actuales.

