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

First Quarter 2019

Lima, April 29, 2019.- 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 2019.

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

MAIN HIGHLIGHTS

FIRST QUARTER 2019 RESULTS

- Consolidated sales for the first quarter amounted to S/ 1,341 million and increased by 9% if compared to the same period last year (S/ 1,231 million). These results reflect the leadership of Ferreycorp and its main represented brand Caterpillar despite slow growth rates in the country during the first months of the year. This growth is mainly explained by both, higher sales of spare parts and services business line that accounted for record sales and, deliveries of Caterpillar equipment for mining due to deals closed during last year and sales to other sectors such as construction and medium mining.
- Gross profit (S/ 338 million) increased compared to the first quarter of the previous year (S/ 289 million) reaching its highest level in recent quarters, led by major sales at greater margin. In turn, gross margin amounted to 25.2%, compared to 23.5% reached during the same period of 2018, explained mainly by a margin improvement in almost all the subsidiaries and for the sale of highly depreciated used components.

- Operating margin reached to 9.5% in 1Q2019 compared to 7.7% in the 1Q2018, led by higher sales with expenses growing at a similar pace.
- Consolidated net profit during 1Q2019 amounted to S/ 92 million and rose by 42% compared to net profit reached during 1Q2018 (S/ 65 million). This result is mainly attributed to higher sales with an improvement in gross margin, controlled expenses and benefited by an exchange gain led by the nuevo sol appreciation during the first three months of the year.
- EBITDA amounted to S/ 183 million and boosted by 39% compared to first quarter 2018. EBITDA margin for the 1Q2019 reached 13.6% compared to 10.7% in the same quarter 2018 due to gross margin and operating profit increase.

(in million, except for per share ratios)	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	%Var. 1Q 2019/ 4Q 2018	%Var. 1Q 2019/ 1Q 2018
Net sales (US\$)	\$403	\$429	\$385	\$390	\$380	-5.9%	6.1%
Net sales	S/ 1,341	S/ 1,439	S/ 1,269	S/ 1,272	S/ 1,231	-6.8%	8.9%
Gross profit	S/ 338	S/ 334	S/ 319	S/ 312	S/ 289	1.2%	17.0%
SG&A expenses	S/ -216	S/ -234	S/ -215	S/ -207	S/ -199	-7.8%	8.3%
Operating profit	S/ 127	S/ 150	S/ 108	S/ 111	S/ 94	-15.4%	34.8%
Financial expenses	S/ -23	S/ -22	S/ -19	S/ -18	S/ -14	6.3%	66.0%
(Gain)Loss to exchange rate	S/ 24	S/ -35	S/ -13	S/ -18	S/ 7	-168.6%	250.1%
Net profit	S/ 92	S/ 54	S/ 52	S/ 54	S/ 65	71.8%	41.8%
EBITDA	S/ 183	S/ 192	S/ 147	S/ 149	S/ 132	-4.5%	39.0%
Profit per share	0.095	0.055	0.053	0.055	0.067	71.8%	41.8%
EBITDA per share	0.188	0.196	0.150	0.153	0.135	-4.5%	39.0%
Free cash flow	S/ 235	S/ -209	S/ -63	S/ 57	S/ -71	-212.4%	-431.0%
Gross margin	25.2%	23.2%	25.2%	24.5%	23.5%		
SG&A expenses / sales	16.1%	16.3%	17.0%	16.3%	16.2%		
Operating margin	9.5%	10.4%	8.5%	8.7%	7.7%		
Net margin	6.9%	3.7%	4.1%	4.2%	5.3%		
EBITDA margin	13.6%	13.3%	11.5%	11.7%	10.7%		
Leverage ratio	1.60				1.50		
Net Debt / EBITDA	2.73				2.79		

MAIN HIGHLIGHTS

Mandatory Annual General Meeting

The Annual General Meeting was held on March 27, 2019 with a quorum of 74.1033% and approved all the proposals according to the Agenda:

1. Review and approval of the 2018 Annual Report, which includes the analysis and discussion of the financial statements as well as the corporate management.
2. Profits distribution.
3. Amend dividend policy to allow payment of extraordinary dividends above the established limit.
4. Delegation of powers to the Board to approve the distribution of an extraordinary dividend.
5. Appointment of external auditors for fiscal year 2019.
6. Empowerment to sign public and/or private documents with respect to the resolutions adopted by this shareholders' meeting.

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

Dividend distribution

The General Shareholders Meeting approved the distribution of S/ 121,515,385.94 cash dividends, which equals to the maximum limit of the dividend policy and to S/ 0.1245439168 dividend per share. The payment date is June 17, 2019 and the record date is April 16th.

Ferreycorp among the five companies with best Social Responsibility and Corporate Governance in Peru

Ferreycorp was awarded with the fourth place in the Merco Social Responsibility and Corporate Governance ranking, which considered the opinion of more than 4,000 survey respondents. It was also ranked as a leader in Industrial sector.

It is worth mentioning that Ferreycorp's flagship company, Ferreyros, has been recognized among the ten companies with the highest corporate reputation in Peru and among the best companies to attract and retain talent, according to Merco Empresas and Merco Talento rankings since the launch of these initiatives

I. COMMERCIAL MANAGEMENT

1. SALES BREAKDOWN ACCORDING TO CORPORATE ORGANIZATION

Ferreycorp organize 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 2019, sales increased by 8.9% if compared to the same period 2018, as a result of a 178.6% significant growth in Caterpillar mining equipment sales as a result of important deliveries of mining trucks to a customer (and the poor result showed in this business line during the first quarter 2018), sales of spare parts and services that went up by 10.7%, and, due to a 16.6% increase in the line of Caterpillar equipment serving different markets other than large open pit mining, mainly to medium size mining and marine customers.

It is important to point out that Unimaq reported almost similar sales as of first quarter 2018, with a slightly growth of 1.2%, even though demand of light equipment is still impacted due to the lower dynamism of the construction sector which is the main market served by this subsidiary.

Sales of this group of companies have been growing in the last quarters. The share of this first group of subsidiaries in total sales during this quarter is 74%.

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, increased by 8.2% compared to the 1Q 2018, despite the complicated political-economic situation that Guatemala is going through. The sale of Caterpillar equipment for construction customers showed a better performance during the quarter reflected in a 75.2% increase.

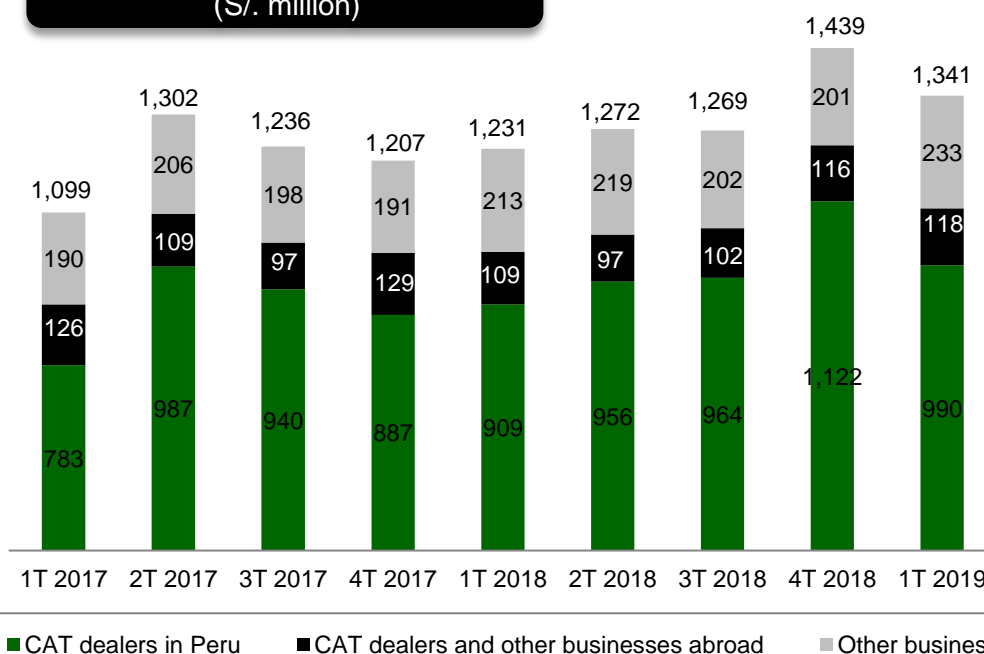
The share of this group of companies in total sales is 8.8%.

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, increased its sales by 9.2%. This result turns out from Trex higher sales, company that represents Terex and other allied brands in Chile, Perú, Ecuador and Colombia, that rose by 56.7% and, logistic services sales that grew 41.3%.

This group of companies boost its share in the corporation consolidated sales, which currently represents 17.4% of total sales

Sales by Group of Subsidiaries (S/. million)



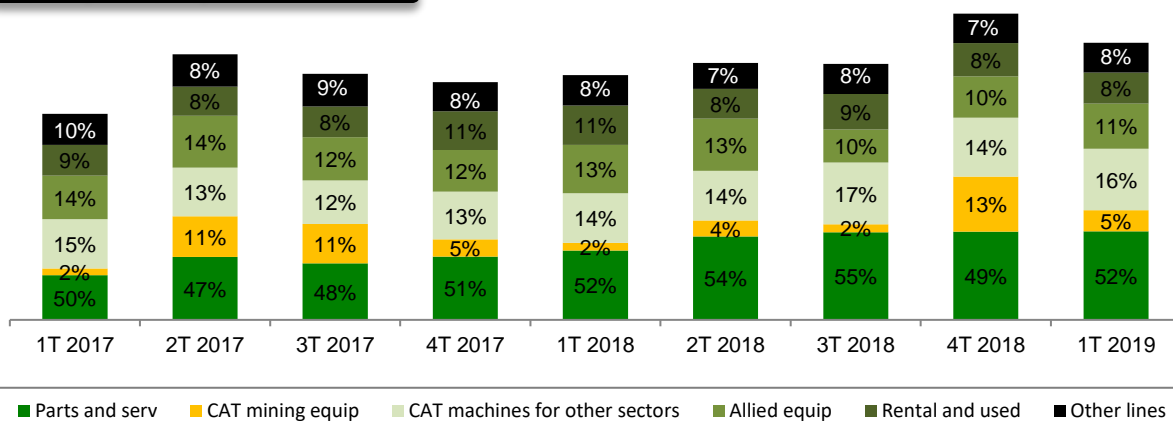
The detail of sales by group of companies:

(S/ million)	1Q19	%	4Q18	%	3Q18	%	2Q18	%	1Q18	%	% Var 1Q19/ 4Q18	% Var 1Q19/ 1Q18
Ferreyros	856	64	979	68	818	64	814	64	768	62	-13	11
Unimaq	103	8	117	8	106	8	105	8	102	8	-12	1
Orvisa	31	2	27	2	40	3	37	3	39	3	17	-21
CAT dealers in Perú	990	74	1,122	78	964	76	956	75	909	74	-12	9
CAT dealers and other businesses abroad	118	9	116	8	102	8	97	8	109	9	2	8
Soltrak	53	4	53	4	54	4	50	4	65	5	0	-19
Motored	47	4	33	2	41	3	60	5	54	4	42	-13
Trex	74	6	68	5	59	5	68	5	47	4	9	57
Others (Fargoline, Motriza, Forbis)	59	4	47	3	48	4	40	3	47	4	25	25
Other businesses	233	17	201	14	202	16	219	17	213	17	16	9
TOTAL	1,341	100	1,439	100	1,269	100	1,272	100	1,231	100	-7	9

2. SALES BREAKDOWN BY BUSINESS LINE

Sales	1Q 2019	%	4Q 2018	%	3Q 2018	%	2Q 2018	%	1Q 2018	%	% Var 1Q 2019/4Q 2018	% Var 1Q 2019/1Q 2018
(S/ million)												
CAT mining trucks and machines (GM)	72	5	186	13	27	2	54	4	26	2	-61.3	178.6
CAT machines for other sectors (NGM)	208	16	200	14	210	17	168	13	168	14	4.2	24.0
Allied equipment	153	11	141	10	111	9	178	14	164	13	8.5	-6.7
Rental and used	105	8	113	8	121	10	100	8	134	11	-6.5	-21.3
Spare parts and services	701	52	700	49	697	55	684	54	636	52	0.1	10.2
Other lines	102	8	100	7	102	8	88	7	104	8	2.0	-1.9
TOTAL	1,341	100	1,439	100	1,269	100	1,272	100	1,231	100	-6.8	8.9

Sales (% shares)

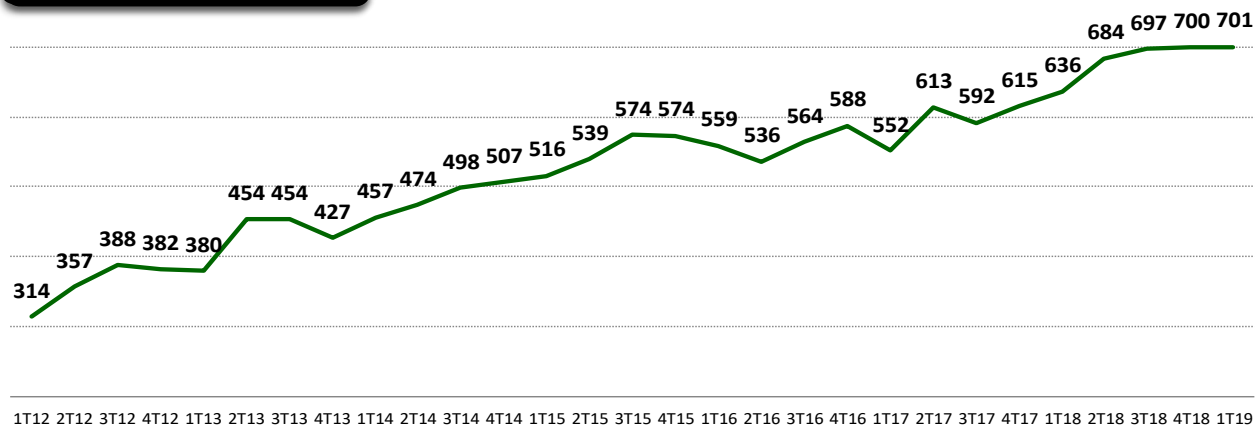


When analyzing the results by business lines during the first quarter 2019, Caterpillar mining equipment sales boost by 178.6% compared to same quarter 2018, led by the delivery of mining trucks due to businesses closed in previous months and because of the statistical effect derived from comparing with first quarter last year mining equipment sales which were below historical levels.

Additionally, Caterpillar engines and machines for sectors other than mining posted a steady growth and rose by 24% compared to 1Q 2018.

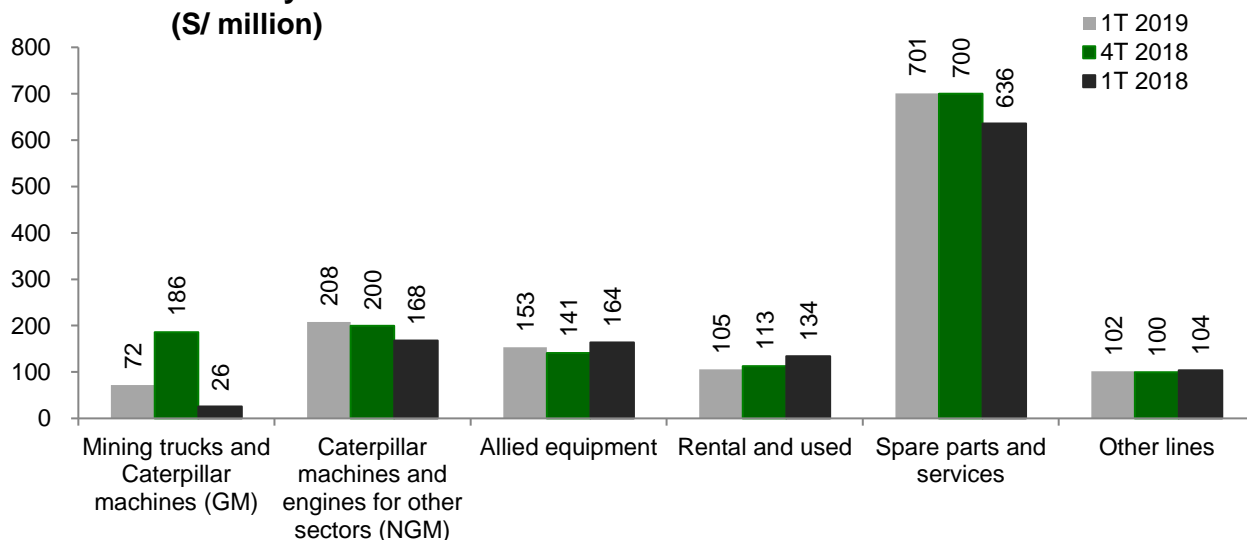
As mentioned before, the strategy of the corporation is focused in serving the customers throughout the life of their equipment, for this reason, great efforts are deployed to deliver the best quality aftermarket support through locations near the customers. These capacities have allowed spare parts and services business line, both Caterpillar and allied brands, to keep the higher share in the composition of total sales (52%), reaching a record sale of S/ 701 million thru the first quarter 2019, similar to the fourth quarter last year, and 10.2% higher compared to 1Q'18. The population of Caterpillar machinery has grown and continues to grow, dynamic that allows the sustainability of the business model in the long term.

Spare parts and services (\$/ million)



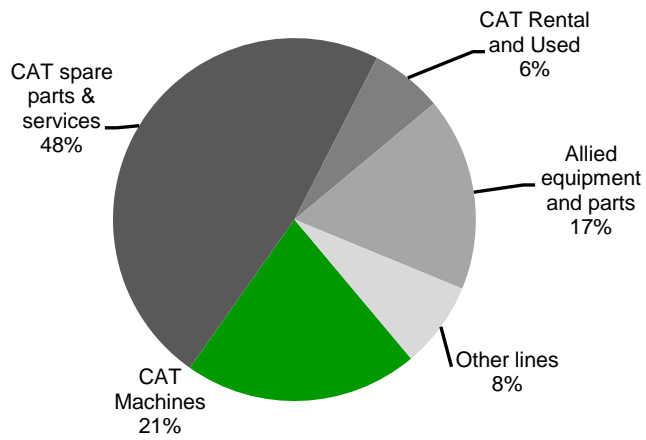
The after-market provided by Ferreycorp to its customers is recognized by high quality standards, a key difference from the competition. Nevertheless, this world class service impacts the operating expenses because it requires investments in inventories of spare parts and components as well as in modernizing its workshops and selecting and training its technicians, as well as accounts receivables for 45 to 60 days.

Sales by business line (\$/ million)

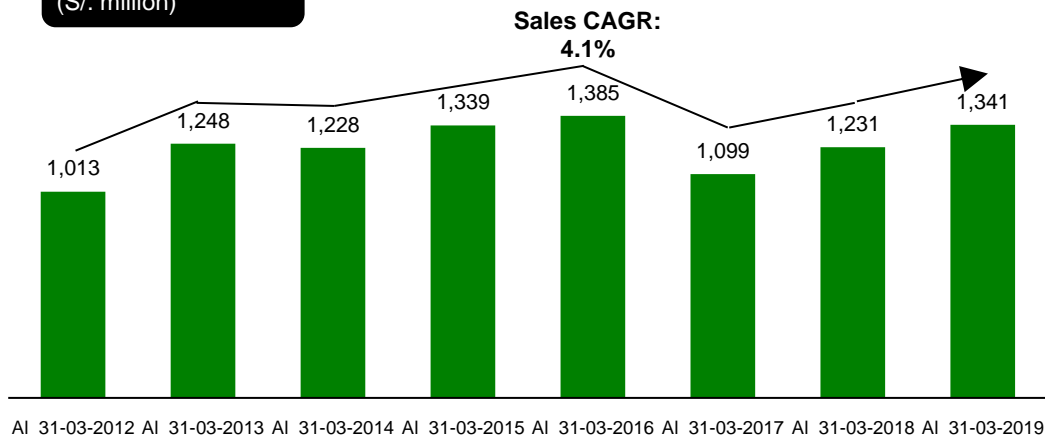


As of March 31, 2019, sales of the Caterpillar brand carried by Caterpillar dealers in Peru, Guatemala, El Salvador and Belize, accounted for 75% of total sales, including machinery and equipment (new, used and rental units) as well as spare parts and services.

Sales (as of March 2019)



Sales and EBITDA (S/. million)



Margen Ebitda	10.1%	9.6%	11.7%	11.4%	13.5%	10.9%	10.7%	13.6%
EBITDA (S/ MM)	102	119	144	152	187	120	132	183

EBITDA CAGR: 8.7%

3. SALES BREAKDOWN BY ECONOMIC SECTORS

Regarding sales distribution by economic sectors, sales to open pit mining represented, during the first quarter 2019, 44% of total sales compared to 35% during the first quarter last year. Meanwhile, construction represented 22% of total sales, higher than first quarter 2018 share of 20%.

	1T 2019	4T 2018	3T 2018	2T 2018	1T 2018
Open pit mining	43.6%	47.1%	39.6%	41.8%	34.9%
Construction	21.9%	18.8%	23.1%	20.3%	20.0%
Underground mining	12.1%	11.9%	11.9%	13.8%	20.7%
Government	1.0%	1.7%	0.9%	0.6%	0.8%
Transportation	4.0%	2.5%	2.7%	5.0%	4.8%
Industry, commerce and serv	9.2%	11.6%	11.8%	13.0%	12.7%
Agriculture and forestry	2.0%	1.9%	3.5%	2.4%	2.8%
Fishing and marine	2.2%	2.3%	3.4%	1.0%	1.1%
Hydrocarbons and energy	0.6%	0.8%	1.5%	0.5%	0.7%
Others	3.4%	1.4%	1.7%	1.4%	1.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

II. ANALYSIS OF FINANCIAL INFORMATION

1. Sales

Million soles	1Q19	1Q18	%Var.
Sales	1,340.8	1,231.2	8.9

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

2. Gross profit

Million soles	1Q19	1Q18	%Var.
Gross profit	337.7	288.8	17.0
Gross margin	25.2%	23.5%	

In the first quarter of 2019, gross profit increased if compared to the one obtained in the same period of 2018 led by higher sales and an improvement in margins of some business lines.

In percentage terms, 1Q 2019 gross margin reached to 25.2% above the one reached during similar quarter the previous year mainly due to better margins in almost all the subsidiaries (Ferreyros and Trex, mainly), as well as for the sale of highly depreciated used components.

3. Selling and Administrative Expenses

Million soles	1Q19	1Q18	%Var.
Selling and administrative expenses	215.9	199.4	8.3
As a % of total sales	-16.1%	-16.2%	

Selling and administrative expenses during the first quarter 2019 increased by 8.3% compared to the same quarter last year, mainly due to variable expenses related to higher sales (9%). The variable expenses that showed a significant variation during the quarter were the ones related to product support.

4. Financial Expenses

Million soles	1Q19	1Q18	%Var.
Financial expenses	23.4	14.1	66.0
As a % of total sales	-1.7%	-1.1%	

Financial expenses for the first quarter 2019 rose by 66% compared to 1Q 2018 derived from both, an increase in the average financial liabilities from US\$ 516 million in 1Q18 to US\$ 599 million as of March 2019; and, from higher interest rates recorded in the last months that impacted the average cost of debt in the first quarter (4.29%) from 3.11% during the 1Q2018.

5. Foreign Exchange Gain/ Loss

Million soles	1Q19	1Q18	%Var.
Foreign Exchange Gain/ Loss	24.2	6.9	

The foreign exchange gain recorded in 1Q 2019 was led by the appreciation of the currency not only in Perú, but also in Chile. In Perú, the Sol appreciation against the dollar was 1.72% (the exchange rate varied from S/ 3.379 in December 2018 to S/ 3.321 in March 2019), compared to 0.49% during similar quarter last year (the exchange rate varied from S/ 3.245 in December 2017 to S/ 3.229 in March 2018). In Chile, the peso reached a 2.34% appreciation.

This appreciation has allowed the debt in dollars to be expressed at a lower exchange rate, more similar to the exchange rate used to register the inventories related to this debt. Therefore, the recovery of the exchange loss recorded during 2018, that was anticipated to be recovered during 2019 through a higher gross margin, has been recovered faster through the a gain due to exchange rate.

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

As of March 31, 2019, inventories have been recorded at an average exchange rate of S/ 3.295, while the debt at an exchange rate of S/ 3.321. The difference in favor results in a S/ 13 million reserve in the inventory that will be recovered in the following months as they are sold at a higher exchange rate than the one recorded when they were registered.

6. Net profit

Million soles	1Q19	1Q18	%Var.
Net profit	92.3	65.1	41.8
Net margin	6.9%	5.3%	

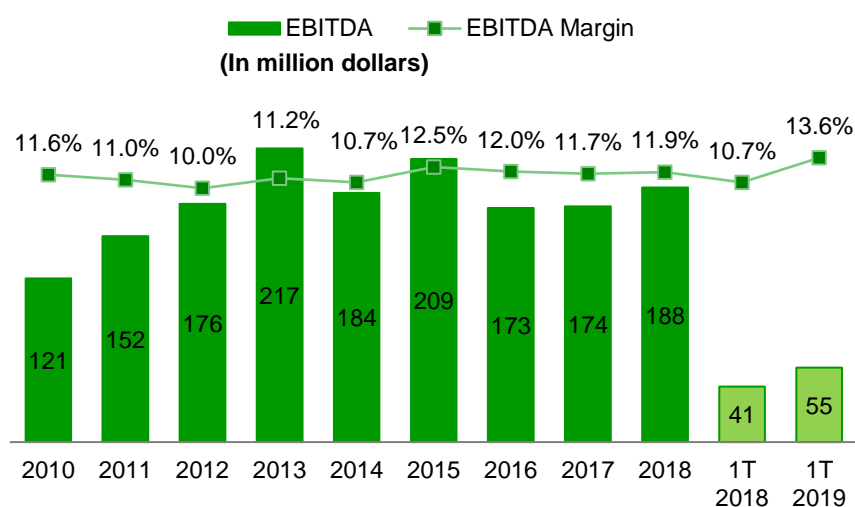
Net profit for the first quarter 2019 amounted to S/ 92.3 million showing an increase from the net profit recorded during the first quarter 2018, as a result of the explanations aforementioned.

7. EBITDA

Million soles	1Q19	1Q18	%Var.
EBITDA	183	131.6	39
EBITDA margin	13.6%	10.7%	

During the first quarter 2019, 77.6% of the corporation's EBITDA is generated by Caterpillar dealers and allied brands in Peru (Ferreyros, Unimaq and Orvisa), which are the businesses contributing more to sales and profit in the corporation. On the other hand, 8.8% of EBITDA is generated by Caterpillar dealers and other businesses abroad, while 13.6% comes from local and foreign subsidiaries aimed to offer capital goods and services for the different economic sectors.

First quarter 2019 EBITDA reached to S/. 183 million, higher than the one reported in the first quarter 2018.



ANALYSIS ACCORDING TO CORPORATE ORGANIZATION

(S/ thousand)

	CAT Dealers in Perú		CAT dealers and other businesses		Other businesses	
	2019	2018	2019	2018	2019	2018
Sales	989,874	908,894	117,936	108,916	232,963	213,324
Gross profit	263,818	226,399	29,101	25,543	44,811	36,834
Gross margin	27%	25%	25%	23%	19%	17%
SG&A expenses	159,734	143,213	19,256	21,210	35,145	32,720
Operating margin	11%	10%	9%	4%	5%	2%
Depreciation & Amort	31,264	22,588	5,273	4,173	12,466	3,526
EBITDA	142,416	112,627	16,148	9,125	25,050	9,704
EBITDA Margin	14%	12%	14%	8%	11%	5%

Note: Results exclude Ferreycorp individual and Inti

III. ANALYSIS OF CONSOLIDATED FINANCIAL INFORMATION

Total assets as of March 31, 2019 amounted to S/ 5,496.3 million, 9.4% higher if compared to S/ 5,023.0 million as of March 31, 2018. This variation is primarily due to the increase in inventory (S/ 380 million) and the increase in the fixed assets led by the incorporation of IFRS 16 (rights of use impacted fixed assets in S/ 159 million).

The increase in inventories is explained by components to keep the mining trucks fleets in full operation and factory delays in the supply of spare parts; and by machines related to higher demand of new machines that will be delivered in the second and third quarter 2019.

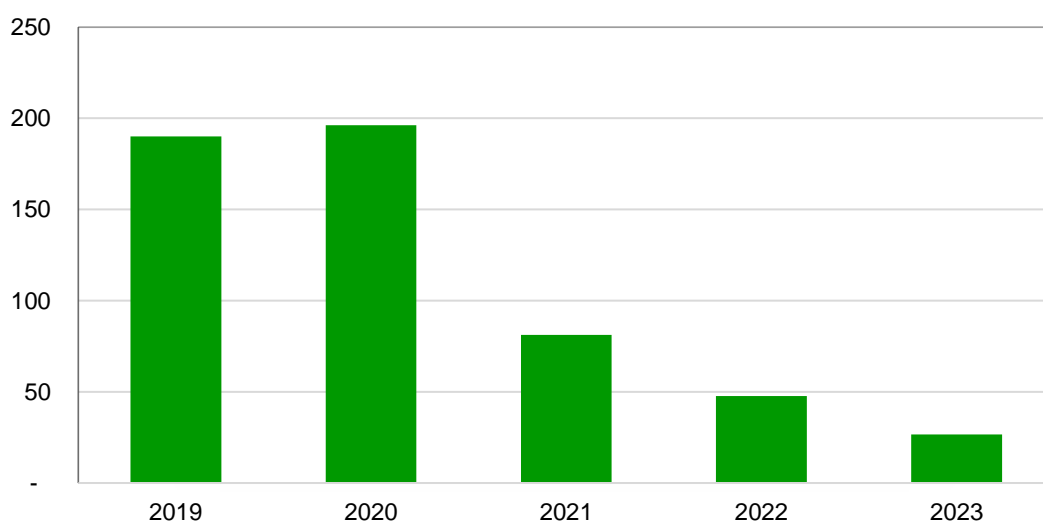
Financial liabilities as of March 2019 amounted to S/ 1,940.4 million (US\$ 584 million) and increased by 14% if compared to financial liabilities of US\$ 527 million recorded during the same period last year. Current maturities account for 34% of total debt, while S/ 1,276.9 million is long-term debt.

It is important to recall that financial liabilities include S/ 141 million related to the application of IFRS 16 that points out that lease contracts must be turned into a liability with its related asset equivalent to its right of use, recording also a financial expense derived from bringing this obligation to present value using a discount rate (average cost of debt).

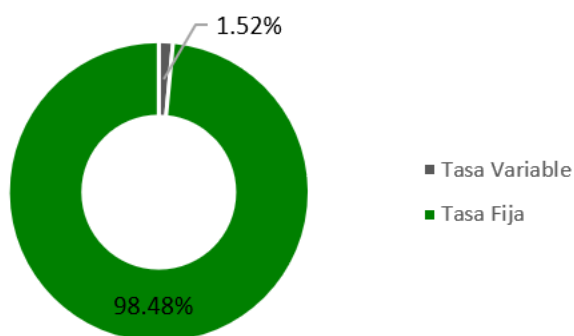
During the fourth quarter 2018, Ferreycorp and some subsidiaries took medium term loans for US\$ 140 million to increase the debt maturity.

Below is the maturity structure of the consolidated liabilities, which is 93.99% 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, 98.48% of total debt has been contracted at fixed rate, which cover us from interest rate risks.

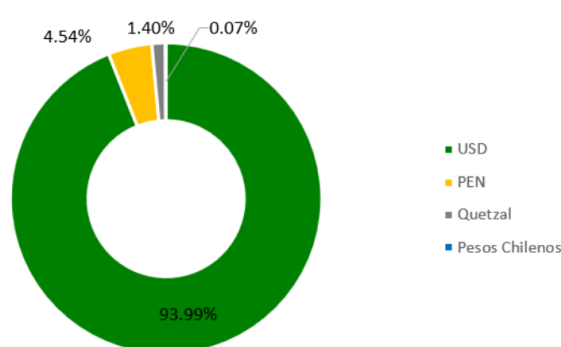
**Debt Maturity
(US\$ million)**



Debt by rate



Debt by currency



Investment in Fixed Assets (Capex) and intangibles

As of March 31, 2019, the investment in fixed assets and intangibles amounted S/ 184.5 million:

Rental Fleet

Ferreyros invested S/ 13.1 million to replace units in its rental fleet. However, the number of machines in the rental fleet decreased, as equipment was removed and transferred to inventory for sale (S/ 21.1 million).

Machinery and equipment for workshops

The investment for S/ 7.3 million is mainly explained by components for mining equipment.

Intangibles

The investment in intangible assets reached S/ 13.8 million for the implementation of ERP SAP S/4 HANA platform that will “go live” during the second quarter 2019 in the main companies of the corporation.

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/ 159 million.

In this way, the balance sheet shows a fixed asset increase of S/ 139.7 million (US\$ 42 million) from same period 2018.

FINANCIAL RATIOS

Ratios	Mar-19	Dec-18	Sep-18	Jun-18	Mar-18
Current ratio	1.69	1.80	1.49	1.46	1.41
Financial debt ratio	0.87	0.93	0.85	0.82	0.80
Indebtedness ratio	1.60	1.54	1.44	1.44	1.50
Net debt / EBITDA	2.73	3.20	3.20	3.00	2.79
Adjusted debt / EBITDA	2.30	2.66	2.39	1.62	1.94
Financial expenses coverage ratio	7.81	8.46	8.36	8.73	9.33
Asset turnover	1.01	1.02	0.99	1.00	1.02
Inventory turnover	2.41	2.49	2.53	2.65	2.81
Inventory days	149	145	143	136	128
Receivable days	67	68	71	71	71
Payable days	53	53	57	59	55
Cash cycle	163	160	156	148	144
ROE	12.2%	10.7%	11.0%	12.4%	13.9%
ROA	6.7%	6.4%	5.8%	6.0%	6.2%
ROIC (6)	12.6%	11.3%	10.5%	11.1%	12.0%
Book value per share	2.17	2.18	2.17	2.12	2.06

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

As shown in the chart above, the current ratio dropped due to higher current liabilities derived from the dividends to pay recorded during the quarter.

The leverage ratios considered within the covenants of the international bond show lower levels due to the EBITDA improvement.

The cash cycle rose during this quarter, showing 163 days, compared to the one obtained in the same period of 2018, affected by inventory turnover.

Profitability ratios were impacted by an increase of the net profit during the quarter.

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 Mar 2019	%	As of Mar 2018	%	Var %
Net sales	1,340,773	100.0	1,231,166	100.0	8.9
Cost of goods sold	-1,003,043	-74.8	-942,390	-76.5	6.4
Gross profit	337,730	25.2	288,776	23.5	17.0
Selling and admin expenses	-215,885	-16.1	-199,374	-16.2	8.3
Other income (expenses), net	5,409	0.4	5,021	0.4	7.7
Operating profit	127,254	9.5	94,423	7.7	34.8
Financial income	4,848	0.4	4,952	0.4	-2.1
Gain (loss) to exchange rate	24,240	1.8	6,923	0.6	250.1
Financial expenses	-23,428	-1.7	-14,114	-1.1	66.0
Share in the result of associated through the equity method	1,069	0.1	4,449	0.4	-76.0
Profit before income tax	133,983	10.0	96,633	7.8	38.7
Income tax	-41,638	-3.1	-31,500	-2.6	32.2
Net profit	92,345	6.9	65,133	5.3	41.8
EBITDA	182,988	13.6	131,620	10.7	39.0

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 2

State of Financial Position

(In thousand soles)

	AS of Mar 2019	As of Mar 2018	Var %
Cash and cash equivalents	106,402	81,323	30.8
Accounts receivables - trade	1,098,372	1,161,931	-5.5
Inventories	1,852,013	1,472,006	25.8
Accounts receivables - other	197,318	206,845	-4.6
Investment in shares	10,465	80,821	-87.1
Investment in securities	9,000	-	
Prepaid expenses	34,510	35,931	-4.0
Current assets	3,308,080	3,038,857	8.9
Long term account receivables - trade	27,783	32,387	-14.2
Long term account receivables - other	298	328	-9.1
Rental fleet	514,647	397,285	29.5
Other fixed assets	1,651,689	1,629,737	1.3
	2,166,336	2,027,022	6.9
Accrued depreciation	-573,657	-559,372	2.6
Property, plant and equipment	1,592,679	1,467,650	8.5
Investments	14,558	13,346	9.1
Intangible assets, net and goodwill	345,124	288,118	19.8
Deferred income tax	207,790	182,321	14.0
Non current assets	2,188,232	1,984,150	10.3
Total Assets	5,496,312	5,023,007	9.4
Short term debt	486,340	163,779	196.9
Liabilities derived from leases (IFRS16)	41,772	-	
Other current liabilities	1,424,882	1,938,572	-26.5
Current liabilities	1,952,994	2,102,351	-7.1
Long term debt	1,135,763	717,376	58.3
Other payables	143	112	27.7
Liabilities derived from leases (IFRS16)	99,391	-	
Deferred income tax	193,418	195,282	-1.0
Total Liabilities	3,381,709	3,015,121	12.2
Equity	2,114,603	2,007,886	5.3
Total Liabilities and Equity	5,496,312	5,023,007	9.4
Other financial information			
Depreciation	46,585	28,217	
Amortization	4,301	4,028	

FERREYCORP S.A.A AND SUBSIDIARIES

(In thousand soles)

	1Q2019	%	4Q2018	%	1Q2018	%	% Var 1T 2019/ 4T 2018	% Var 1T 2019/ 1T 2018
Mining trucks and Caterpillar machines (GM)	72,064	5.4	186,139	12.9	25,862	2.1	-61.3	178.6
Caterpillar machines and engines for other sectors (NGM)	208,176	15.5	199,790	13.9	167,909	13.6	4.2	24.0
Allied equipment	153,050	11.4	141,038	9.8	163,955	13.3	8.5	-6.7
Rental and used	105,441	7.9	112,801	7.8	133,984	10.9	-6.5	-21.3
Spare parts and services	700,531	52.2	700,063	48.6	635,932	51.7	0.1	10.2
Other lines	101,511	7.6	99,518	6.9	103,525	8.4	2.0	-1.9
TOTAL	1,340,773	100.0	1,439,350	100.0	1,231,166	100.0	-6.8	8.9

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 4

Total Liabilities as of March 2019

(In thousand US\$)

	Total Liabilities	Current Liabilities	Long term Liabilities		(A) Financial Liabilities
			Current	Long term	
Local banks (short term)	47,399	47,399	-	-	47,399
Foreign banks (short term)	10,375	10,375	-	-	10,375
Local banks (long term)	257,440	-	82,966	174,474	257,440
Foreign banks (long term)	71,832	-	33,792	38,040	71,832
Local and foreign banks (Leasing Fin)	1,814	-	793	1,020	1,814
Suppliers					
Accounts payable to Caterpillar	45,446	45,446	-	-	-
Accounts payable to Caterpillar	7,967	7,967	-	-	7,967
Others	105,595	105,595	-	-	169
Corporate bonds	100,000	-	-	100,000	100,000
Caterpillar Financial	44,774	-	16,314	28,460	44,774
Liabilities derived from leases (IFRS16)	42,506	-	12,578	29,928	42,506
Other Liabilities	246,541	188,257	-	58,284	-
Total (US\$)	981,690	405,040	146,444	430,206	584,277
Total (S/.)	3,381,709	1,345,139	486,340	1,428,715	1,940,385

FERREYCORP S.A.A. AND SUBSIDIARIES
APPENDIX 5
CASHFLOW STATEMENT

(In thousand soles)

	AS of Mar 2019
Cashflow from operating activities	
Collection to customers and third parties	1,552,130
Payment to suppliers	-1,082,872
Payment to employees and others	-108,903
Payment of taxes and income tax	-35,096
Net cash provided by operating activities	325,259
Cashflow from investing activities	
Acquisition of property, plant and equipment	-32,164
Acquisition of financial instruments (mutual funds)	-6,500
Acquisition of intangibles	-13,937
Sale of property, plant and equipment	32
Net cash used in investing activities	-52,569
Cashflow from financing activities	
Financial liabilities	664,932
Payment of financial liabilities	-863,460
Payment of liabilities regarding leases (IFRS 16)	-17,917
Interests paid	-25,981
Dividends paid	-
Net cash provided by financing activities	-242,426
Cash increase, net	30,264
Cash at the beginning of the year	73,698
Result due translation	979
Cash due to exchange variation	1,461
Cash at the end of the year	106,402