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

First Quarter 2018

Lima, April 25, 2018. Ferreycorp S.A.A. (BVL: FERREYC1), a leading corporation which aims to carry out investment activities in the capital goods sector and complementary services, with presence in Peru and other countries in Latin America, announces consolidated results for the first quarter 2018.

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 2018 RESULTS

- Consolidated sales for the first quarter amounted to S/ 1,231 million and increased by 12% if compared to the same period last year (S/ 1,099 million). Despite slow growth rates in the country, the company has accomplished to keep sales at higher levels than previous year, has been able to maintain used equipment and rental business and continued delivering spare parts and services. In dollars, sales reached to US\$ 380 million, 14% higher if compared to 1Q17. The corporation remains confident that this business volume will keep during the upcoming quarters of the year.
- Gross margin during the first quarter reached 23.5%, with regard 24% during the same period last year and similar than the one in previous quarters last year. This slightly decrease was mainly driven by the lower margin of an important sale to a mining contractor.

- Operating margin reached to 8% in 1Q2018, similar to the one in the 1Q2017, led by higher sales (12%) with expenses growing at a slower pace (8%) that resulted in an operating profit that increased by 14%.
- Consolidated net profit during 1Q2018 amounted to S/ 65.1 million and increased by 4.4% compared to net profit reached during 1Q2017. It should be noted that this result is achieved even when 1Q2017 was benefited by an important S/ 22 million exchange gain. Net margin reached 5.3% during 1Q18 compared to 5.7% recorded during 1Q17.
- Financial expenses have decreased steadily since last year and reached S/ 14 million soles during the first quarter (-31%), mainly driven by lower interest rates and the prepayment of part of the international bond carried out during 2016 and 2017.
- EBITDA for the first quarter 2018 reached to S/ 132 million, and increased by 9.7% compared to 1Q17. EBITDA margin rose to 10.7%, similar to the one recorded during the same quarter last year (10.9%).
- It should be noted that in the first quarter of the year the corporation showed once again a high market share and its leadership with the Caterpillar brand. Caterpillar is the main brand represented by Ferreycorp and reached a market share (rolling 12 months) of 60% in Perú.

(In million)	1T 2018	4T 2017	3T 2017	2T 2017	1T 2017	%Var. 1T 2018/4T 2017	%Var. 1T 2018/1T 2017
Sales	\$380	\$372	\$381	\$399	\$334	2.3%	13.8%
Sales	S/. 1,231	S/. 1,207	S/. 1,236	S/. 1,302	S/. 1,099	2.0%	12.0%
Gross profit	S/. 289	S/. 303	S/. 290	S/. 310	S/. 264	-4.8%	9.3%
Operating expenses	S/. -199	S/. -224	S/. -204	S/. -198	S/. -182	-10.9%	9.3%
Operating profit	S/. 94	S/. 98	S/. 114	S/. 126	S/. 83	-3.5%	13.6%
Financial expenses	S/. -14	S/. -27	S/. -18	S/. -19	S/. -20	-47.7%	-30.8%
Gain (loss) due to exchange rate	S/. 7	S/. 8	S/. -1	S/. -4	S/. 22	-14.2%	-68.4%
Net profit	S/. 65	S/. 55	S/. 74	S/. 75	S/. 62	18.9%	4.4%
EBITDA	S/. 132	S/. 133	S/. 150	S/. 163	S/. 120	-1.3%	9.7%
Earnings per share	0.067	0.056	0.076	0.077	0.064	19.4%	4.7%
EBITDA per share	0.135	0.137	0.154	0.167	0.123	-1.5%	10.1%
Free cash flow	S/. 71	S/. 42	S/. 0	S/. 64	S/. 77	70.7%	-7.2%
Gross margin	23.5%	25.1%	23.5%	23.8%	24.0%		
Operating expenses / sales	16.2%	18.5%	16.5%	15.2%	16.6%		
Operating margin	7.7%	8.1%	9.2%	9.7%	7.6%		
Net margin	5.3%	4.5%	6.0%	5.7%	5.7%		
EBITDA margin	10.7%	11.0%	12.1%	12.5%	10.9%		
Indebtedness ratio	1.50				0.83		
Financial net debt / EBITDA	2.79				2.97		

MAIN HIGHLIGHTS

Decision to sale Ferreycorp shares in La Positiva

On March 8, 2018 Ferreycorp reported as “Hecho de Importancia” that the Board, in its meeting held on that day, ratified the decision to sell all the shares that Ferreycorp holds in La Positiva Seguros y Reaseguros. In that sense, the Board decided to take part in the OPA that will be launch soon according to the “Hecho de Importancia” released by La Positiva on March 5, 2018. The corporation has an investment of 51,151,433 shares in La Positiva Seguros y Reaseguros and 7,459,382 shares in La Positiva Vida, representing 14.96% and 2.1% respectively. The book value amounts to S / 80.8 million.

Soltrak will represent Chevron lubricants in Peru

Soltrak, which is the Ferreycorp subsidiary specialist in consumables for the industry and with years of experience in the business of lubricants distribution, was appointed as representative of the prestigious global brand of lubricants Chevron as a Master Distributor and in charge of the business throughout the Peruvian territory. In this way, the company expands its capabilities to distribute lubricants throughout the territory, as a representative of a Brand that is recognized for its quality worldwide. With a track record of 24 years in the lubricants business, Soltrak will continue to serve, along with this new brand, the demand of sectors such as mining, construction, industry and energy, among others.

With globally annual sales of more than US \$ 100 billion, Chevron has more than 100 years in the lubricant business. It is one of the largest lubricant companies in the world and the only one totally integrated, this means that it makes the manufacture of type 2 premium bases -scope in which it is a global leader-, and of finished additives and lubricants. This are the ones that Soltrak will distribute in the country.

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

Ferreycorp, with its flag company Ferreyros, was awarded with the fourth place in the Merco Social Responsibility and Corporate Governance ranking, carried out in partnership with the newspaper Gestión. It also ranked as a leader in its sector in the list, which considered the opinion of more than 2,200 survey respondents.

I. COMMERCIAL MANAGEMENT

1. SALES BREAKDOWN ACCORDING TO CORPORATE ORGANIZATION

Ferreycorp divide its companies in three main groups:

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

During the first quarter 2018, sales increased by 16% if compared to the same period 2017, as a result of increasing demand of spare parts and services (23%) and higher rental and used equipment sales which rose by 45.4% and 25.1%, respectively. In this context, it is worth noting the incremental demand for rental equipment due to the reconstruction of the north part of Peru, that led to a significant use of the current rental fleet, and the sale of six used mining trucks to a mining contractor. On the other hand, Unimaq sales were impacted throughout 2017 and maintained the trend during this first quarter, due to the lower dynamism of the construction sector which is the main market served by this subsidiary aimed to attend the light equipment segment. The share of this group of subsidiaries in total sales is 73.8%.

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

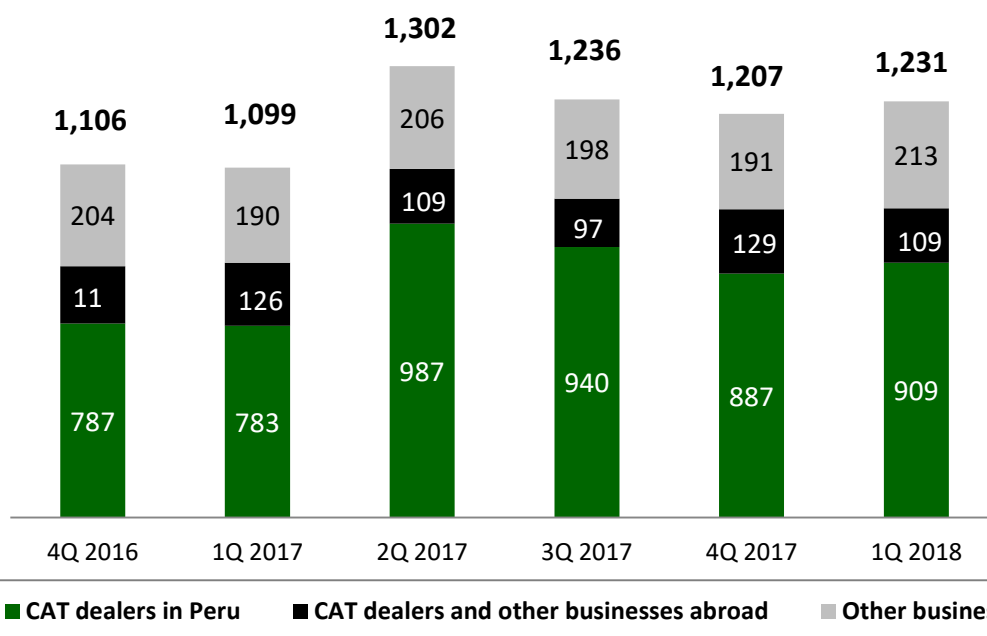
This second group of companies, with presence in Central America, dropped their sales by 13.6% compared to the 1Q 2017, in great part due to the complicated political-economic situation that Guatemala is going through that has derived in practically no investments in infrastructure. This situation, combined with the questioning of mining activities in the country due to environmental considerations, resulted in the paralyzation of two mining projects that were served by Gentrac Guatemala.

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 12.3%. This result turns out from the automotive line of business and Trex higher sales: company that represents Terex and other allied brands in Chile, Perú, Ecuador and Colombia.

This group of companies boost its share in the corporation consolidated sales, which currently represents 17.3% of total sales.

Sales by Group of Companies (\$/. million)


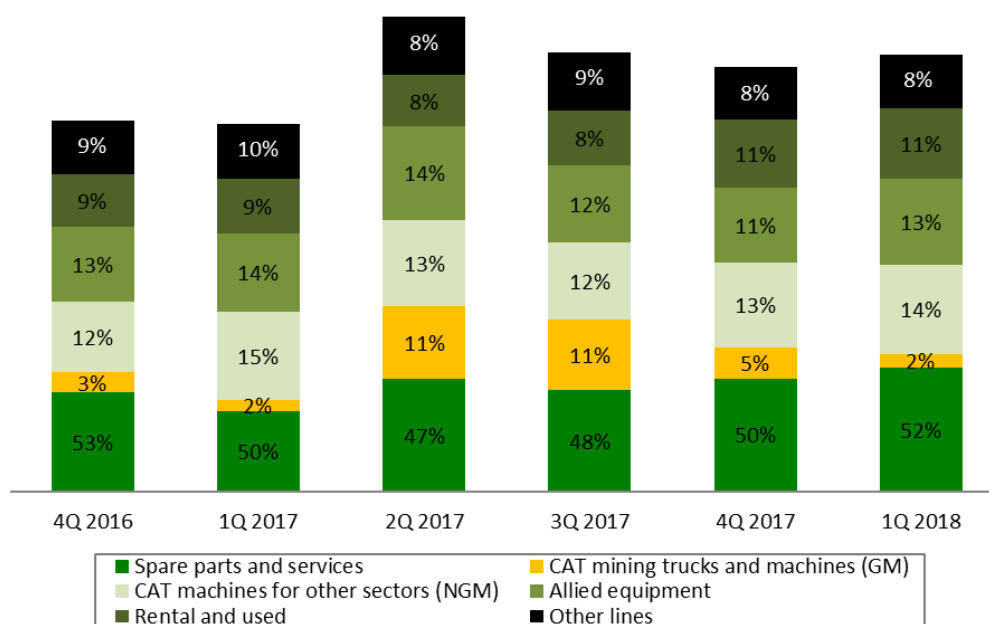
The detail of sales by group of companies:

(S/ million)	1Q18		4Q17		3Q17		2Q17		1Q17		% Var 1Q 2018/4Q 2017	% Var 1Q 2018/1Q 2017
		%		%		%		%		%		
Ferreyros	768	62.4	759	62.9	785	63.5	799	61.4	622	56.6	1.2	23.5
Unimaq	102	8.3	98	8.1	115	9.3	140	10.8	124	11.3	3.4	-18.0
Orvisa	39	3.2	30	2.5	40	3.2	47	3.6	38	3.4	29.2	4.9
Total CAT dealers in Peru	909	73.8	887	73.5	940	76.1	987	75.8	783	71.3	2.4	16.0
Total CAT dealers and other businesses abroad	109	8.8	129	10.7	97	7.8	109	8.4	126	11.5	-15.3	-13.6
Soltrak	65	5.3	64	5.3	68	5.5	66	5.1	63	5.7	1.5	2.8
Motored	54	4.4	44	3.7	52	4.2	53	4.1	46	4.2	21.7	18.1
Trex	47	3.8	43	3.6	36	2.9	39	3.0	36	3.2	9.5	32.7
Others (Fargoline, Motriza, Forbis, etc)	47	3.8	39	3.3	43	3.5	48	3.6	46	4.1	20.4	3.7
Total Other businesses	213	17.3	191	15.8	198	16.1	206	15.8	190	17.3	11.9	12.3
TOTAL	1,231	100.0	1,207	100.0	1,236	100.0	1,302	100.0	1,099	100.0	2.0	12.0

2. SALES BREAKDOWN BY BUSINESS LINE

Sales (S/ million)	1Q18		4Q17		3Q17		2Q17		1Q17		% Var 1Q2018/ 4Q2017	% Var 1Q 2018/1Q 2017
		%		%		%		%		%		
Mining trucks and Caterpillar machines (GM)	26	2.1	59	4.9	134	10.8	138	10.6	23	2.1	-56.0	14.5
Caterpillar machines and engines for other sectors (NGM)	168	13.6	161	13.4	148	12.0	165	12.7	167	15.2	4.0	0.3
Allied equipment	164	13.3	142	11.7	147	11.9	177	13.6	149	13.5	15.8	10.3
Rental and used	134	10.9	131	10.9	104	8.4	99	7.6	104	9.4	2.1	29.0
Spare parts and services	636	51.7	615	51.0	592	47.9	613	47.1	552	50.2	3.4	15.3
Other lines	104	8.4	99	8.2	111	9.0	110	8.4	105	9.6	4.9	-1.7
TOTAL	1,231	100.0	1,207	100.0	1,236	100.0	1,302	100.0	1,099	100.0	2.0	12.0

Sales (% share of total sales)

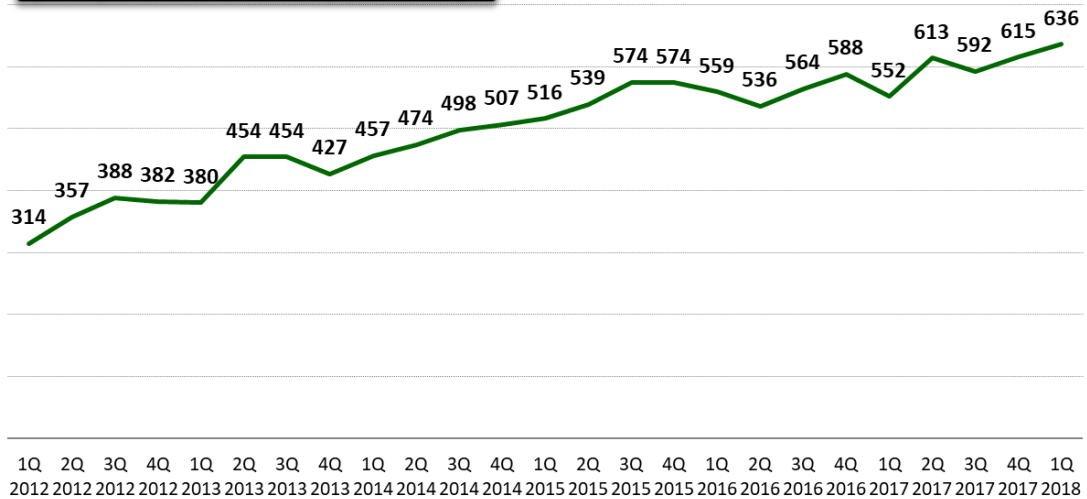


When analyzing the results by business lines as of March 31, 2018, the rental and used business continues to be active, showing an increase of 29% compared to the same period last year. This result is led by the increase in the rental business due to the reconstruction works in the north part of the country and the sale of used equipment to customers that provide services to mining.

Moreover, during the first quarter 2018, allied equipment sales rose by 10.3% mainly as a result of equipment sales of the subsidiary Trex (Chile).

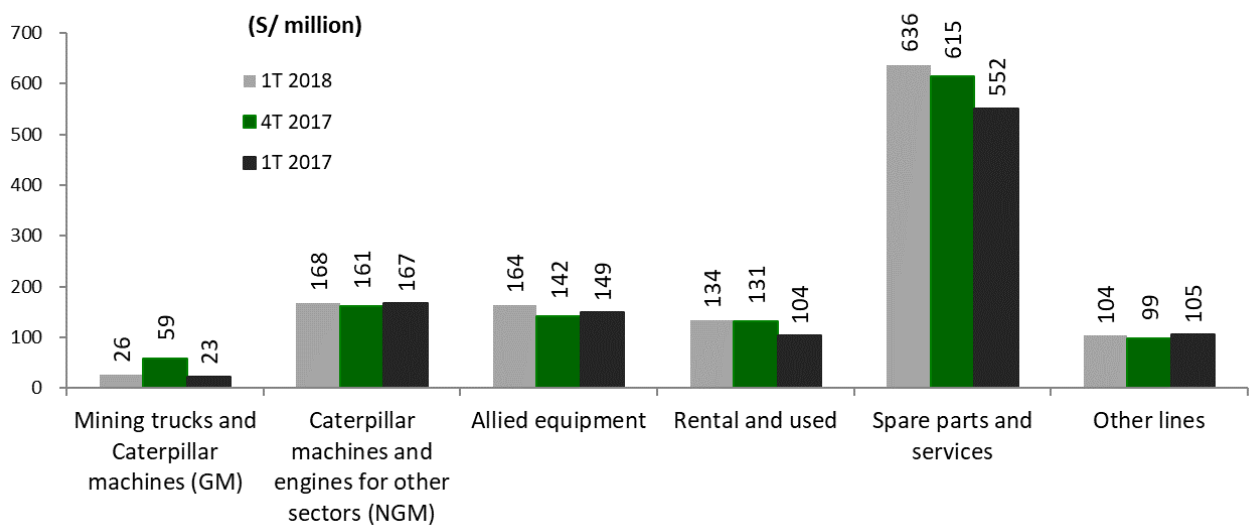
As mentioned before, the strategy of the corporation is focused in increasing the aftermarket, for this reason, great efforts are deployed to deliver the best quality aftermarket support through locations near the customers. This is reflected in the high share of spare parts and services in total sales (52%) and the 15.3% sales growth during the first quarter compared to 1Q'17. The population of Caterpillar machinery has grown and continues to grow, dynamic that allows the sustainability of the business model.

Spare parts and services (S/. million)



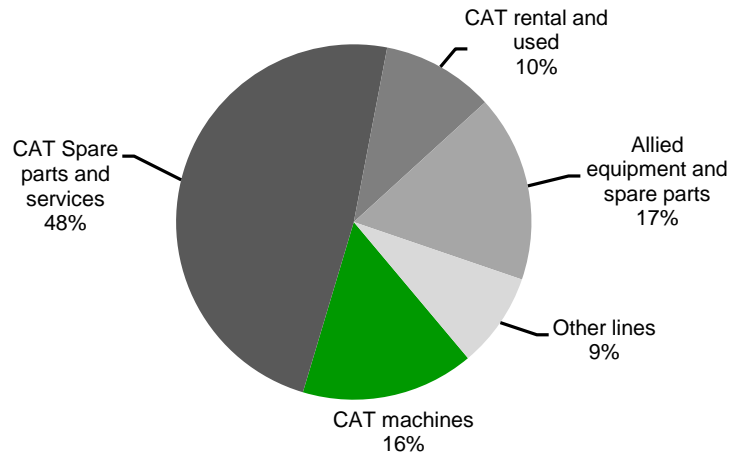
The after-market provided by Ferreycorp to its customers is characterized by high quality standards. Nevertheless, this world class service impacts the operating expenses because it requires investments in inventories of spare parts and components as well as in modernizing its workshops and selecting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

Sales by Business Line

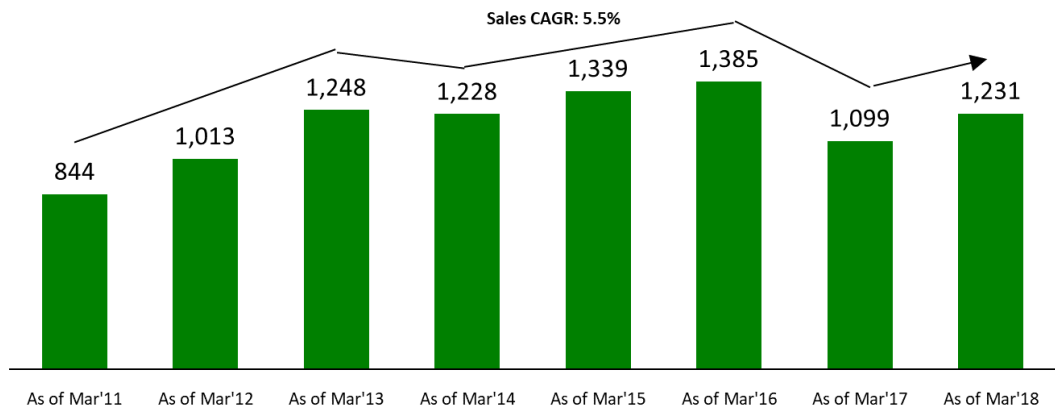


As of March 2018 sales of the Caterpillar brand carried by Caterpillar dealers in Peru, Guatemala, El Salvador and Belize, accounted for 74% of total income, including machinery and equipment (new, used and rental units) as well as spare parts and services.

Sales (as of March 2018)



Sales and EBITDA (s/. million)



	As of Mar'11	As of Mar'12	As of Mar'13	As of Mar'14	As of Mar'15	As of Mar'16	As of Mar'17	As of Mar'18
Margen Ebitda	11.9%	10.1%	9.6%	11.7%	11.4%	13.5%	10.9%	10.7%
EBITDA (S/ MM)	100	102	119	144	152	187	120	132

EBITDA CAGR: 4.0%

3. SALES BREAKDOWN BY ECONOMIC SECTORS

Regarding sales distribution by economic sectors, sales to open pit mining represented during the first quarter 2018 35% of total sales, above 32% during the first quarter last year. Likewise, there is a recovery in underground mining that increased its share from 17% to 21%. Meanwhile, construction represented 20% of total sales, below 24% during first quarter 2017 but above 11% during the fourth quarter last year. This increase in the share of construction on total sales, should be the first reflection of the recovery in the activity of this sector.

It is worth noting that we've been able to keep the share in other economic sectors such as Industry, Commerce and Services, as a result of the corporation diversification strategy.

	1Q 2018	4Q 2017	3Q 2017	2Q 2017	1Q 2017
Open pit mining	34.9%	50.3%	37.8%	43.6%	31.9%
Construction	20.0%	11.0%	22.9%	18.2%	24.1%
Underground mining	20.7%	12.7%	12.7%	15.0%	17.4%
Government	0.8%	2.5%	1.7%	1.3%	1.3%
Transport	4.8%	3.1%	4.2%	4.2%	4.3%
Industry, commerce and services	12.7%	11.6%	13.3%	8.7%	11.8%
Agriculture and forestry	2.8%	3.2%	4.4%	4.4%	3.7%
Fishing and marine	1.1%	1.9%	0.5%	3.0%	3.2%
Hydrocarbons and energy	0.7%	0.8%	0.8%	0.8%	1.1%
Others	1.5%	2.9%	1.7%	0.7%	1.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

II. ANALYSIS OF FINANCIAL INFORMATION

1. Sales

Million of nuevos soles	1Q18	1Q17	%Var.
Sales	1,231.2	1,099.3	12.0

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

2. Gross profit

Million of nuevos soles	1Q18	1Q17	%Var.
Gross profit	288.8	264.2	9.3
Gross margin	23.5%	24.0%	

During the first quarter 2018, gross profit reached a higher amount than the one in the same period 2017. In percentage terms, 1Q 2018 gross margin amounted to 23.5%, below the gross margin in 1Q 2017 mainly impacted by an important sale of mining trucks to a mining contractor with lower margins. Despite, there has been a slight appreciation of the sol it hasn't impact the gross margin as inventories (cost of goods sold) are registered at a similar exchange rate as the invoicing.

3. Selling and Administrative Expenses

Million of nuevos soles	1Q18	1Q17	%Var.
Selling and administrative expenses	199.4	184.8	7.9
As % of sales	-16.2%	-16.8%	

Selling and administrative expenses during the first quarter 2018 are higher compared to the same quarter last year. However, this growth is behind sales increase; as a consequence, SG&A as percentage of total sales reached 16.2% (16.8% for 1Q 2018).

4. Financial Expenses

Million of nuevos soles	1Q18	1Q17	%Var.
Financial expenses	14.1	20.4	-30.8
As a % of sales	-1.1%	-1.9%	

Financial expenses for the first quarter 2018 decreased by 31% compared to 1Q 2017 as a result of lower average cost of debt that dropped by 88 pbs to 3.11%, a reduction of the average liabilities in 3.8%; and the partial prepayment of the international bonds during the last months of 2017.

5. Foreign Exchange Gain/ Loss

Million of nuevos soles	1Q18	1Q17	%Var.
Foreign Exchange gain/loss	6.9	21.9	-68.4

During the first quarter 2018 the foreign exchange gain was led by the appreciation of the currency in Perú and in Chile. In Perú, the Nuevo sol appreciation against the dollar was 0.49% (the exchange rate varied from S/ 3.245 in December 2017 to S/ 3.229 in March 2018), compared to 3.30% during similar quarter 2017 (the exchange rate varied from S/ 3.360 in December 2017 to S/ 3.249 in March 2017). In Chile, the peso appreciation was 1.8%.

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

6. Net profit

Million of nuevos soles	1Q18	1Q17	%Var.
Net profit	65.1	62.4	4.4

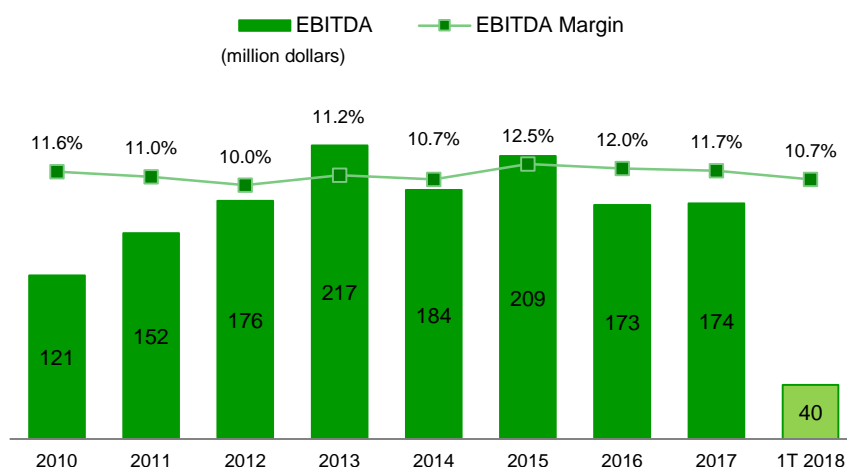
Net profit for the first quarter 2018 amounted to S/ 65.1 million, higher if compared to 1Q 2017.

7. EBITDA

Million of nuevos soles	1Q18	1Q17	%Var.
EBITDA	131.6	120.0	9.7
EBITDA margin	10.7%	10.9%	

During the first quarter 2018, 85.7% of the corporation's EBITDA was 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, 6.9% of EBITDA is generated by Caterpillar dealers and other businesses abroad, while 7.4% comes from local and foreign subsidiaries aimed to offer capital goods and services for the different economic sectors. Some of the companies from the third group are still young and have been affected by the market contraction of the last two years, without being able to adjust their expenses because they are still in a phase of market penetration. In other cases, these are businesses with different expectations of profitability that will gradually benefit from synergies with other companies of the corporation.

First quarter 2018 EBITDA reached to S/. 131.6 million, similar as first quarter 2017.



ANALYSIS ACCORDING TO CORPORATE ORGANIZATION

	CAT dealers in Peru		CAT Dealers and other businesses abroad		Other businesses	
	2018	2017	2018	2017	2018	2017
(S/ thousands)						
Sales	908,894	783,365	108,948	126,108	213,324	189,846
Gross Profit	226,399	198,661	25,543	30,828	36,834	34,711
Gross Margin	25%	25%	23%	24%	17%	18%
Operating Expenses	143,213	124,631	21,210	23,689	32,720	32,525
Operating Margin	10%	10%	4%	6%	2%	2%
Dep. and Amort.	22,588	21,365	4,173	4,770	3,526	4,159
EBITDA	112,627	98,645	9,125	13,466	9,704	7,898
EBITDA Participation	85.7%	82.2%	6.9%	11.2%	7.4%	6.6%
EBITDA Margin	12%	13%	8%	11%	5%	4%

Note: This results do not include Ferreycorp as individual nor INTI

III. ANALYSIS OF CONSOLIDATED FINANCIAL INFORMATION

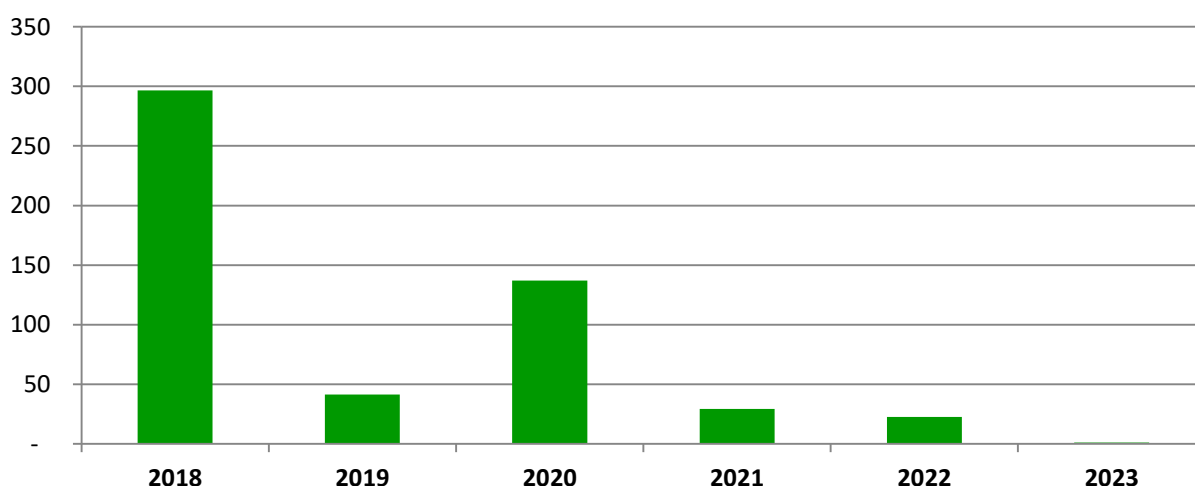
Total assets as of March 31st, 2018 amounted to S/ 5,023.0 million, 5.8% higher if compared to S/ 4,746.4 million as of March 31st, 2017. This variation is primarily due to the increase in inventory (S/255.3 million) due to deals closed during 2017 that will be delivered and invoiced during the next months. The subsidiary Motored, that carries the automotive line, carried out during the first quarter an important purchase of trucks as a result of a commitment with the represented brand, from which almost the third part were sold during the first quarter. Also Ferreyros keeps in its inventory two mining trucks that will be delivered during the second quarter 2018, as well as underground equipment with purchase orders from customers to be delivered in the next months or that are in demonstration.

Financial liabilities amounted to S/ 1,701.8 million (US\$527 million) as of March 2018, and slightly dropped by 0.2% compared to financial liabilities of US\$ 528 million recorded during the same period last year. The percentage of financial liabilities corresponding to short-term debt and the current portion of the long term debt is 58% (S/. 984.4 million), while (S/. 717.4 million) is long-term debt.

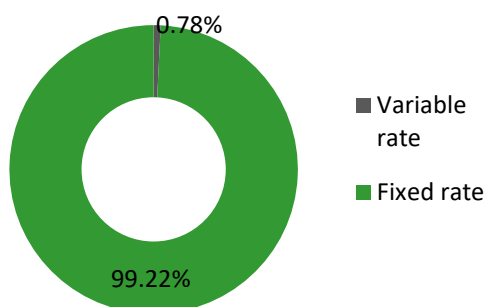
Given the context of low interest rates, the corporation kept the strategy to maintain large part of the debt in the short term; however, some of it will be re-profiled in the upcoming months, for which Ferreycorp counts with available credit lines with banks and Caterpillar Financial. It is worth noting that the corporation seeks to maintain a solid financial structure and low financial expenses, which directly impact its results.

Below is the maturity structure of the consolidated liabilities, which is 92.8% 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, 99.22% of total debt has been contracted at fixed rate, which cover us from interest rates risks

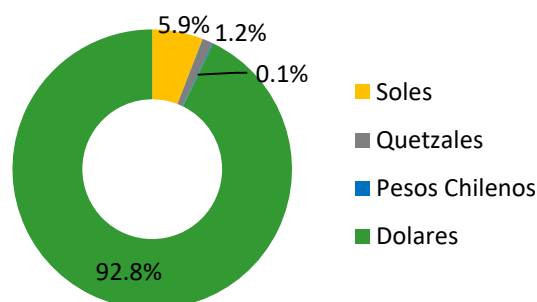
Maturity Structure of Liabilities (US\$ million)



Gross debt by rate



Gross debt by currency



Investment in Fixed Assets (CAPEX)

As of March 2018 the investment in fixed assets was:

In million Soles	Acquisitions	Deductions	Total S/	Total US\$
Infrastructure	6.7	-1.1	5.5	1.7
Machinery and equipment	18.4	-6.3	12.1	3.7
Rental Fleet	38.3	-48.7	-10.4	-3.2
Vehicles, furniture and fixtures	2.9	-1.3	1.7	0.5
	66.4	-57.4	8.9	2.8
Intangible assets	10.7	-	10.7	3.3

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

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

As of March 2018 capex reached S/ 8.9 million (US\$ 2.8 million), and dropped if compared to S/ 40 million (US\$ 12.2 million) invested as of March last year. The Capex investment last year was mainly for infrastructure due to the execution of the new Component Rebuilt Center built in La Joya located in the south part of Peru and the execution of works in Punta Negra, both currently completed.

The investment in intangible assets reached US\$ 3.3 million dollars, particularly for the implementation of SAP platform during the second semester this year in the main companies of the corporation.

4. FINANCIAL RATIOS

	Mar-18	Dic-17	Sep-17	Jun-17	Mar-17
Current ratio	1.44	1.54	1.48	1.52	1.50
Financial debt ratio	0.80	0.75	0.79	0.83	0.83
Indebtedness ratio	1.50	1.33	1.42	1.49	1.57
Net debt / EBITDA ratio	2.79	2.73	2.83	2.89	2.97
Adjusted debt / EBITDA	1.94	2.05	2.25	2.32	2.51
Financial expenses coverage ratio	9.33	6.66	7.46	7.13	5.89
Asset turnover	1.02	1.01	0.99	1.01	0.97
Inventory turnover	2.81	2.80	2.85	2.81	2.83
Receivable days	71	70	77	70	73
Payable days	55	54	51	54	53
Cash cycle	144	145	152	145	148
ROE	13.9%	13.4%	14.6%	12.8%	11.9%
ROA	6.2%	6.2%	6.2%	6.1%	5.5%
ROIC	12.0%	11.6%	11.6%	11.5%	10.8%
Book value per share	2.06	2.14	2.08	1.97	1.89

As shown in the chart above, current and indebtedness ratios are within the appropriate levels. The leverage ratios considered within the covenants of the international bond show an improvement due to the increase of EBITDA.

The cash cycle has improved during this quarter, showing 144 days, compared to the one obtained in the same period of 2017, thanks to the efforts of the company to reduce the average collection days. ROA and ROIC have shown an improvement through the last quarters.

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: $\text{Current Assets} / \text{Current Liabilities}$.

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: $\text{Total Liabilities} / \text{Total Equity}$

3) **Indebtedness Ratio:**

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

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: $(\text{Total Financial Debt} - \text{Short Term debt related to inventories acquisition}) / \text{EBITDA}$

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: $\text{EBITDA} / \text{Financial expenses}$.

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: $\text{Sales} / \text{Average Assets}$

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: $\text{Cost of Goods Sold} / \text{Average Inventory}$.

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: $\text{Net Income} / \text{Shareholder's Equity}$.

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: $(\text{Operating profit} \times (1 - T)) / \text{Average Assets}$.

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: $\text{EBIT (last twelve months)} / \text{Average Invested Capital}$

11) **Receivable days**

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

12) Payable days

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

13) Cash cycle:

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

14) Book value per share:

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

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 1

Income Statement (NOTE)

(\$/ In thousand soles)

	1Q 2018	%	1Q 2017	%	Var %
Net sales	1,231,166	100.0	1,099,319	100.0	12.0
Cost of goods sold	-942,390	-76.5	-835,119	-76.0	12.8
Gross profit	288,776	23.5	264,200	24.0	9.3
Selling and administrative expenses	-199,374	-16.2	-184,782	-16.8	7.9
Other income (expenses), net	5,021	0.4	3,719	0.3	35.0
Operating profit	94,423	7.7	83,137	7.6	13.6
Financial income	4,952	0.4	4,980	0.5	-0.6
Gain (loss) to exchange rate	6,923	0.6	21,937	2.0	-68.4
Financial expenses	-14,114	-1.1	-20,401	-1.9	-30.8
Share in the result of associated through the equity method	4,449	0.4	3,503	0.3	27.0
Profit before income tax	96,633	7.8	93,156	8.5	3.7
Income tax	-31,500	-2.6	-30,746	-2.8	2.5
Net Profit	65,133	5.3	62,410	5.7	4.4
EBITDA	131,626	10.7	120,009	10.9	9.7

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

FERREYCORP S.A.A AND SUBSIDIARIES

APPENDIX 2

State of Financial Position

(In thousand of soles)

	As of 31.03.18	As of 31.03.18	Var % mar18/ mar17
Cash and Banks	81,323	182,505	-55.4
Account receivable - trade	1,161,931	1,071,158	8.5
Inventory	1,472,006	1,216,698	21.0
Account receivable - other	206,845	171,200	20.8
Investment in shares	80,821	-	
Prepaid expenses	35,931	32,766	9.7
Current Assets	3,038,857	2,674,327	13.6
Long-term account receivables - trade	32,387	41,073	-21.1
Long-term account receivables - other	328	1,134	-71.1
Rental fleet	397,285	446,826	-11.1
Other fixed assets	1,629,737	1,633,285	-0.2
	2,027,022	2,080,111	-2.6
Accrued depreciation	-559,372	-598,889	-6.6
Property, plant and equipment, net	1,467,650	1,481,222	-0.9
Investment	13,346	82,430	-83.8
Intangible assets, net and goodwill	288,118	273,946	5.2
Deferred Income tax	182,321	192,225	-5.2
Non Current Assets	1,984,150	2,072,030	-4.2
Total Assets	5,023,007	4,746,357	5.8
Short term debt	163,779	177,194	-7.6
Other current liabilities	1,938,572	1,607,073	20.6
Current Liabilities	2,102,351	1,784,267	17.8
Long term debt	717,376	898,232	-20.1
Other payables	112	2,075	-94.6
Minority interest	-	3,725	
Deferred income tax	195,282	209,401	-6.7
Total Liabilities	3,015,121	2,897,700	4.1
Equity	2,007,886	1,848,657	8.6
Total Liabilities and equity	5,023,007	4,746,357	5.8
Other financial information			
Depreciation	28,217	27,580	
Amortization	4,028	4,312	

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

(In thousand soles)

	1Q18	%	1Q17	%	% Var 1Q 2018/1Q 2017
Mining trucks and Caterpillar machines (GM)	25,862	2.1	22,591	2.1	14.5
Caterpillar machines and engines for other sectors (NGM)	167,909	13.6	167,365	15.2	0.3
Allied equipment	163,955	13.3	148,615	13.5	10.3
Rental and used	133,984	10.9	103,837	9.4	29.0
Spare parts and services	635,932	51.7	551,545	50.2	15.3
Other lines	103,525	8.4	105,365	9.6	-1.7
TOTAL	1,231,166	100.0	1,099,318	100.0	12.0

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 4

Total Liabilities as of March 2018

(In thousand US\$ dollars)

	Total Liabilities	Current Liabilities	Long term liabilities		Financial Liabilities
			Current	Long term	
Local banks (short term)	218,691	218,691	-	-	218,691
Foreign banks (short term)	14,990	14,990	-	-	14,990
Local banks (long term)	107,906	-	27,854	80,052	107,906
Foreign banks (long term)	10,421	-	4,276	6,145	10,421
Local and foreign banks (long term lease)	1,965	-	955	1,010	1,965
Suppliers:					
Accounts payable to Caterpillar (invent)	60,440	60,440	-	-	-
Accounts payable to Caterpillar	19,459	19,459	-	-	19,459
Others	124,042	124,042	-	-	998
Corporate bonds	100,000	-	-	100,000	100,000
Caterpillar Financial	51,106	-	16,252	34,854	51,106
Other Liabilities	224,743	162,741	1,384	60,618	1,490
Total (US\$)	933,763	600,363	50,721	282,679	527,026
Total (S/.)	3,015,121	1,938,572	163,779	912,770	1,701,766

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

(En thousand of soles)

**As of March
2018**
Cash flow from operating activities

Collection from customers and third parties	1,193,388
Payment to suppliers	-1,121,780
Payment to employees and others	-103,940
Payment of taxes and income tax	-13,649

Net cash provided by operating activities -45,981
Cash flow from investing activities

Acquisition of property, plant and equipment	-29,731
Intangible acquisitions	-10,723
Sale of property, plant and equipment	15,159

Net cash used in investing activities -25,295
Cash flow from financing activities

Financial liabilities	654,835
Payment of financial liabilities	-573,724
Interests payed	-8,759

Net cash provided by financing activities 72,352

Cash increase, nte	1,075
Cash at the begining of the year	80,710
Result due traslation	-1,246
Cash due to exchange rate variation	784
Cash at the ende of the year	81,323