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

First Semester 2017

Lima, July 21, 2017. 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 semester 2017.

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

MAIN HIGHLIGHTS

SECOND QUARTER 2017 VS SECOND QUARTER 2016

- During the second quarter 2017, consolidated sales reached to S/ 1,302 million (16% higher) compared to S/ 1,122 million in 2Q2016, due to greater sales of large mining equipment as well as spare parts and services. Despite slower growth rates in the country, the company has accomplished to close some important deals with mining customers, which allowed to achieve 16% sales growth. In dollars, sales reached to US\$ 399 million compared to US\$ 338 million during 2Q16 (18%). As stated in the previous quarter report, the corporation remains optimistic and confident regarding the recovery of the mining customer's demand which projects are in expansion stage, in part reflected already in this quarter results, and also the recovery in the dynamism of different economic sectors as a result of the investments, mainly the ones related to the

implementation of the reconstruction plan in Perú.

- Consolidated net profit during 2Q2017 amounted to S/ 75 million and rose by 50% compared to S/ 50 million net profit reached during 2Q2016. Nevertheless, we should recall second quarter 2017 net profit is higher than the last for quarters net profit average of S/ 52 million.
- It should be noted that in the second quarter of the year the corporation maintained a high market share and its leadership with the Caterpillar brand. Caterpillar is the main brand represented by Ferreycorp and has a market share near to 60% in Perú.
- Consolidated gross margin for the second quarter 2017 remained stable in 24%, similar to the one obtained during the same quarter 2016.
- Operating margin reached to 10% in 2Q2017, compared to 8% during 2Q2016, impacted by the aforementioned sales increase.
- EBITDA during the second quarter increased by 31% and amounted to S/ 163 million, compared to the one reached during the second quarter last year. EBITDA margin rose to 13%, compared to 11% achieved during same period last year driven by the recovery on sales
- Net margin increased to 6% during 2Q17 compared to 4% obtained during 2Q16.

FIRST SEMESTER 2017 RESULTS VS FIRST SEMESTER 2016 RESULTS

- Consolidated sales for the first semester amounted to S/ 2,401 million and dropped only by 4% compared to the same period last year (S/ 2,507 million), despite a lower dynamism in the economic cycle and a reduction of investment levels, specially due a retracted construction and infrastructure market. This result is mainly explained by sales to large mining customers with projects in expansion stage.
- Net profit during the first semester 2017 amounted to S/ 137 million, 3% higher than similar period last year (S/ 133 million), however represents more than half of the net profit reached during 2016.
- Gross margin kept stable at 24%, similar as the one reached for the first six months of 2016.
- Operating margin as of June 2017 rose to 9%, similar as of first semester 2016 due to an adequate sales mix of the different business lines with respect to total sales.
- Net margin reached to 6% compared to 5% as of June 2016.
- EBITDA margin for the first semester 2017 amounted to 12%, similar as of the one reached as of June last year.
- The cash cycle remained stable in 145 days compared to the first semester 2016.

| | 2Q 2017 | 1Q 2017 | 2Q 2016 | %Var. 2Q2017/ 1Q2017 | %Var. 2Q2017/ 2Q2016 | 1S 2017 | 1S 2016 | %Var. |
|--|-----------|-----------|-----------|----------------------------|----------------------------|-----------|-----------|--------|
| <i>(in million sales, except share ratios)</i> | | | | | | | | |
| Net sales (US\$) | \$399 | \$334 | \$338 | 19.4% | 18.0% | \$733 | \$741 | -1.1% |
| Net sales | S/. 1,302 | S/. 1,099 | S/. 1,122 | 18.4% | 16.0% | S/. 2,401 | S/. 2,507 | -4.2% |
| Gross profit | S/. 310 | S/. 264 | S/. 268 | 17.2% | 15.4% | S/. 574 | S/. 609 | -5.8% |
| Operating profit | S/. 126 | S/. 83 | S/. 85 | 51.6% | 48.0% | S/. 209 | S/. 229 | -8.7% |
| Financial expenses | S/. -19 | S/. -20 | S/. -24 | -5.3% | -17.9% | S/. -40 | S/. -54 | -26.7% |
| Gain (loss) to exchange rate | S/. -4 | S/. 22 | S/. 7 | -119.8% | | S/. 18 | S/. 16 | |
| Net profit | S/. 75 | S/. 62 | S/. 50 | 19.9% | 50.1% | S/. 137 | S/. 133 | 2.9% |
| EBITDA | S/. 163 | S/. 120 | S/. 124 | 36.0% | 31.4% | S/. 283 | S/. 311 | -8.9% |
| EPS | 0.077 | 0.064 | 0.050 | 20.4% | 53.4% | 0.141 | 0.134 | 5.2% |
| EBITDA per share | 0.167 | 0.123 | 0.124 | 36.5% | 34.6% | 0.290 | 0.311 | -6.7% |
| Free cash flow | S/. 64 | S/. 77 | S/. -29 | -320.1% | 34.6% | S/. 141 | S/. 152 | -7.1% |
| Gross margin | 23.8% | 24.0% | 23.9% | | | 23.9% | 24.3% | |
| Operating margin | 9.7% | 7.6% | 7.6% | | | 8.7% | 9.1% | |
| Net margin | 5.7% | 5.7% | 4.4% | | | 5.7% | 5.3% | |
| EBITDA margin | 12.5% | 10.9% | 11.1% | | | 11.8% | 12.4% | |
| Leverage ratio | | | | | | 0.83 | 0.99 | |
| Net debt / EBITDA | | | | | | 2.89 | 2.56 | |

MAIN HIGHLIGHTS

Ferreycorp awarded with the Lima Stock Exchange Key for being the Company with best Corporate Governance

Ferreycorp was awarded with "The Lima Stock Exchange Key" for fifth time, recognized as the issuer with best corporate governance practices in Perú. With this award the corporation, leader in the field of capital goods and complementary services, is conferred with this recognition in the years 2017, 2013, 2012, 2011 and 2008.

"The Lima Stock Exchange Key" was granted to Ferreycorp for three factors: its compliance with the Principles of Corporate Governance during 2016 after an exhaustive validation process; by the liquidity of its share; and for being among the top five companies in "La Voz del Mercado", initiative that recognizes the perception of the main capital market players, locally and abroad.

Simultaneously, Ferreycorp celebrated ten years as part of The Lima Stock Exchange Good Corporate Governance Index (IBGC) and has been incorporated every year in this prestigious index since its launch in 2008.

It is worth noting that Ferreycorp is member of the Companies Circle of the Latin American Round Table of Corporate Governance (Companies Circle) for more than a decade. The Circle is comprised by 12 leading companies in corporate governance in our region.

Ferreyros among the 10 best companies to attract and retain talent in Peru

For fourth consecutive year, the prestigious Merco Talento ranking recognized Ferreyros, the main subsidiary of the corporation, as one of the 10 Best Companies to Attract and Retain Talent in Peru and as the leader company in its sector. Ferreyros holds the 7th position in this ranking, based on the perception of more than 15,000 respondents.

Ferreyros was assessed according to three reputation values: job quality, employer brand and internal reputation. The survey involved workers, human resources experts, headhunters and human resources managers, alumni from business schools, university students and public in general.

Also, Ferreyros was recently distinguished as the leading company in the Heavy Industry sector, according to the study Marca Empleadora 2017, developed by Laborum and Apoyo Comunicación. This recognition brought together more than 13,000 local respondents from different academic levels,

Susidiaries recognized with the distinction Socially Responsible Company

Ferreyros, Orvisa, Unimaq, Fargoline and Soltrak were recognized with the distinction as "Socially Responsible Company", awarded by Peru 2021, due to their commitment with a socially responsible management as part of their culture and business strategy.

This recognition was awarded after a rigorous auto diagnosis process that evaluates company's performance, based on three sustainable core ideas: values and organizational culture; environmental development; and risk and impacts management.

Ferreyros holds this recognition since 2012, whereas the other four companies received it for fourth consecutive year.

I. COMMERCIAL MANAGEMENT

1. SALES BREAKDOWN ACCORDING TO CORPORATE ORGANIZATION

Ferreycorp allocate its companies in three main groups:

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

During the second quarter 2017, sales boost by 17.5% if compared to the same period 2016, which was primarily led by Ferreyros businesses closed with large mining customers (new and used equipment sales).

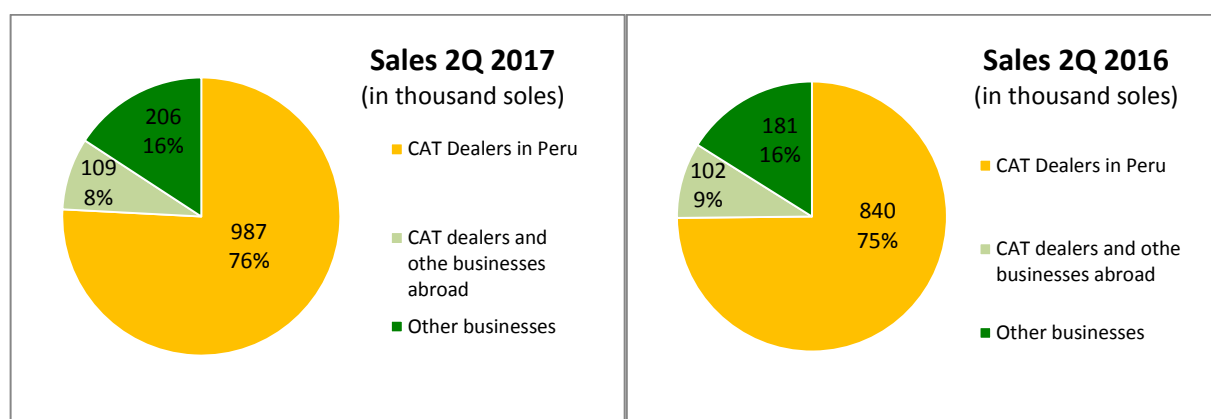
Group II - Caterpillar dealers and other businesses in Central America (Gentrac, Cogesa, Motored and Mercalsa).

This second group of companies with presence in Central America increased their sales by 7.2% during the 2Q 2017 compared to 2Q 2016, in great part due to the recovery of economic sectors in the region that were affected during the first months of 2016 (Guatemala).

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, Fiansa and Sitech).

This group of companies, which complements the supply of goods and services through equipment and vehicles, consumables and logistic solutions, among other lines, increased its sales by 13.9%. This result turns out from Trex higher sales: company that represents Terex and other allied brands in Chile. This group of companies boosts its share in the corporation consolidated sales, which currently amounts to 15.8%, equivalent to S/ 206 million, led by the line of equipment and consumables growth.

Ferreycorp and subsidiaries sales composition in the second quarter 2017 compared to second quarter 2016 is showed below:



The detail of sales by group of companies:

| Sales (\$/million) | 2Q2017 | % | 1Q2017 | % | 2Q2016 | % | % Var 2Q 2017/1Q 2017 | % Var 2Q 2017/2Q 2016 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|-----------------------|
| Ferreyros | 799 | 61.4 | 622 | 56.6 | 677 | 60 | 28.6 | 18.0 |
| Unimaq | 140 | 10.8 | 124 | 11.3 | 122 | 10.9 | 13.2 | 15.1 |
| Orvisa | 47 | 3.6 | 38 | 3.4 | 41 | 3.6 | 26.3 | 16.4 |
| Total CAT dealers in Peru | 987 | 75.8 | 783 | 71.3 | 840 | 74.8 | 26.0 | 17.5 |
| Total CAT dealers and other businesses abroad | 109 | 8.4 | 126 | 11.5 | 102 | 9.1 | -13.4 | 7.2 |
| Soltrak | 66 | 5.1 | 63 | 5.7 | 63 | 5.6 | 5.2 | 6.1 |
| Motored | 53 | 4.1 | 46 | 4.2 | 46 | 4.1 | 16.2 | 14.9 |
| Trex | 39 | 3.0 | 36 | 3.2 | 23 | 2.1 | 8.4 | 67.0 |
| Others (Fargoline, Motriza, Forbis, etc) | 48 | 3.6 | 46 | 4.1 | 49 | 4.3 | 4.2 | -2.3 |
| Total other subsidiaries | 206 | 15.8 | 190 | 17.3 | 181 | 16.1 | 8.2 | 13.9 |
| TOTAL | 1,302 | 100.0 | 1,099 | 100.0 | 1,122 | 100.0 | 18.4 | 16.0 |

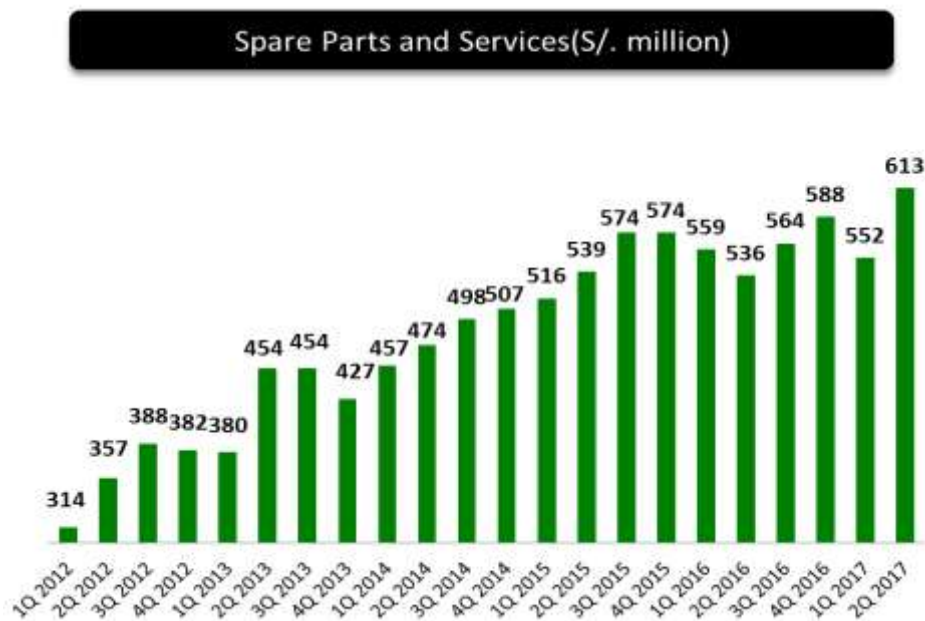
2. SALES BREAKDOWN BY BUSINESS LINE

| Sales (In million Soles) | 2Q 2017 | % | 1Q 2017 | % | 2Q 2016 | % | % Var 2Q 2017/ 1Q 2017 | % Var 2Q 2017/ 2Q 2016 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|------------------------|------------------------|
| Mining Trucks and Caterpillar machines (GM) | 138 | 10.6 | 23 | 2.1 | 66 | 9.6 | 510.5 | 108.2 |
| Caterpillar machines and engines for other sectors | 165 | 12.7 | 167 | 15.2 | 183 | 15.7 | -1.4 | -9.9 |
| Allied Equipment | 177 | 13.6 | 149 | 13.5 | 142 | 12.6 | 19.0 | 24.3 |
| Rental and used | 99 | 7.6 | 104 | 9.4 | 82 | 7.3 | -4.9 | 20.6 |
| Spare parts and services | 613 | 47.1 | 552 | 50.2 | 536 | 45.4 | 11.2 | 14.4 |
| Other lines | 110 | 8.4 | 105 | 9.6 | 112 | 9.5 | 4.3 | -2.2 |
| TOTAL | 1,302 | 100.0 | 1,099 | 100.0 | 1,122 | 100.0 | 18.4 | 16.0 |

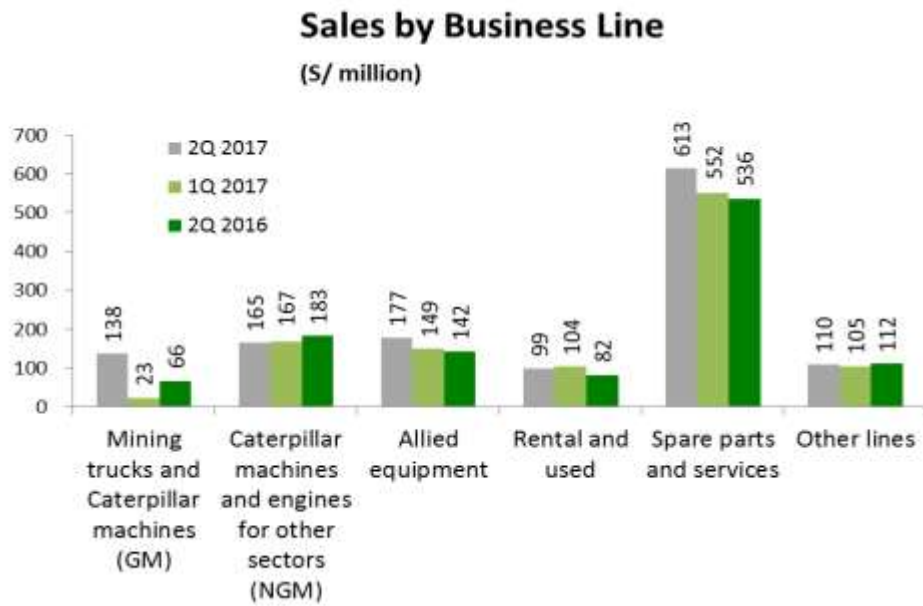
When analyzing the results by business lines, there is a significant 108% increase in the line of Caterpillar mining trucks and equipment for large mining customers, led by the delivery of mining equipment during the second quarter of the year for US\$ 40 million. On the other hand, Caterpillar engines and machines continue to show weak results as a consequence of the delay in the execution of infrastructures projects.

Moreover, during the second quarter 2017, allied equipment, rental and used equipment sales, rose by 24% and 21%, respectively as a result of higher sales in Ferreyros, Unimaq and Trex.

As mentioned before, the strategy of the corporation is focused in increasing the aftermarket, which is reflected in the spare parts and services record sales that amounted to S/ 613 million, exceeding 2015 revenue levels. During the last years, the population of Caterpillar machinery has increased, dynamic that allows the sustainability of the business model and evidenced in the greater share of this line in Ferreycorp total sales.

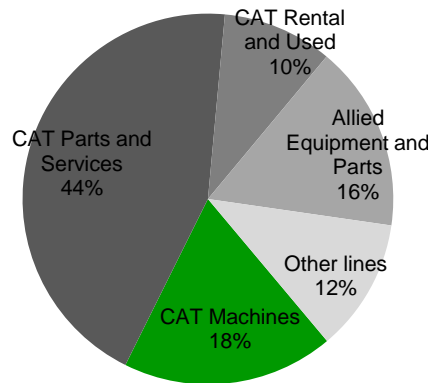


The after-market provided by Ferreycorp to its customers is characterized by high quality standards. Nevertheless, this world class service impacts the operating expenses because it requires investments in inventories of spare parts and components as well as in modernizing its workshops and selecting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

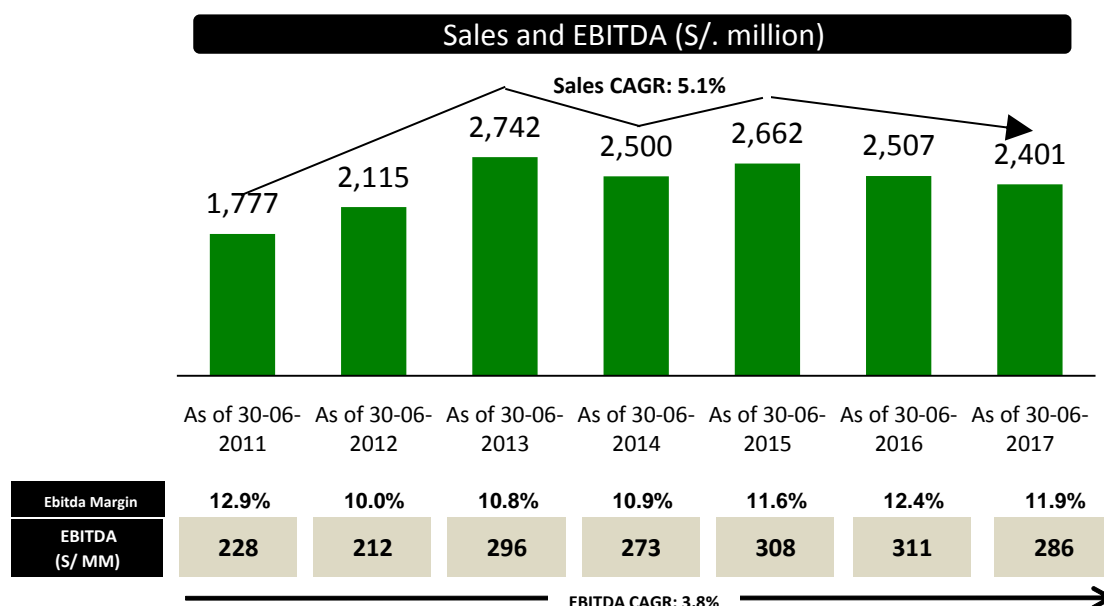


As of June 2017 sales from the Caterpillar brand carried by Caterpillar dealers in Peru, Guatemala, El Salvador and Belize, accounted for 72% of total income, including machinery and equipment (new, used and rental units) as well as spare parts and services.

Sales (as of June 2017)



It is important to highlight that the EBITDA margin recorded as of June 30, 2017 is 12% as a result of the sales volume reached during the year, good gross and operating margins, expenses control and the continuous follow up of commercial and financial indicators.



3. SALES BREAKDOWN BY ECONOMIC SECTORS

Regarding sales distribution by economic sectors, sales to open pit mining represented during the second quarter 2017 44% of total revenues and increased its share in total revenues in 11 points if compared to same period 2016. Meanwhile, construction represented 18% of total sales and decreased its share in 3 points.

| | 2Q 2017 | 2Q 2016 |
|---------------------------------|---------------|---------------|
| Open pit mining | 43.6% | 33.1% |
| Construction | 18.2% | 21.5% |
| Underground mining | 15.0% | 14.0% |
| Government | 1.3% | 4.7% |
| Transport | 4.2% | 4.8% |
| Industry, commerce and services | 8.7% | 10.4% |
| Agriculture and forestry | 4.4% | 4.0% |
| Fishing and marine | 3.0% | 3.8% |
| Hydrocarbons and energy | 0.8% | 1.5% |
| Others | 0.7% | 2.2% |
| Total | 100.0% | 100.0% |

II. ANALYSIS OF FINANCIAL INFORMATION

1. Sales

| Million of nuevos soles | 2Q17 | 2Q16 | %Var. | 1S17 | 1S16 | %Var. |
|-------------------------|---------|---------|-------|---------|---------|-------|
| Sales | 1,301.9 | 1,122.2 | 16.0 | 2,401.2 | 2,507.1 | -4.2 |

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

2. Gross profit

| Million of nuevos soles | 2Q17 | 2Q16 | %Var. | 1S17 | 1S16 | %Var. |
|-------------------------|-------|-------|-------|-------|-------|-------|
| Gross profit | 309.7 | 268.3 | 15.4 | 573.9 | 609.3 | -5.8 |
| Gross margin | 23.8% | 23.9% | | 23.9% | 24.3% | |

During the second quarter 2017, gross profit reached a higher amount than the one obtained in the same period 2016, as a result of higher sales recorded during this period. In percentage terms, 2Q 2017 gross margin reached to 23.8%, similar as second quarter 2016.

3. Selling and Administrative Expenses

| Million of nuevos soles | 2Q17 | 2Q16 | %Var. | 1S17 | 1S16 | %Var. |
|-------------------------------------|--------|--------|-------|--------|--------|-------|
| Selling and administrative expenses | 197.6 | 184.9 | 6.8 | 380.4 | 389.4 | -2.3 |
| As a % of total sales | -15.2% | -16.5% | | -15.8% | -15.5% | |

Selling and administrative expenses during the second quarter 2017 increased by 6.8% compared to the same quarter last year, mainly due to higher variable expenses related to sales growth (16%). It can be noted that sales growth was greater than expenses increase, therefore, the effort to decrease expenses has started to show results.

4. Financial Expenses

| Million of nuevos soles | 2Q17 | 2Q16 | %Var. | 1S17 | 1S16 | %Var. |
|-------------------------|-------|-------|-------|-------|-------|-------|
| Financial expenses | 19.3 | 23.5 | -17.9 | 39.7 | 54.2 | -26.7 |
| As a % of total sales | -1.5% | -2.1% | | -1.7% | -2.2% | |

Financial expenses for the second quarter 2017 decreased by 17.9% compared to 2Q 2016, as a result of 2.2% reduction of the average liabilities (2Q 2017: S/. 1.7 million, 2Q 2016: S/. 1.8 million); due to the average cost of debt that declined to 3.9%; and finally, lower financial expense as a consequence of the prepayment of the international bond.

5. Foreign Exchange Gain/ Loss

| Million of nuevos soles | 2Q17 | 2Q16 | %Var. | 1S17 | 1S16 | %Var. |
|-----------------------------|------|------|--------|------|------|-------|
| Foreign Exchange Gain/ Loss | -4.4 | 6.8 | -164.4 | 17.6 | 15.7 | 12.3 |

The foreign exchange loss in 2Q 2017 was led by a 0.18% nuevo sol devaluation against the dollar, compared to the 1.08% nuevo sol appreciation during the same period last year.

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 | 2Q17 | 2Q16 | %Var. | 1S17 | 1S16 | %Var. |
|-------------------------|------|------|-------|-------|-------|-------|
| Net profit | 74.8 | 49.8 | 50.1 | 137.3 | 133.4 | 2.9 |

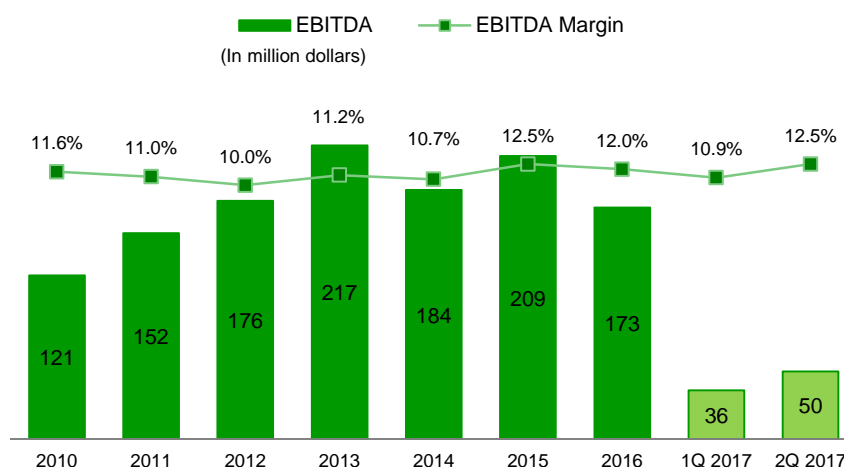
Net profit for the second quarter 2017 amounted to S/ 74.8 million, 50% higher if compared to 2Q 2016. Moreover, as mentioned before, net profit during 2Q 2017 is higher than the last four quarters net profit quarterly average of S/ 52 million.

7. EBITDA

| Million of nuevos soles | 2Q17 | 2Q16 | %Var. | 1S17 | 1S16 | %Var. |
|-------------------------|-------|-------|-------|-------|-------|-------|
| EBITDA | 163.2 | 124.2 | 31.4 | 283.4 | 311.1 | -8.9 |
| EBITDA margin | 12.5% | 11.1% | | 11.8% | 12.4% | |

As of June 30, 2017 80.1% 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, 13.4% of EBITDA is generated by Caterpillar dealers and other businesses abroad, while 6.5% 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.

Second quarter 2017 EBITDA reached to S/. 163.2 million, compared to S/. 124.2 million reported on second quarter 2016, which represents a 31.4% growth, in line with higher sales.



ANALYSIS ACCORDING TO CORPORATE ORGANIZATION

| (In thousand soles) | CAT Dealers in Peru | | CAT Dealers and other businesses abroad | | Other businesses | |
|---------------------------|---------------------|-----------|---|---------|------------------|---------|
| | 1S 2017 | 1S 2016 | 1S 2017 | 1S 2016 | 1S 2017 | 1S 2016 |
| Sales | 1,770,452 | 1,940,894 | 235,225 | 225,181 | 395,545 | 341,067 |
| Gross Profit | 439,665 | 480,220 | 58,911 | 59,585 | 75,312 | 69,514 |
| Gross Margin | 25% | 25% | 25% | 26% | 19% | 20% |
| Operating Expenses | 260,655 | 283,285 | 47,088 | 47,348 | 67,822 | 58,926 |
| Operating Margin | 10% | 10% | 5% | 5% | 2% | 3% |
| Dep. and Amort. | 44,011 | 42,733 | 10,452 | 10,585 | 8,291 | 11,885 |
| EBITDA | 229,503 | 255,087 | 38,073 | 26,351 | 18,293 | 23,685 |
| EBITDA Margin | 13% | 13% | 16% | 12% | 5% | 7% |

Note: This results does not include Ferreycorp

III. ANALYSIS OF CONSOLIDATED FINANCIAL POSITION

Total assets as of June 30, 2017 amounted to S/ 4,803.9 million compared to S/ 4,635.48 million as of June 30, 2016 (3.6% higher). This variation compared to June 2016 was primarily due to:

- i) Accounts receivables increased in S/ 154.1 million (15%) due to greater sales to mining customers during the second quarter.
- ii) Cash and banks that rose by S/ 39.1 million, as a result of collections that were carried out during the last day of the month.
- iii) On the other hand, the inventory reduced by S/ 37 million compared to June 2016.

Financial liabilities amounted to S/ 1,751.4 million (US\$538 million) as of June 2017, and dropped by 3.2% compared to financial liabilities of S/ 1,830.8 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 51% (S/. 888 million), while (S/. 863.4 million) is long-term debt.

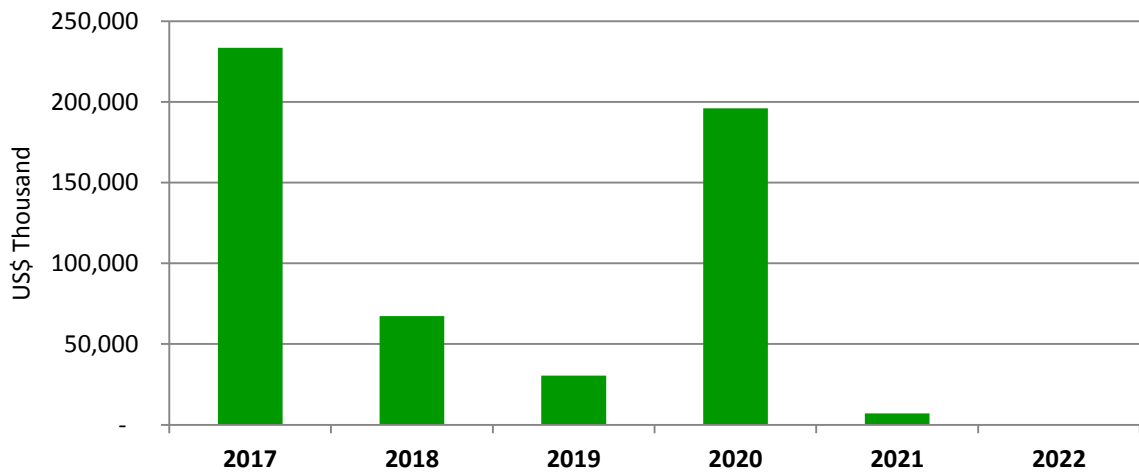
Given the context of low interest rates, the corporation kept the strategy to maintain large part of the debt in the short term; however, some of it will be refinanced during the year according to the needs for which Ferreycorp counts with available credit lines

It is important to recall that financial expenses decreased by 17.9% from S/ 23.5 million during the 2Q2016 to S/ 19.3 million as of June this year, as a result of the reduction in the average cost of debt, which as of 2Q2017 reached 3.9% and dropped by 37bps from the average cost of debt during the same period last year. This result was achieved taking advantage from our diversified sources of financing.

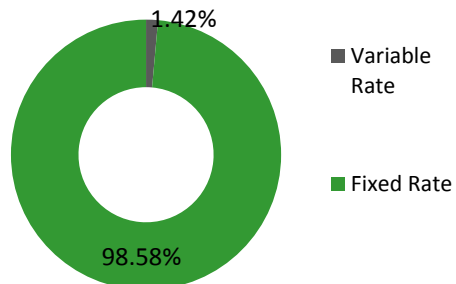
Below is the maturity structure of the consolidated liabilities, which is 80.6% in dollars, according to the strategy of maintaining the natural hedge between the revenues and debt. The nuevos soles and other currency debt belong to subsidiaries that have a percentage of their income in local currency or whose legislation does not allow it to maintain accounts receivable in dollars (Trex Chile).

Likewise, 98.58% of total debt has been contracted at fixed rate, which cover us from interest rates risks.

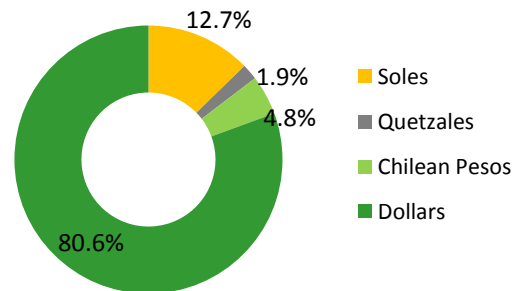
Maturity structure of Liabilities (US\$ thousand)



Gross debt by rate



Gross debt by currency



Investment in Fixed Assets (Capex)

| In million Soles | As of JUNE 2017 | As of JUNE 2016 |
|-------------------------------|--------------------|--------------------|
| Infrastructure ⁽¹⁾ | 44.4 | 17.4 |
| Machinery and equipment | 11.1 | 1.3 |
| Rental Fleet | -65.3 | 22.9 |
| Investment in IT (Intangible) | 20.1 | 8.9 |
| Others ⁽²⁾ | 7.3 | 6.3 |
| Total S/ | 17.6 | 56.8 |
| Total US\$ | 5.4 | 17.3 |

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

(1) Buildings and other constructions

(2) Transport units, furniture and appliances

Capital expenditures (CAPEX) as of June 30, 2017 amounted to S/. 17.6 million (US\$ 5.4 million), and showed a reduction if compared to the same period in 2016 (S/. 56.8 million or US\$ 17.3 million). Infrastructure includes mainly works in progress that are being executed in some subsidiaries

IV. FINANCIAL RATIOS

| | jun-17 | mar-17 | dic-16 | sep-16 | jun-16 | mar-16 |
|-----------------------------------|--------|--------|--------|--------|--------|--------|
| Current ratio | 1.53 | 1.50 | 1.62 | 1.59 | 1.51 | 1.66 |
| Financial debt ratio | 0.83 | 0.83 | 0.83 | 0.98 | 0.99 | 0.94 |
| Indebtness ratio | 1.49 | 1.57 | 1.48 | 1.62 | 1.67 | 1.78 |
| Net debt/ EBITDA ratio | 2.87 | 2.97 | 2.86 | 2.76 | 2.56 | 2.25 |
| Adjusted debt / Ebitda ratio | 1.91 | 2.08 | 2.05 | 2.00 | 1.76 | 2.01 |
| Financial expenses coverage ratio | 7.25 | 5.88 | 4.55 | 4.99 | 5.35 | 6.18 |
| Assets turnover | 1.01 | 0.97 | 1.00 | 1.06 | 1.09 | 1.16 |
| Inventory turnover | 2.82 | 2.83 | 2.81 | 2.86 | 2.77 | 2.81 |
| ROE | 12.9% | 11.9% | 12.2% | 11.8% | 13.5% | 13.2% |
| ROA | 6.1% | 5.5% | 6.3% | 7.1% | 7.7% | 8.1% |
| ROIC | 11.6% | 10.8% | 11.9% | 13.2% | 14.3% | 16.0% |
| Receivable days | 70 | 73 | 67 | 72 | 62 | 56 |
| Payable days | 54 | 53 | 47 | 46 | 47 | 44 |
| Cash cycle | 145 | 148 | 148 | 152 | 145 | 140 |
| Book Value per share | 1.98 | 1.89 | 1.97 | 1.76 | 1.74 | 1.68 |

Nota: Ver descripción de cada indicador en la sección: "Glosario de términos".

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: $\text{Days of inventory} + \text{Accounts receivable days} - \text{Accounts payable days}$.

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)

| | 2Q 2017 | % | 2Q 2016 | % | Var % | As of jun17 | % | As of jun16 | % | Var % |
|---|----------------|-------------|----------------|-------------|-------------|----------------|-------------|----------------|-------------|-------------|
| Net Sales | 1,301,903 | 100.0 | 1,122,177 | 100.0 | 16.0 | 2,401,221 | 100.0 | 2,507,142 | 100.0 | -4.2 |
| Cost of goods sold | -992,215 | -76.2 | -853,915 | -76.1 | 16.2 | -1,827,333 | -76.1 | -1,897,819 | -75.7 | -3.7 |
| Gross Profit | 309,688 | 23.8 | 268,262 | 23.9 | 15.4 | 573,888 | 23.9 | 609,323 | 24.3 | -5.8 |
| Selling and Administrative expenses | -197,560 | -15.2 | -184,942 | -16.5 | 6.8 | -380,437 | -15.8 | -389,422 | -15.5 | -2.3 |
| Other income (Expenses), net | 13,866 | 1.1 | 1,798 | 0.2 | 671.0 | 15,680 | 0.7 | 9,043 | 0.4 | 73.4 |
| Operating Profit | 125,994 | 9.7 | 85,119 | 7.6 | 48.0 | 209,131 | 8.7 | 228,943 | 9.1 | -8.7 |
| Financial Income | 4,481 | 0.3 | 3,131 | 0.3 | 43.1 | 9,461 | 0.4 | 10,726 | 0.4 | -11.8 |
| Gain (loss) to exchange rate | -4,354 | -0.3 | 6,768 | 0.6 | -164.3 | 17,576 | 0.7 | 15,653 | 0.6 | 12.3 |
| Financial Expenses | -19,328 | -1.5 | -23,540 | -2.1 | -17.9 | -39,729 | -1.7 | -54,177 | -2.2 | -26.7 |
| Share in the net result of associated through the equity method | 165 | 0.0 | 2,339 | 0.2 | -92.9 | 3,668 | 0.2 | 4,458 | 0.2 | -17.7 |
| Profit before income tax | 106,958 | 8.2 | 73,816 | 6.6 | 44.9 | 200,106 | 8.3 | 205,604 | 8.2 | -2.7 |
| Income Tax | -32,113 | -2.5 | -23,966 | -2.1 | 34.0 | -62,805 | -2.6 | -72,186 | -2.9 | -13.0 |
| Net Profit | 74,845 | 5.7 | 49,850 | 4.4 | 50.1 | 137,301 | 5.7 | 133,417 | 5.3 | 2.9 |
| Earnings Per Share | 0.076 | | 0.050 | | | 0.140 | | 0.134 | | |
| EBITDA | 163,186 | 12.5 | 124,173 | 11.1 | 31.4 | 283,369 | 11.8 | 311,109 | 12.4 | -8.9 |

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 2

Estate of Financial Position

(In Thousand nuevos soles)

| | As of 30-06-2017 | As of 30-06-2016 | Var % |
|--|------------------|------------------|-------------|
| Cash and Banks | 150,538 | 111,472 | 35.0 |
| Accounts Receivables - trade | 1,103,179 | 982,700 | 12.3 |
| Inventories | 1,260,518 | 1,297,964 | -2.9 |
| Accounts Receivables - other | 192,630 | 172,391 | 11.7 |
| Prepaid expenses | 33,649 | 38,473 | -12.5 |
| Currents Assets | 2,740,514 | 2,603,000 | 5.3 |
| Long-term account receivables - trades | 69,948 | 36,362 | 92.4 |
| Long-term account receivables - other | 628 | 1,864 | -66.3 |
| Rental Fleet | 372,833 | 572,478 | -34.9 |
| Other Fixed Income | 1,667,306 | 1,483,829 | 12.4 |
| | 2,040,139 | 2,056,307 | -0.8 |
| Accrued depreciation | -598,078 | -619,978 | -3.5 |
| Property, plant and equipment, net | 1,442,061 | 1,436,329 | 0.4 |
| Investments | 82,796 | 103,207 | -19.8 |
| Intangible assets, net and goodwill | 279,361 | 264,103 | 5.8 |
| Deferred Income tax | 188,605 | 190,968 | -1.2 |
| Not Current Assets | 2,063,399 | 2,032,833 | 1.5 |
| Total Assets | 4,803,913 | 4,635,833 | 3.6 |
| Short Term Debt | 190,559 | 228,671 | -16.7 |
| Other current Liabilities | 1,608,508 | 1,497,561 | 7.4 |
| Current Liabilities | 1,799,067 | 1,726,232 | 4.2 |
| Long Term Debt | 861,262 | 1,016,897 | -15.3 |
| Other payables | 781 | 349 | 123.8 |
| Minority Interest | 3,441 | 2,787 | 23.5 |
| Deferred Income taxes | 210,217 | 152,147 | 38.2 |
| Total Liabilities | 2,874,768 | 2,898,412 | -0.8 |
| Equity | 1,929,145 | 1,737,422 | 11.0 |
| Total Liabilities and Equity | 4,803,913 | 4,635,833 | 3.6 |
| Other Financial Information | | | |
| Depreciation | 55,905 | 60,005 | |
| Amortization | 8,873 | 7,456 | |

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 3

NET SALES

(In Thousand Nuevos Soles)

| | 2Q 2017 | % | 2Q 2016 | % | Var % | As of jun17 | % | As of jun16 | % | Var % |
|---|------------------|--------------|------------------|--------------|-------------|------------------|--------------|------------------|--------------|-------------|
| Mining Trucks and Caterpillar machines(GM) | 137,916 | 10.6 | 66,238 | 5.9 | 108.2 | 160,507 | 6.7 | 381,172 | 15.2 | -57.9 |
| Caterpillar machines and engines to for other sectors (NGM) | 165,052 | 12.7 | 183,244 | 16.3 | -9.9 | 332,416 | 13.8 | 374,914 | 15.0 | -11.3 |
| Allied Equipment | 176,808 | 13.6 | 142,279 | 12.7 | 24.3 | 325,422 | 13.6 | 263,359 | 10.5 | 23.6 |
| Rental and used | 98,727 | 7.6 | 81,833 | 7.3 | 20.6 | 202,564 | 8.4 | 170,039 | 6.8 | 19.1 |
| Spare parts and services | 613,453 | 47.1 | 536,120 | 47.8 | 14.4 | 1,164,998 | 48.5 | 1,095,160 | 43.7 | 6.4 |
| Other lines | 109,947 | 8.4 | 112,464 | 10.0 | -2.2 | 215,313 | 9.0 | 222,497 | 8.9 | -3.2 |
| TOTAL | 1,301,902 | 100.0 | 1,122,178 | 100.0 | 16.0 | 2,401,221 | 100.0 | 2,507,142 | 100.0 | -4.2 |

FERREYCORP S.A.A. AND SUBSIDIARIES

APPENDIX 4

Total liabilities as of June 2017

(In Thousand US dollars)

| | Total Liabilities | Current Liabilities | Long Term Liabilities | | (A) Financial Liabilities |
|---|-------------------|---------------------|-----------------------|------------------|------------------------------|
| | | | Current | Long Term | |
| Local Banks (Short term) | 181,216 | 181,216 | - | - | 181,216 |
| Foreign Banks (Short Term) | 12,473 | 12,473 | - | - | 12,473 |
| Local Banks (Long Term) | 73,340 | - | 29,767 | 43,573 | 73,340 |
| Foreign Banks (Long Term) | 19,222 | - | 13,635 | 5,586 | 19,222 |
| Local and Foreign Banks (long term) leasing | 2,709 | - | 1,182 | 1,527 | 2,709 |
| Suppliers: | | | | | |
| Accounts payable to Caterpillar (invent) | 48,116 | 48,116 | - | - | - |
| Accounts payable to Caterpillar | 17,904 | 17,904 | - | - | 17,904 |
| Others | 100,422 | 100,422 | - | - | 3,329 |
| Corporate Bopnds | 161,099 | - | - | 161,099 | 161,099 |
| Caterpillar Financial | 63,698 | - | 12,245 | 51,453 | 63,698 |
| Other Liabilities | 202,986 | 134,034 | 1,714 | 67,238 | 3,072 |
| Total (US\$) | 883,186 | 494,166 | 58,543 | 330,477 | 538,063 |
| Total (S/.) | 2,874,768 | 1,608,508 | 190,559 | 1,075,701 | 1,751,394 |

(A) Subject to interest paymen

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

(En thousand of nuevos soles)

As of June 2017

| | |
|--|-----------------|
| Cash flow from operating activities | |
| Collection to customers and third parties | 2,437,458 |
| Payment to suppliers | -1,933,768 |
| Payment to employees and others | -194,117 |
| Payment of taxes and income tax | -35,055 |
| Net cash provided by operating activities | 274,518 |
| Cash flow from investing activities | |
| Acquisition of property, plant and equipment | -74,855 |
| Share repurchase | 13,568 |
| Intangible acquisitions | -20,154 |
| Net cash used in investing activities | -81,441 |
| Cash flow from financing activities | |
| Financial liabilities | 854,305 |
| Payment of financial liabilities | -863,528 |
| Interests payed | -38,373 |
| Dividends payed | -124,431 |
| Minority interests (Fiansa) | 488 |
| Net cash provided by financing activities | -171,538 |
| Cash increase, net | 21,539 |
| Cash at the begining of the year | 128,982 |
| Result due traslation | -3,905 |
| Cash due to exchange rate variation | 3,922 |
| Cash at the end of the year | 150,538 |