For further information, please contact:

Patricia Gastelumendi L.
CFO
Tel: (511) 626-4257
patricia.gastelumendi@ferreycorp.com.pe

Elizabeth Tamayo M.
Head of Investor Relations
Tel: (511) 626-5112
elizabeth.tamayo@ferreycorp.com.pe

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

Fourth Quarter 2017

Lima, January 31, 2018. Ferreycorp S.A.A. and subsidiaries (BVL: FERREYC1), a leading corporation in the capital goods sector and complementary services, based in Peru and with presence in other Latin American countries, announces consolidated results for the fourth quarter and full year 2017.

The consolidated financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in nuevos soles. The Audited Financial Statements, which will be very similar to this ones, will be reported together with the Annual Shareholders Meeting call.

FOURTH QUARTER 2017 RESULTS

- Consolidated sales for the fourth quarter amounted to S/ 1,207 million and increased by 9% if compared to the same period last year (S/ 1,106 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$ 372 million compared to US$ 325 million during 4Q16 (14%). The corporation remains confident that the slight recovery in the dynamism of the different economic sectors experienced during the last months, will keep during 2018.
- It should be noted that in the fourth 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 more than 60% in Perú, and more than 70% in large mining equipment.

- Gross margin during the fourth quarter reached 25%, similar to the one in the same period last year and higher than the previous two quarters, mainly driven by the sales mix where spare parts and services achieved a share of more than 50%.
- Operating margin decreased to 8.1% in 4Q 2017, affected by the provision of accounts receivables from uncollectible debt related to customers of the construction sector.
- EBITDA for the fourth quarter 2017 reached to S/ 133 million, similar to 4Q'16. EBITDA margin rose to 11%, compared to 12% recorded during same quarter last year led by expenses increase.
- Financial expenses have decreased steadily since last year and reached S/ 27 million soles during the fourth quarter (-22%), mainly driven by lower interest rates and the tender offer carried out during 2016. During the fourth quarter, the reduction in financial expenses was affected by the premium of the international bond partial call execution.
- Net margin reached 5% during 4Q17 compared to 6% recorded during 4Q16.

MAIN HIGHLIGHTS FOR FULL YEAR 2017 RESULTS

- Consolidated sales for the year 2017 amounted to US$ 1,484 million, an were up 3.2% from US$ 1,438 million in 2016. In nuevos soles, sales reached to S/ 4,843 million similar to 2016 sales (S/ 4,856 million) led by a reduction in the exchange rate during 2017 (average exchange rate 2017: S/ 3.263 vs 2016: S/ 3.377).
  Sales volume achieved as of December 2017 is a result of deals closed with large open pit mining customers that are developing projects in expansion stage and underground mining customers that continued acquiring equipment, increase in used equipment sales, new businesses closed for the delivery of allied equipment and the continuous growth of spare parts and services as a result of the equipment population through the country and the capabilities developed by the corporation.
  On the other hand, sales to the construction sector were affected by the country´s unfavorable environment that arise from the political situation, the lower dynamism in the economic cycle, the reduction of investment levels, especially in construction and infrastructure sector, and the delayed in the Coastal El Niño reconstruction projects.
- Consolidated net profit reached S/. 266 million compared to S/ 230 million in 2016, showing a 16% increase.
- It is important to highlight he positive trend of Ferreycorp share price. The stock showed a 51% appreciation during the year, with an opening price of S/ 1.69 as of January 2nd, 2017 and closed at S/ 2.55 by December 29, 2017. It should also be noted that Ferreycorp's stock stood out for its liquidity during 2017.
- The gross margin remained stable (24%) as to the one achieved in 2016. It is worth noting that gross margin was affected by the share of spare parts and services in overall sales (49%)
- Operating margin amounted 9%, similar to 2016 as a result of an adequate mix of the different lines of business in total sales. The expenses increase during the year and specially, in the fourth quarter, have to do with accounts receivables provisions related to construction customer's debt deterioration.
- Accumulated financial expenses dropped by 32% from S/ 125 million to S/ 85 million as a result of a 6.8% reduction of financial debt and lower interest rates as a result of the corporation strategy to

maintain large part of the debt in the short term, which allows better conditions and gives flexibility. As part of this strategy, the corporation carried out a Tender Offer in 2016.

- Exchange rate benefited the accumulated results reflected in a S/ 25 million gain, unlike the S/ 0.5 million foreign exchange gain as of December 2016.
- Net margin reached to 6% compared to 5% during 2016.
- EBITDA as of December 2017 dropped by 3% led by a reduction in financial income generated by revenues recorded in 2016 for the first prepayment of the international bond, and dividends received from Inti. EBITDA margin for 2017 amounted to 12%, similar to 2016.
- As of December 2017 the cash cycle remained stable compared to 2016 (145 days). Although it was possible to reduce the accounts receivables due to collections of invoices from costumers related to the construction sector, and, the improvement of supplier payment terms, the inventory rose due to operations that were closed in 2017, but will be delivered during the first quarter of 2018.

FINANCIAL RESULTS

MAIN HIGHLIGHTS

Double celebration: 75 years as Caterpillar dealer and 95 years of operations

Ferreycorp celebrated 75 years as Caterpillar dealer, through its main subsidiary Ferreyros, and 95 years of operation since its foundation in 1922. This double anniversary was celebrated in November with the visit of Caterpillar's CEO Jim Umpleby.

"It is very pleasant to visit Peru to celebrate this solid relationship with one of our major Cat dealers. We recognize their excellence and highlight the progress they have shown in terms of connectivity and digitalization, in this era of technological revolution," stated the CEO of Caterpillar. "Peru is an important market for Caterpillar, and we are optimistic about the future of the country's economy," he said.

Treasury shares amortization

Also in November, Ferreycorp's shareholders approved the amortization of treasury shares for an amount that does not exceed 40 million shares and the consequent capital reduction of the company. In that sense, the Shareholders' Meeting agreed to amortize 38,643,295 treasury shares, with a nominal value of S/ 1.00 each, that turned out in the reduction of Ferreycorp´s capital from S/ 1,014,326,324 to S/ 975,683,029.

Prepayment of international bonds

During the same month, the corporation carried out the prepayment of international bonds of US $ 62.3 million at a price of 102,438%, according to the terms described in the Indenture. After this operation, the balance of the international bond is US $ 100 million.

With this prepayment, the corporation seeks to gain flexibility in its current capital structure and to reduce financing costs, in line with its strategy proposed more than a year ago.

Disinvestment of the metal-mechanic business

On October 25th, Ferreycorp reported to the "Superintendencia del Mercado de Valores" that the Board agreed the withdrawal of the corporation from the metal-mechanic business, through the sale of the subsidiary Fiansa S.A. and/or the assets linked to that line of business, whatever is more convenient for the interests of the company.

1. COMMERCIAL MANAGEMENT

1.1 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 fourth quarter 2017, sales increased by 12.7% if compared to the same period 2016, as a result of the delivery of large mining equipment, rental and used sales, and increasing demand of spare parts and services. The share of this group of subsidiaries in total sales is 74%.

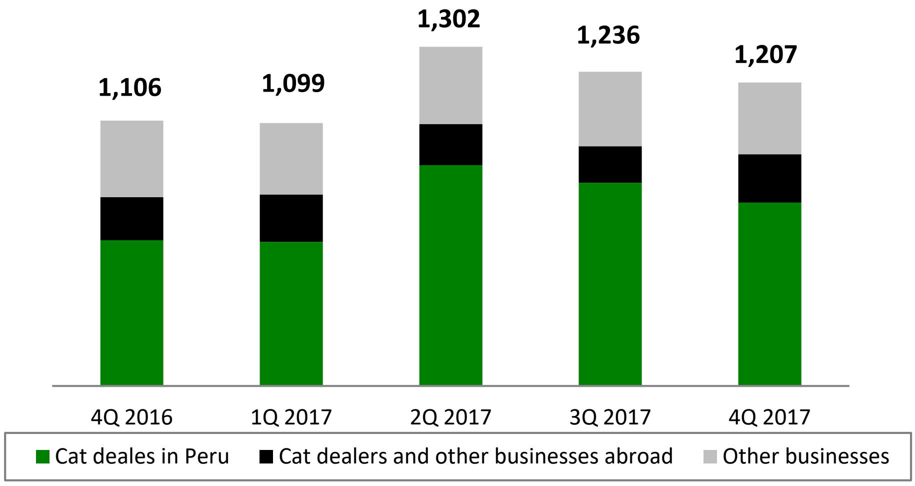
Group II - Caterpillar dealers and other businesses in Central America (Gentrac, Cogesa, Motored and Mercalsa).

This second group of companies with presence in Central America reported sales 12.3% higher than 4Q 2016 due, mainly, to an improvement in the sale of Caterpillar equipment to the different economic sectors. If compared to 3Q'17 sales increased by 33% and if compared to the average of the first three quarters of the year, sales grew by 16%. This result shows a pick up in the economy of that region. The share of this group of subsidiaries in total sales is 11%.

Group III - Other subsidiaries aimed to offer capital goods and services other than Caterpillar to different economic sectors in Peru and South America (Motored, Soltrak, Trex, Motriza, Fargoline, Forbis Logistics and Sitech).

This group of companies, which complement the supply of goods and services through equipment and vehicles, consumables and logistic solutions, among other lines, decreased its sales by 6.4%. This result turns out from Motored and Soltrak weaker sales, compensated in part by Trex higher sales: company that represents Terex and other allied brands in Chile, Perú, Ecuador and Colombia. This group of companies boosts its share in the corporation consolidated sales, which currently amounts to 15.8%, led by the line of equipment, rental and used sales.

Sales by Group of Companies (S/ million)

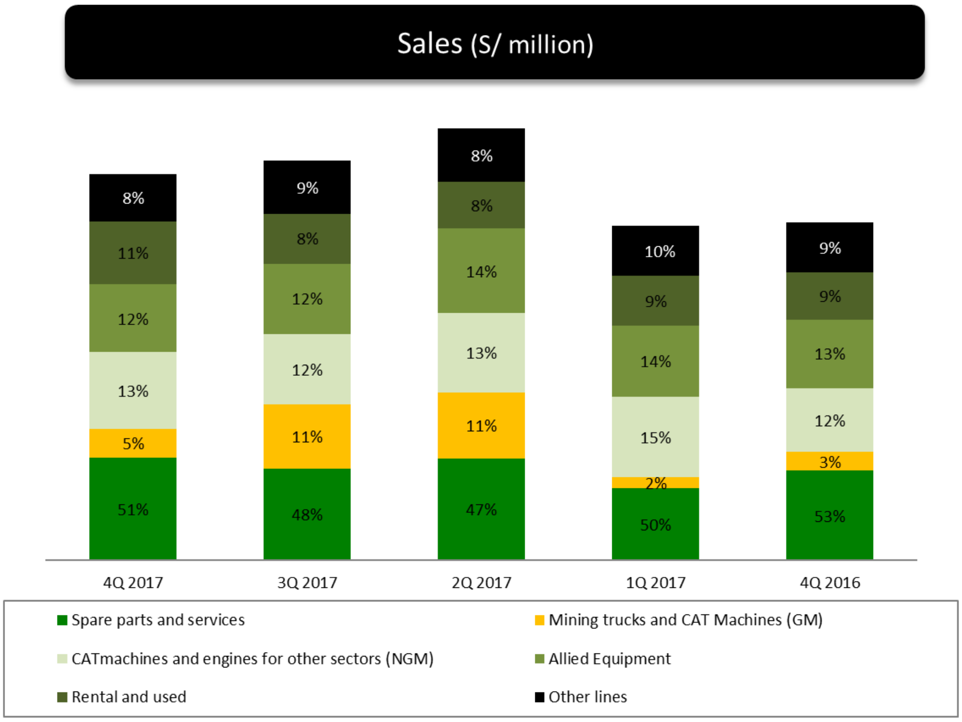


The detail of sales by group of companies:

(S/ millones)	4Q 2017	%	3Q 2017	%	2Q 2017	%	1Q 2017	%	4Q 2016	%	% Var 4Q 2017/ 3Q 2017	%Var 3Q 2017/ 3Q 2016
Ferreyros	759	62.9	785	63.5	799	61.4	622	56.6	638	58	-3.4	19
Unimaq	98	8.1	115	9.3	140	10.8	124	11.3	116	10.5	-14.8	-15.5
Orvisa	30	2.5	40	3.2	47	3.6	38	3.4	33	3	-23.5	-8.8
Total Cat dealers in Peru	887	73.5	940	76.1	987	75.8	783	71.3	787	71.2	-5.6	12.7
Total Cat dealers and other businesses abroad	129	10.7	97	7.8	109	8.4	126	11.5	114	10.4	32.7	12.3
Soltrak	64	5.3	68	5.5	66	5.1	63	5.7	67	6	-5.9	-4.5
Motored	44	3.7	52	4.2	53	4.1	46	4.2	54	4.8	-14.3	-17.2
Trex	43	3.6	36	2.9	39	3	36	3.2	32	2.9	20.3	34.6
Others (Fargoline, Motriza,	39	3.3	43	3.5	48	3.6	46	4.1	51	4.6	-8.6	-23.3
Total other businesses	191	15.8	198	16.1	206	15.8	190	17.3	204	18.4	-3.9	-6.4
Total	1207	100	1,236	100	1302	100	1099	100	1106	100	-2.3	9.1

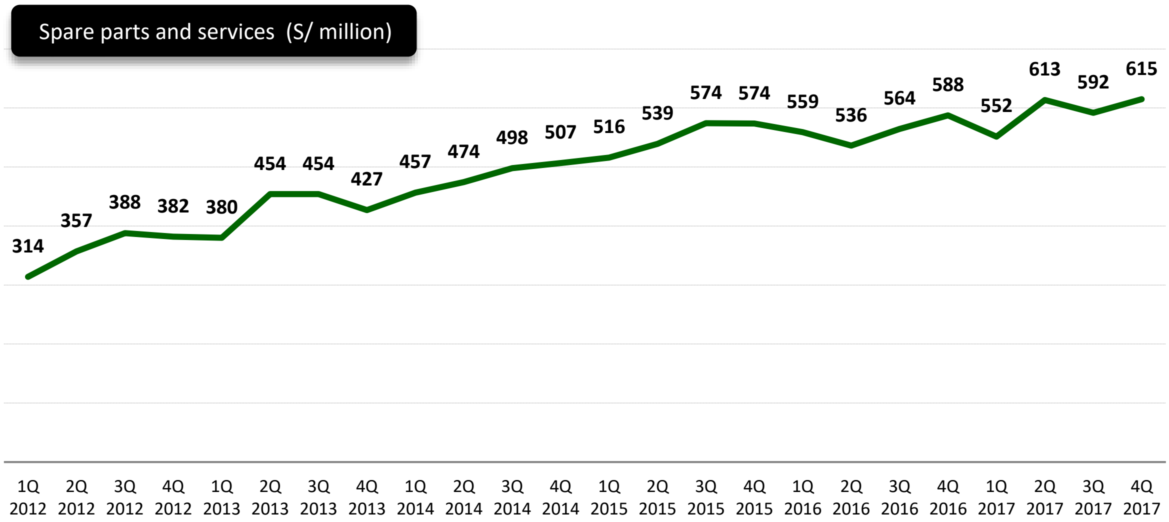
1.2 SALES BREAKDOWN BY BUSINESS LINE

Sales (S/ millions)	4Q 2017	%	3Q 2017	%	2Q 2017	%	1Q 2017	%	4Q 2016	% Var 4Q 2017/3Q 2017	% Var 4Q 2017/4Q 2016
Mining trucks and Caterpillar Machines (GM)	59	4.9	134	10.8	138	10.6	23	2.1	39	-56.0	52.3
Caterpillar machines and engines for other sectors (N GM)	161	13.4	148	12.0	165	12.7	167	15.2	134	9.3	20.7
Allied Equipment	142	11.7	147	11.9	177	13.6	149	13.5	144	-3.8	-1.6
Rental and used	131	10.9	104	8.4	99	7.6	104	9.4	98	26.1	33.6
Spare parts and services	615	51.0	592	47.9	613	47.1	552	50.2	588	3.9	4.7
Other lines	99	8.2	111	9.0	110	8.4	105	9.6	104	-11.2	-4.8
TOTAL	**1,207**	**100.0**	**1,236**	**100.0**	**1,302**	**100.0**	**1,099**	**100.0**	**1,106**	**-2.3**	**9.1**

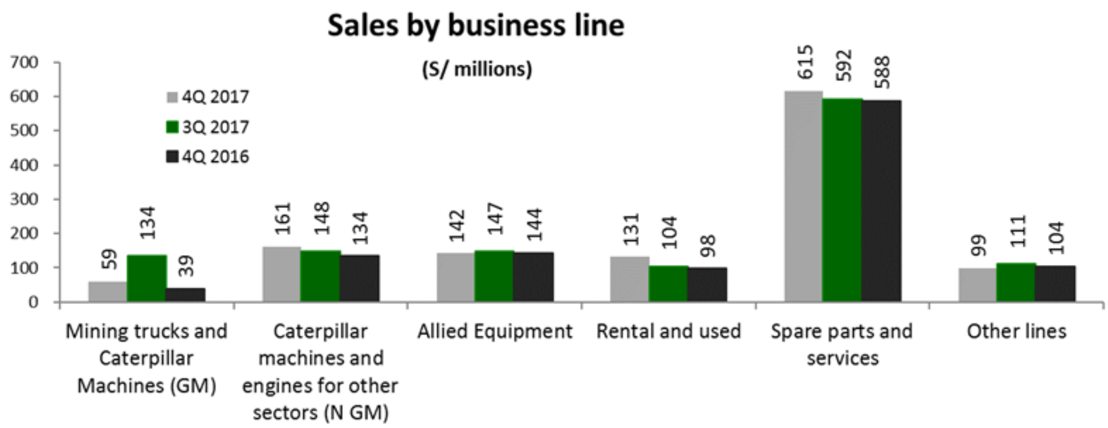


When analyzing the results by business lines, there is an increase in the line of Caterpillar mining trucks and equipment for large mining customers, led by the delivery of mining equipment during the fourth quarter of the year for US$ 16 million. On the other hand, Caterpillar engines and machines showed higher sales if compared to fourth quarter 2016 and third quarter 2017, despite the current business environment in this segment and the delay of public and private investment.

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 (51%) and the 5% sales growth during the fourth quarter compared to 4Q'16. The population of Caterpillar machinery has grown and continues to grow, dynamic that allows the sustainability of the business model.

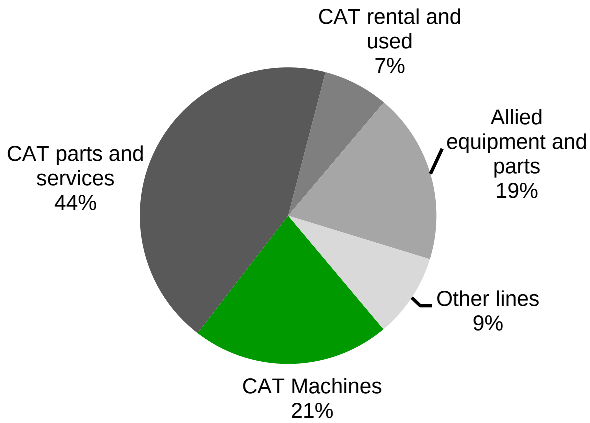


The after-market provided by Ferreycorp to its customers is characterized by high quality standards. Nevertheless, this world class service impacts the operating expenses because it requires investments in inventories of spare parts and components as well as in modernizing its workshops and selecting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



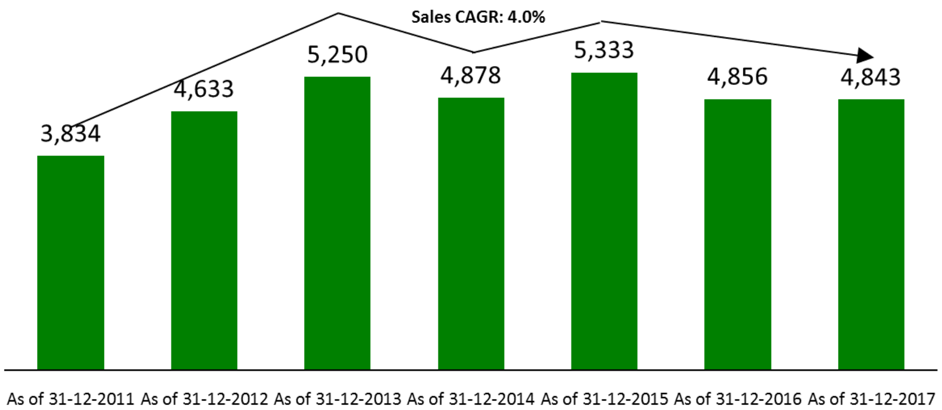
As of December 2017 sales of the Caterpillar brand carried by Caterpillar dealers in Peru, Guatemala, El Salvador and Belize, accounted for 72% of total income, including machinery and equipment (new, used and rental units) as well as spare parts and services.

Sales (as of December 2017)



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

Sales and EBITDA (S/ millions)



EBITDA margin	10.7%	10.0%	11.2%	10.7%	12.5%	12.0%	11.7%
EBITDA (S/ MM)	411	461	588	522	667	583	567

EBITDA CAGR: 5.5%

1.3 SALES BREAKDOWN BY ECONOMIC SECTORS

Regarding sales distribution by economic sectors, sales to open pit mining represented during the fourth quarter 2017, 50% of total sales. 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.

	4Q 2017	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016	1Q 2016
Open pit mining	50.3%	37.8%	43.6%	31.9%	35.4%	34.9%	33.1%	46.2%
Construction	11.0%	22.9%	18.2%	24.1%	24.5%	23.7%	21.5%	15.5%
Underground mining	12.7%	12.7%	15.0%	17.4%	15.0%	14.3%	14.0%	12.6%
Government	2.5%	1.7%	1.3%	1.3%	0.9%	1.9%	4.7%	4.1%
Transport	3.1%	4.2%	4.2%	4.3%	4.8%	4.8%	4.8%	2.9%
Industry, commerce and services	11.6%	13.3%	8.7%	11.8%	11.1%	9.9%	10.4%	9.7%
Agriculture and forestry	3.2%	4.4%	4.4%	3.7%	3.9%	3.7%	4.0%	2.6%
Fishing and marine	1.9%	0.5%	3.0%	3.2%	1.8%	1.6%	3.8%	1.7%
Hydrocarbons and energy	0.8%	0.8%	0.8%	1.1%	1.1%	1.5%	1.5%	1.5%
Others	2.9%	1.7%	0.7%	1.2%	1.5%	3.7%	2.2%	3.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

2. ANALYSIS OF FINANCIAL INFORMATION

1. Sales

(S/ million)	4Q17	4Q16	%Var.	2017	2016	%Var.
Sales	1,206.7	1,105.5	9.1	4,843.4	4,856.3	-0.3

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

2. Gross profit

(S/ million)	4Q17	4Q16	%Var.	2017	2016	%Var.
Gross profit	303.4	284.9	6.5	1,167.0	1,180.9	-1.2
Gross margin	25.1%	25.8%		24.1%	24.3%	

During the fourth quarter 2017, gross profit reached a higher amount than the one in the same period 2016. In percentage terms, 4Q 2017 gross margin reached 25.1%, similar as fourth quarter 2016. The gross margin was not impacted by the Nuevo sol appreciation that took place during the quarter because inventories (cost of goods sold) are registered at a similar exchange rate as the invoicing.

3. Selling and Administrative Expenses

(S/ million)	4Q17	4Q16	%Var.	2017	2016	%Var.
SG&A	223.8	210.8	6.1	808.4	796.6	1.5
As a % of sales	-18.5%	-19.1%		-16.7%	-16.4%	

Selling and administrative expenses during the fourth quarter 2017 are higher compared to the same quarter last year, due to provisions. However, this growth is behind sales increase; as a consequence, SG&A as % of total sales reached 18.5% (19.1% for 4Q16).

4. Financial Expenses

(S/ million)	4Q17	4Q16	%Var.	2017	2016	%Var.
Financial expenses	27.0	34.6	-22.0	85.1	124.7	-31.8
As a % of sales	-2.2%	-3.1%		-1.8%	-2.6%	

Financial expenses for the fourth quarter 2017 decreased by 22.0% compared to 4Q 2016, due to a reduction of average cost of debt that declined 20.7% to 3.35%, and lower average debt (-5.2%). Likewise, financial expenses include the cost of the bond call carried out in November 2017 for US$ 62 million (Premium 2.438% - US$ 1.5 million). Without considering this operation, financial expenses would have decreased in 36.5%.

5. Foreign Exchange Gain/ Loss

(S/ million)	4Q17	4Q16	%Var.	2017	2016	%Var.
Foreing Exchange Gain/ Loss	8.1	6.5	24.2	25.1	0.5	5084.8

During the fourth quarter 2017 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 0.67%, compared to 1.26% during similar quarter 2016. In Chile, the peso appreciation was 3.6%.
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

(S/ million)	4Q17	4Q16	%Var.	2017	2016	%Var.
Net profit	54.8	66.0	-17.0	266.3	230.4	15.6

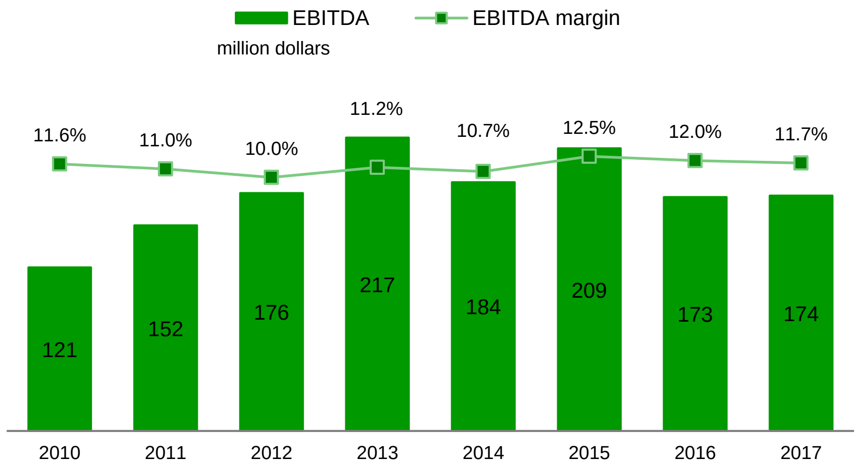
Net profit for the fourth quarter 2017 amounted to S/ 54.8 million, lower if compared to 4Q 2016. However, YoY growth is 15.6%.

7. EBITDA

(S/ million)	4Q17	4Q16	%Var.	2017	2016	%Var.
EBITDA	133.3	132.6	0.6	566.8	582.8	-2.8
EBITDA margin	11.0%	12.0%		11.7%	12.0%	

During 2017, 83.7% 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, 7.0% of EBITDA is generated by Caterpillar dealers and other businesses abroad, while 1.4% 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.

Fourth quarter 2017 EBITDA reached to S/. 133.3 million, similar as fourth quarter 2016.



ANALYSIS ACCORDING TO CORPORATE ORGANIZATION

(S/ thousands)	CAT dealers in Peru		CAT Dealers and other businesses abroad		Other businesses	
	2017	2016	2017	2016	2017	2016
Sales	3,598,131	3,654,961	460,778	454,581	784,539	746,896
Gross Profit	915,623	923,174	112,565	120,701	138,849	136,987
Gross Margin	**25%**	**25%**	**24%**	**27%**	**18%**	**18%**
Operating Expenses	559,057	553,891	92,352	91,672	147,399	129,499
Operating Margin	**10%**	**10%**	**5%**	**7%**	**-1%**	**0%**
Dep. and Amort.	92,070	89,861	14,894	17,216	13,669	16,261
EBITDA	474,523	479,036	39,765	51,736	8,077	23,402
EBITDA Margin	**13%**	**13%**	**9%**	**11%**	**1%**	**3%**

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

3. ANALYSIS OF CONSOLIDATED FINANCIAL INFORMATION

Total assets as of December 31, 2017 amounted to S/ 4,851.6 million, 1.7% higher if compared to S/ 4,769.3 million as of December 31, 2016. This variation is primarily due to the increase in inventory led by operations closed during 2017 that will be deliver and invoice in the first quarter 2018; offset by the decrease in cash and cash equivalents used for the prepayment of the international bond.

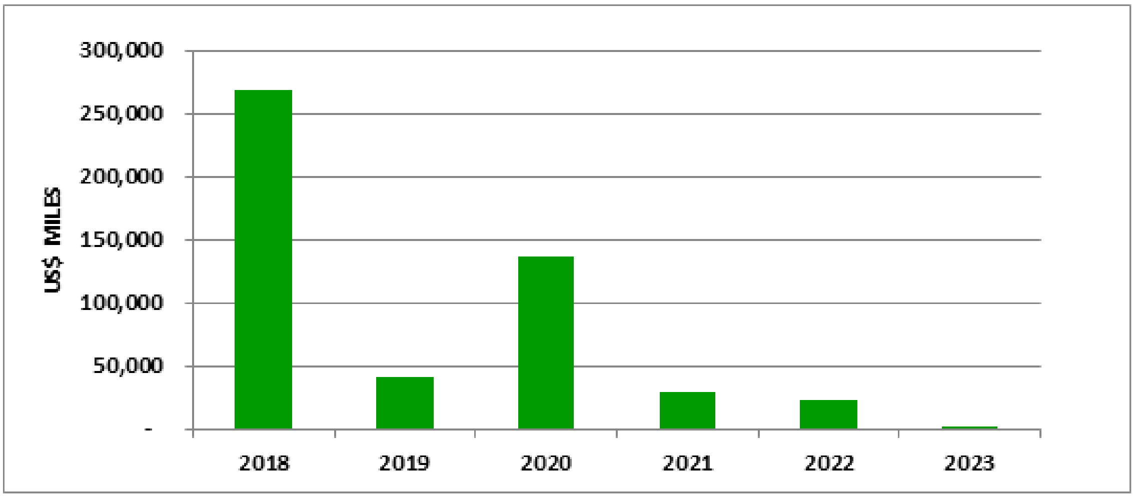
Financial liabilities amounted to S/ 1,630.4 million (US$502 million) as of December 2017, and dropped by 6.8% compared to financial liabilities of S/ 1,749.7 million recorded during the same period last year.

The percentage of financial liabilities corresponding to short-term debt and the current portion of the long term debt is 55%, while S/. 737.8 million is long-term debt.

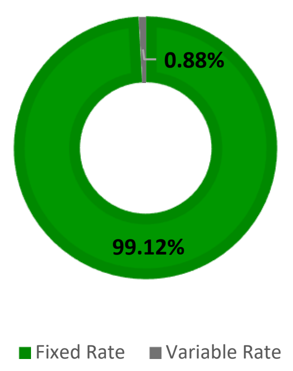
Given the context of low interest rates, the corporation kept the strategy to maintain large part of the debt in the short term; however, some of it will be refinanced in the next months according to the needs for which Ferreycorp counts with available credit lines in local banks and Caterpillar Financial Services. It is worth mentioning that the corporation seeks to maintain a solid financial structure and low financial expenses, variables that have a direct impact on the results. This is why, in November, the corporation used its cash surplus and stable financing conditions to call the international bond for US$ 62 million, paying a 2.38% premium. Even though this leads to an increase in financial expenses for 2017, the lower interest rates obtained will produce an important reduction in financial expenses for the next years.

Below is the maturity structure of the consolidated liabilities, which is 90.8% in dollars, according to the strategy of maintaining the natural hedge between the revenues and debt. The soles and other currency debt belong to subsidiaries that have a percentage of their income in local currency. Likewise, 99.12% of total debt has been contracted at fixed rate, which cover us from interest rates risks.

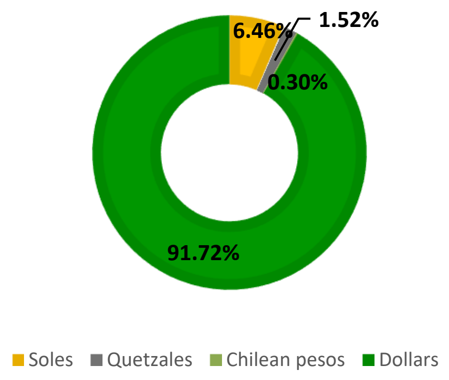
Maturity Structure of Liabilities (US$ thousand)



Gross debt by rate



Gross debt by currency



Investment in Fixed Assets (Capex)

As of December 2017 the investment in fixed assets was:

In million Soles	Acquisitions	Deductions	Total S/	Total US$
Infrastructure	92.1	-109.4	-17.3	-5.3
Machinery and equipment	46.8	-74.9	-28.1	-8.7
Rental Fleet	197.1	-230.4	-33.3	-10.3
Vehicles, furniture and fixtures	14.2	-17.8	-3.6	-1.1
	350.2	**-432.5**	**-82.3**	**-25.4**
(-) Operating Lease Motored facilities			46.7	14.4
Fiansa Sale			56.3	17.4
			20.7	**6.4**
Intangible assets	42.8	-1	41.8	12.9

As of December 2017 capex reached S/ 20.7 million (US$ 6.4 million), and increased if compared to S/ -18.3 million (US$ -5.5 million) invested as of December last year. The Capex investment was mainly for infrastructure and equipment executed in the new Component Rebuilt Center built in La Joya located in the south part of Peru, near the mining operations in that part of the country.

The investment in intangible assets reached US$ 12.9 million dollars, particularly for the implementation of SAP platform.

6. FINANCIAL RATIOS

	Dec 17	Set 17	Jun 17	Mar 17	Dec 17	Set 17
Current ratio	1.48	1.48	1.52	1.50	1.58	1.59
Financial debt ratio	0.75	0.79	0.83	0.83	0.85	0.98
Indebtness ratio	1.33	1.42	1.49	1.57	1.49	1.62
Net debt / EBITDA ratio	2.73	2.83	2.89	2.97	2.78	2.76
Adjusted debt / EBITDA	1.70	1.80	1.91	2.09	1.97	2.00
Financial expenses coverage ratio	6.66	7.46	7.13	5.89	4.67	4.99
Asset turnover	1.01	0.99	1.01	0.97	1.00	1.06
Inventory turnover	2.80	2.85	2.81	2.83	2.81	2.86
Receivable days	70	77	70	73	67	72
Payable days	54	51	54	53	47	46
Cash cycle	145	152	145	148	148	152
ROE	13.3%	14.6%	12.8%	11.9%	12.3%	11.8%
ROA	6.2%	6.2%	6.1%	5.5%	6.3%	7.1%
ROIC	11.6%	11.6%	11.5%	10.8%	12.0%	13.2%
Book value per share	2.14	2.08	1.97	1.89	1.94	1.95

Note: See description of each ratio in “Glossary of terms” section.

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

The cash cycle has improved during this quarter, showing 145 days, similar to the one obtained in the same period of 2016, thanks to the efforts of the company to reduce the average collection days.
ROA and ROIC have shown an improvement through the last quarters.
Book value per share is S/ 2.14, while market value per share to date is S/ 2.59, which shows an improvement in share price.

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 * Sales / 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 * Cost of Sales / 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 (Note)

(in thousand soles)

	4Q17	%	4Q16	%	Var %	As of Dec 17	%	As of Dec 16	%	Var %
Net Sales	1,206,671	100.0	1,105,538	100.0	9.1	4,843,448	100.0	4,856,286	100.0	-0.3
Cost of goods sold	-903,292	-74.9	-820,660	-74.2	10.1	-3,676,411	-75.9	-3,675,423	-75.7	0.0
Gross Profit	**303,379**	**25.1**	**284,878**	**25.8**	**6.5**	**1,167,037**	**24.1**	**1,180,863**	**24.3**	**-1.2**
Selling and Administrative expenses	-223,776	-18.5	-210,833	-19.1	6.1	-808,442	-16.7	-796,632	-16.4	1.5
Other Income (Expenses), net	18,266	1.5	22,238	2.0	-17.9	62,422	1.3	41,001	0.8	52.2
Operating Profit	**97,869**	**8.1**	**96,283**	**8.7**	**1.6**	**421,017**	**8.7**	**425,232**	**8.8**	**-1.0**
Financial Income	5,082	0.4	6,194	0.6	-18.0	18,121	0.4	26,092	0.5	-30.6
Gain (loss) to exchange rate	8,071	0.7	6,500	0.6	24.2	25,105	0.5	484	0.0	5,084.8
Financial Expenses	-26,979	-2.2	-34,587	-3.1	-22.0	-85,096	-1.8	-124,742	-2.6	-31.8
Share in the net result of associated through the equity method	1,954	0.2	2,168	0.2	-9.9	9,536	0.2	7,284	0.1	30.9
Profit before Income tax	**85,997**	**7.1**	**76,558**	**6.9**	**12.3**	**388,683**	**8.0**	**334,351**	**6.9**	**16.3**
Income Tax	-31,235	-2.6	-10,560	-1.0	195.8	-122,413	-2.5	-103,916	-2.1	17.8
Net Profit	**54,762**	**4.5**	**65,998**	**6.0**	**-17.0**	**266,270**	**5.5**	**230,435**	**4.7**	**15.6**
Earnings Per Share	0.056		0.067			0.274		0.233		
EBITDA	**133,332**	**11.0**	**132,877**	**12.0**	**0.3**	**566,775**	**11.7**	**583,116**	**12.0**	**-2.8**

NOTE: Some figures have been reclassified in this document to include the assingment in gross profit of purchase orders transferred by CAT to Ferreyros, as sales and costs of goods sold. This assingment 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**

Financial Position Statement

(In Thousand soles)

	As of Dec'17	As of Dec'16	Var % dic17/ dic16
Cash and cash equivalents	80,722	128,982	-37.4
Account Receivables - trade	1,028,528	1,080,058	-4.8
Inventories	1,393,325	1,232,981	13.0
Account Receivables - other	208,448	188,651	10.5
Prepaid expenses	22,171	21,928	1.1
Current Assets	**2,733,194**	**2,652,600**	**3.0**
Long-term account receivables - trades	79,795	45,017	77.3
Long-term account receivables - other	459	1,798	-74.5
Rental Fleet	407,379	440,654	-7.6
Other fixed income	1,626,389	1,675,373	-2.9
	2,033,768	2,116,027	-3.9
Accrued depreciation	-554,636	-591,131	-6.2
Property, plant and equipment, net	1,479,132	1,524,896	-3.0
Investments	93,323	78,156	19.4
Intangible assets, net and goodwill	283,362	268,886	5.4
Deferred income tax	182,318	197,917	-7.9
Non Current Assets	**2,118,389**	**2,116,670**	**0.1**
Total Assets	**4,851,583**	**4,769,270**	**1.7**
Short term debt	224,211	172,510	30.0
Other current liabilities	1,616,717	1,503,665	7.5
Current Liabilities	**1,840,928**	**1,676,175**	**9.8**
Long term debt	737,763	955,988	-22.8
Other payables	424	372	14.0
Minority interest	-	3,929	
Deferred income tax	193,065	218,224	-11.5
Total Liabilities	**2,772,180**	**2,854,688**	**-2.9**
Equity	**2,079,403**	**1,914,582**	**8.6**
Total Liabilities and Equity	**4,851,583**	**4,769,270**	**1.7**

Other financial information		
Depreciation	110,848	116,008
Amortization	16,789	15,784

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

NET SALES
(in thousand soles)

	4Q 2017	%	4Q 2016	%	% Var 4T 2017/4T 2016	As of Dec 17	%	As of Dec 16	%	Var %
Mining trucks and Caterpillar Machines (GM)	58,817	4.9	38,631	3.5	52.3	353,089	7.3	538,886	11.1	-34.5
Caterpillar machines and engines for other sectors (N GM)	161,395	13.4	133,672	12.1	20.7	641,500	13.2	703,585	14.5	-8.8
Allied Equipment	141,576	11.7	143,853	13.0	-1.6	614,099	12.7	563,718	11.6	8.9
Rental and used	131,271	10.9	98,276	8.9	33.6	437,950	9.0	359,351	7.4	21.9
Spare parts and services	614,957	51.0	587,514	53.1	4.7	2,371,796	49.0	2,247,125	46.3	5.5
Other lines	98,654	8.2	103,594	9.4	-4.8	425,013	8.8	443,621	9.1	-4.2
TOTAL	**1,206,671**	**100.0**	**1,105,540**	**100.0**	**9.1**	**4,843,448**	**100.0**	**4,856,286**	**100.0**	**-0.3**

FERREYCORP S.A.A. AND SUBSIDIARIES **APPENDIX 4**

Total liabilities as of December 31, 2017
(In Thousand US dollas)

	Total Liabilities	Current Liabilities	Lont Term Liabilities Current	Long Term	(A) Financial Liabilities
Local Banks (Short term)	176,277	176,277	-	-	176,277
Foreign Banks (Short term)	6,351	6,351	-	-	6,351
Local Banks (Long term)	115,831	-	34,395	81,435	115,831
Foreign Banks (Long term)	22,860	-	15,606	7,254	22,860
Local and Foreing Banks (long term) leasin	2,263	-	1,049	1,214	2,263
Suppliers					
Accounts payable to Caterpillar (invent)	47,713	47,713	-	-	-
Accounts payable to Caterpillar	21,395	21,395	-	-	21,395
Others	116,287	116,287	-	-	1,969
Corporate Bonds	100,000	-	-	100,000	100,000
Caterpillar Financial	53,635	-	16,394	37,240	53,635
Other Liabilities	191,681	130,194	1,650	59,837	1,860
Total (US$)	**854,293**	**498,218**	**69,094**	**286,981**	**502,441**
Total (S/)	**2,772,180**	**1,616,717**	**224,211**	**931,252**	**1,630,420**

(A) Subject to interest payment

FERREYCORP S.A.A. AND SUBSIDIARIES	APPENDIX 5
Cashflow Statement	
(In thousands soles)	
	As of 31-12-2017
Cash flow from operating activities	
Collection to customers and third parties	4,991,295
Payment to suppliers	-4,089,080
Paymento to employees and others	-365,628
Payment of taxes and income tax	-138,815
Net cash provided by operating activities	**397,771**
Cash flow from investing activities	
Acquisition of property, plant and equipment	-161,689
Shares repurchase	23,506
Intangible acquisitions	-40,258
Sale of investments	7,522
Sale of property, plant and equipment	67,657
Net cash used in investing activities	**-103,262**
Cash flow from financing activities	
Financial liabilities	2,479,510
Payment of financial liabilities	-2,616,411
Interests paid	-82,473
Dividends paid	-124,459
Net cash provided by financing activities	**-343,833**
Net increase in cash	-49,323
Cash at the begining of the year	128,982
Result due traslation	-3,435
Cash due to exchange rate variation	4,498
Cash at the end of the year	**80,722**