



CORPORATE PRESENTATION **2023**



August 2023



This Presentation may contain forward-looking statements concerning management's current expectations for future operating and financial performance, based on assumptions currently believed to be valid and recent acquisitions, its financial and business impact, management's beliefs and objectives with respect thereto. Forward-looking statements are all statements other than statements of historical facts. The words "anticipates", "may", "can", "plans", "believes", "estimates", "expects", "projects", "intends", "likely", "will", "should", "to be", and any similar expressions or other words of similar meaning are intended to identify those assertions as forward-looking statements. It is uncertain whether the events anticipated will transpire, or if they do occur what impact they will have on the results of operations and financial condition of Aceros Arequipa whether individually or as a consolidated Company. Aceros Arequipa and its subsidiaries do not undertake any obligation to update the forward-looking statements included in this Presentation to reflect subsequent events or circumstances.

- Company overview

Market & business overview

Financial highlights

Corporate information & ESG*

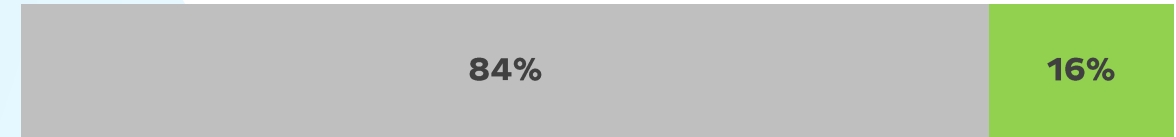
Why Aceros Arequipa?

#1 player in the Peruvian steel market with a growing regional footprint

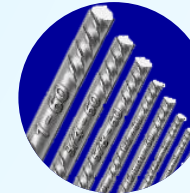


REVENUE
2022
1,393 US\$
million

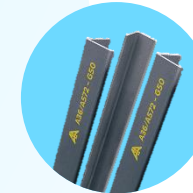
REVENUE BY DESTINATION



REVENUE BY PRODUCT



Rebar



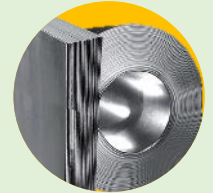
Merchant bars**



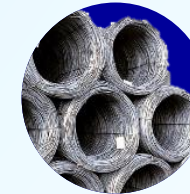
Steel wire



Steel tubes



Sheets, plates & coils



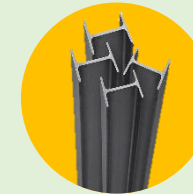
Wire rod



Round bars for grinding balls



Nails



Steel beams



Corrugated Steel sheets

100% imported

*Exports mainly to Bolivia, Colombia, USA, Brazil, Chile, Panama and Argentina.

**Some merchant bars and Steel tubes are imported

SUBSIDIARIES / AFFILIATES



Not included as part of Aceros Arequipa's Consolidated Financial Statements

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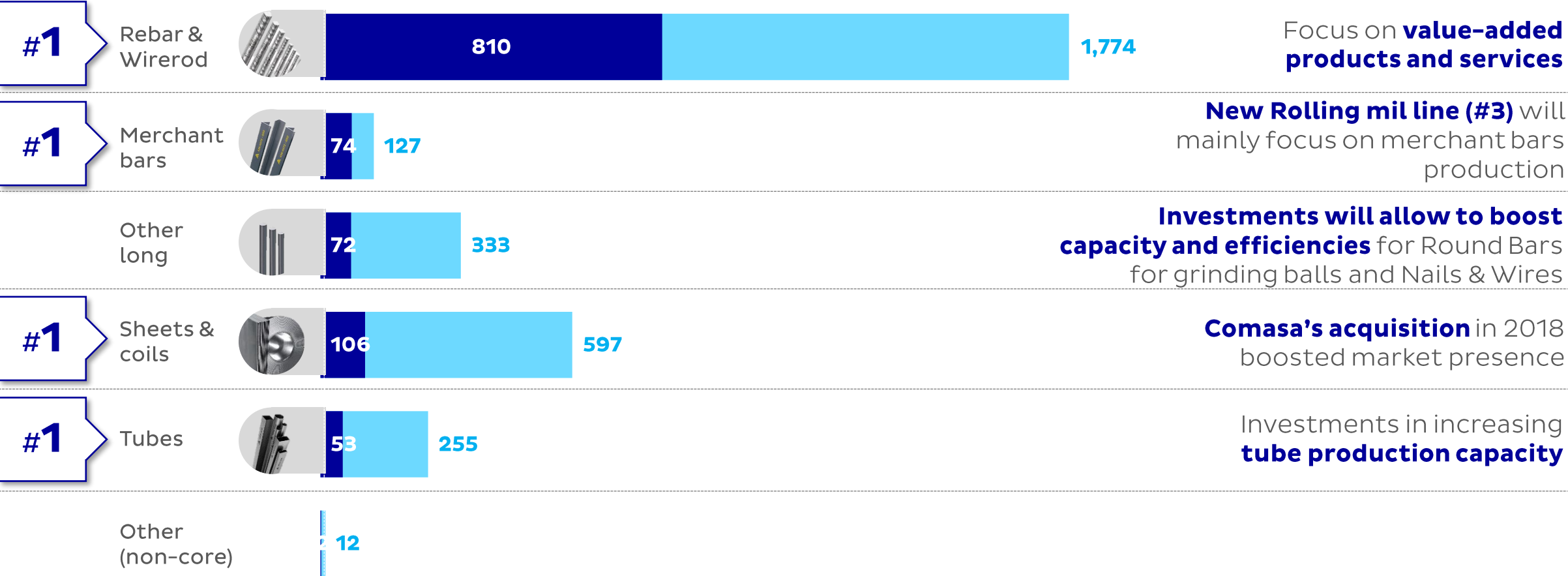
Why Aceros Arequipa?

Peruvian steel market 2022

(thousand tons)



Sustained **leadership** in all core categories... ..with initiatives to leverage on **growth potential**



SOURCE: Company estimates based on imports, production and other public information.
 *Competitive market is the total Peruvian Steel market excluding products that are not commercialized by Aceros Arequipa

Go-to-market & distribution capabilities



SELF-CONSTRUCTION

Homebuilding & domestic metalwork



Better reach to self-constructors through nationwide distribution capabilities and strategic partnerships with small retailers



Comfer acquisition (2021) complemented our portfolio with a nails and wires plant. Nails & Wires production equipment to be renewed for further efficiencies.



CONSTRUCTION COMPANIES

Whole-range building



Value-added services to provide efficiencies and minimize costs for construction companies



Design and BIM services for construction companies and industrial clients



Cut & bend steel products for construction



On-site Rebar & Wirerod Installation service



INDUSTRY

Industrial products & equipment



Comasa acquisition (2018)

- Increased our **market presence** in the industrial segment
- Complemented our portfolio and services with a **steel center and tubes plant**



Investments in increasing and modernizing **tubes production capacity**



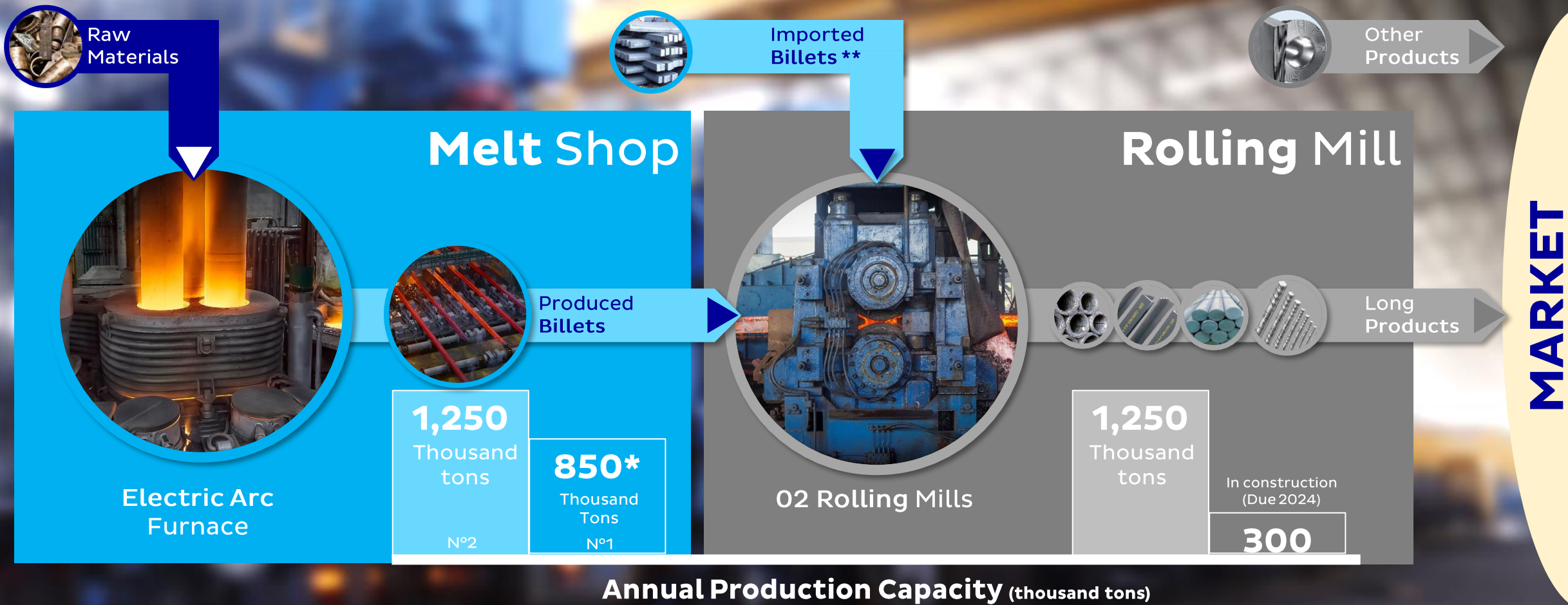
MINING

Consumables for mineral grinding and mine support



Round bars for grinding mining balls:

- **Melt-shop N°2** allows us to produce special billets required for **Round balls for grinding mining balls**
- **New Rolling mill line (#3)** will allow us to boost production capacity for Round Bars for grinding balls.



State-of-the-art equipment makes ours one of the most efficient plants in the region



Track Record of strategic investments



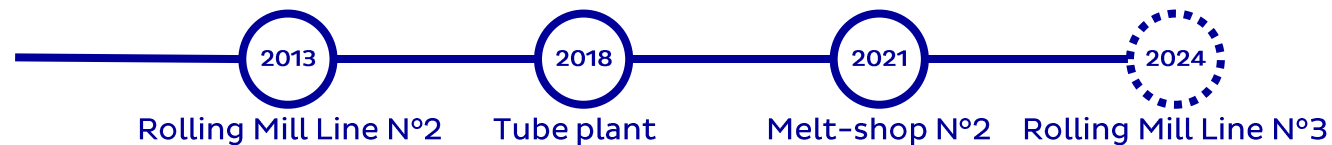
Largest long-steel products producer in Peru



Product availability vs importers



Competitive energy costs



(*) The Melt Shop N°1 is currently in standby mode.
 (**) The company imported billets only up to 2021.

RAW MATERIALS FLEXIBILITY



Further initiatives & developments

Investment in restarting the **Melt-Shop N°1** to supply billets for further growth

Further acquisition of **regional and international scrap yards**

Self-supply of raw minerals through **iron mining claims**

Investment in **Pig Iron production capacity**

Company overview

Market & business overview

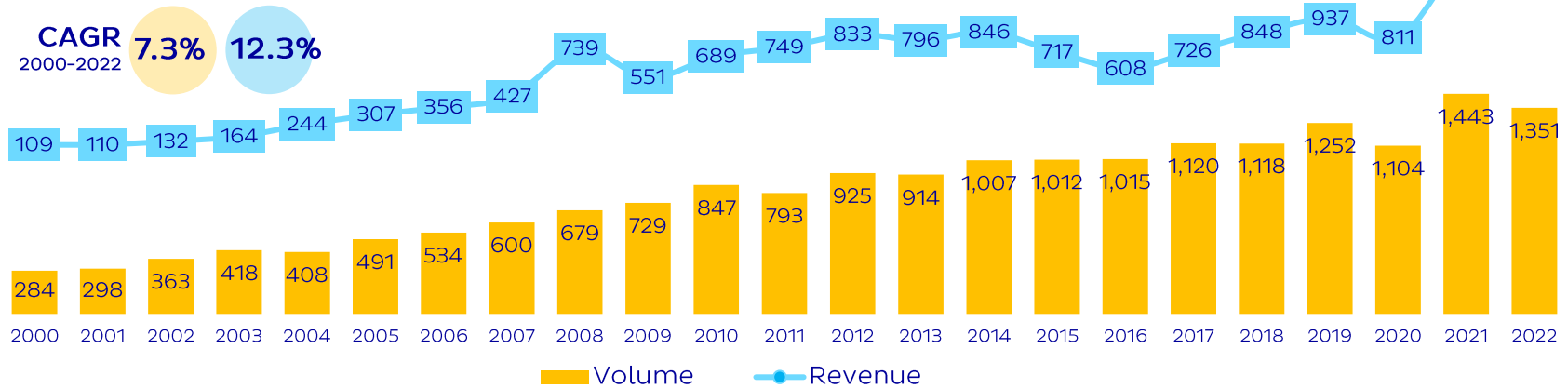
● Financial highlights

Corporate information & ESG*

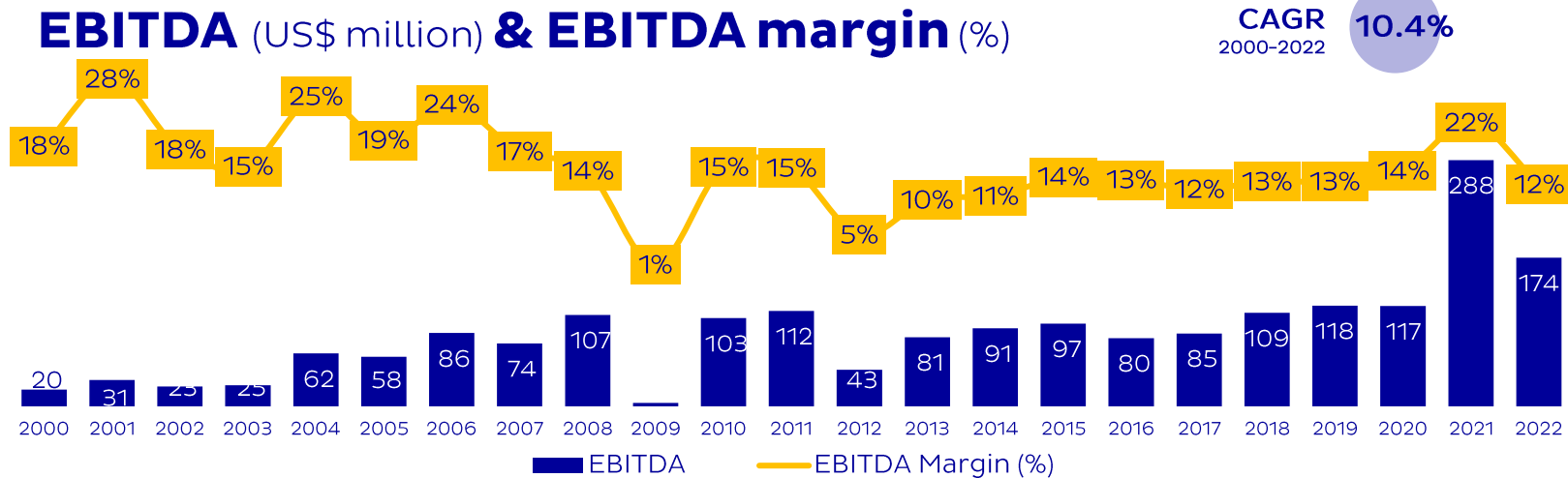
Why Aceros Arequipa?

A track record of **growth** and **value** generation

Volume (thousand tons) & Revenue (US\$ million)



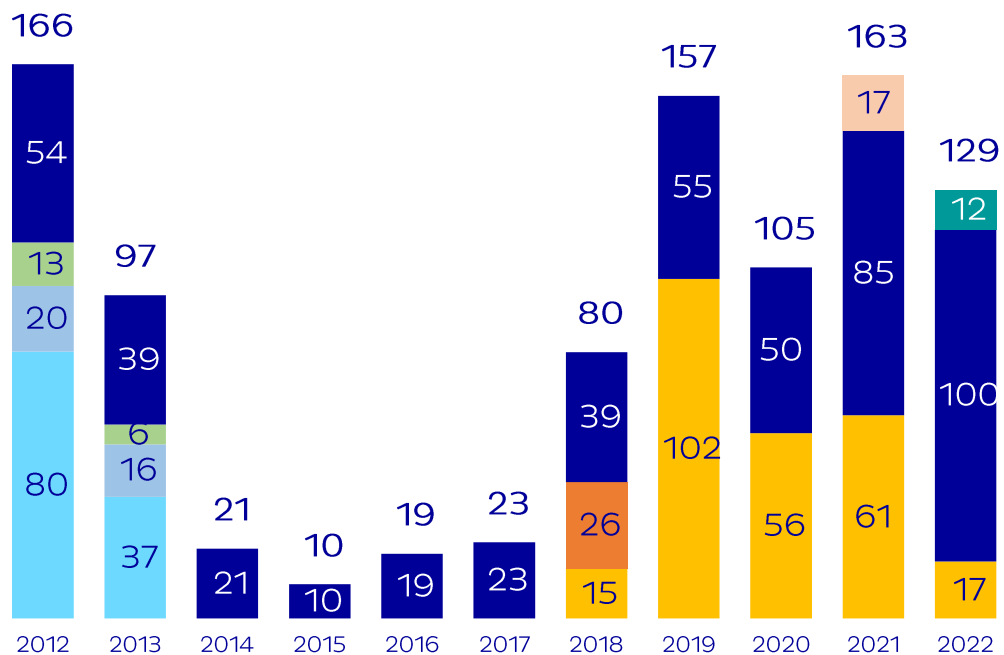
EBITDA (US\$ million) & EBITDA margin (%)



*Since 2011, the Company reports under IFRS, previously it reported under Peru GAAP

Following a roadmap of timely investments

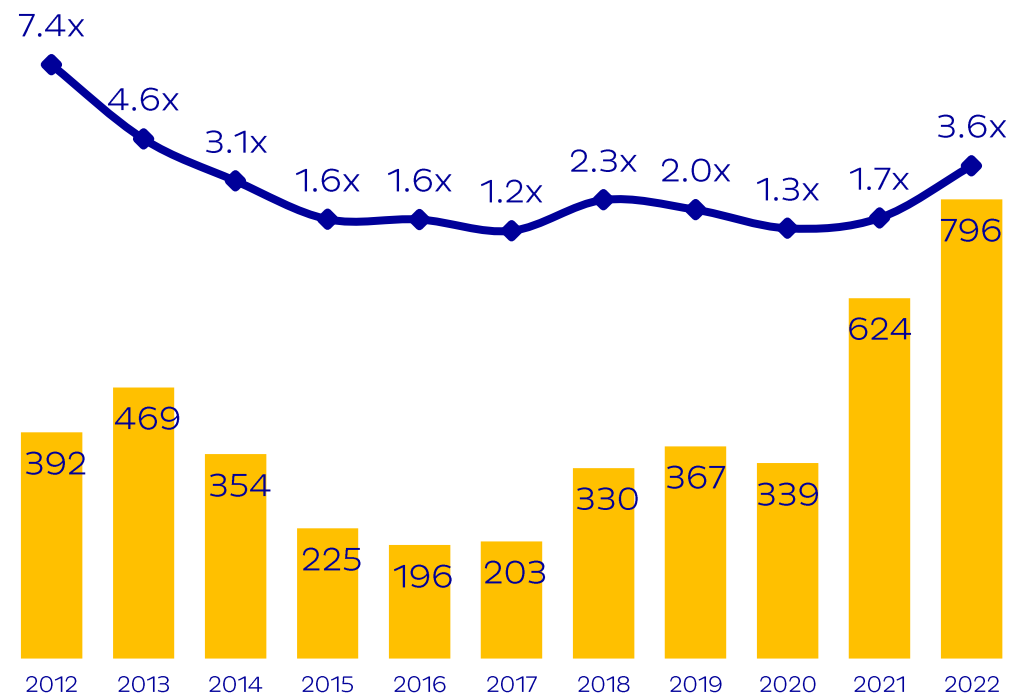
CAPEX (US\$ million)



- Rolling mill - Line N°2
- SAP - ERP
- Comasa
- Comfer
- Warehouses (Pisco)
- Melt-Shop N°2
- Other
- Rolling mill - Line N°3

Total Debt (US\$ million)

Net debt / EBITDA



Total Debt Net Debt / EBITDA

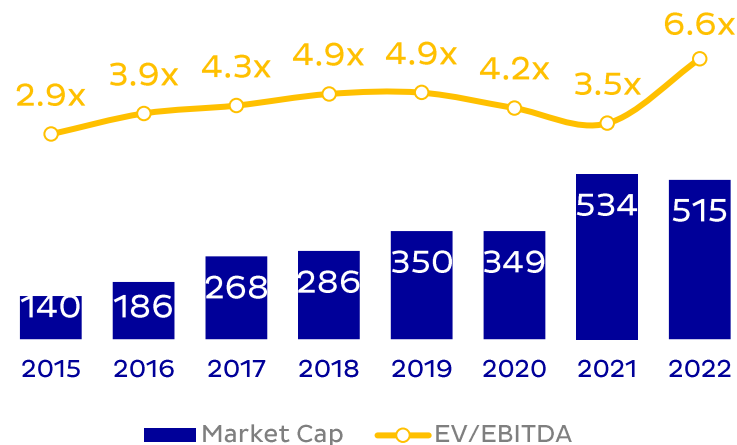
Common Shares:
CORAREC1

Investment Shares:
CORAREI1

Note: Investment shareholders don't possess voting rights

Member of
S&P/BVL Peru General Index

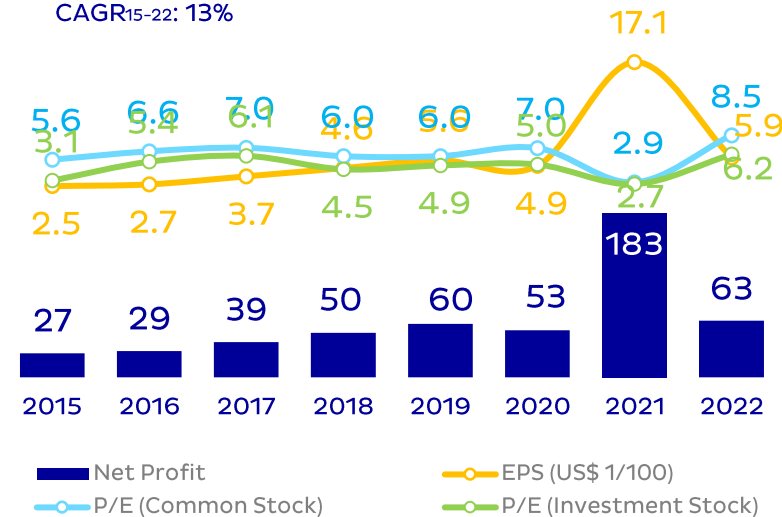
Market Valuation (US\$ million)



Note: Market Cap does not consider Treasury stock

Net Profit (US\$ million)

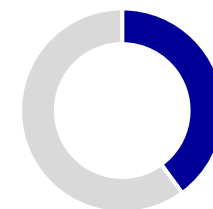
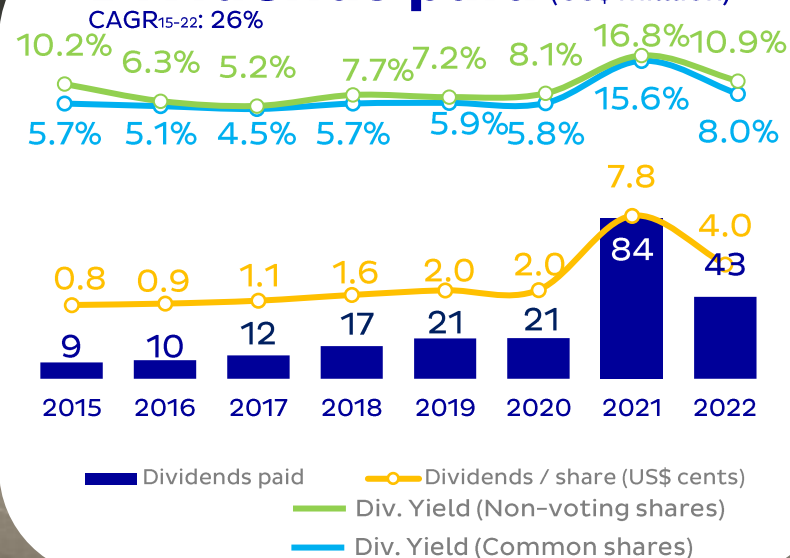
CAGR₁₅₋₂₂: 13%



Note: Net Profit of 2018 not considering badwill

Dividends paid (US\$ million)

CAGR₁₅₋₂₂: 26%



Dividend payout policy of 40% of annual net profit

The amount is fully paid after two advance payments of 10% and 24% during the period

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Why Aceros Arequipa?

Corporate Governance

Management Team

Board (12 Members)

Ricardo
Cillóniz C. (P)

Fernando
Carbajal (VP)

Jordan
Ponce

Pedro
Blay

Ricardo
Bustamante

Renee
Cillóniz

Giselle
Ferrand*

Manuel
Montori*

Enrique
Olazabal

Pablo
Peschiera

Jorge
von Wedemeyer

Andreas
von Wedemeyer

*Independent

Ricardo Cillóniz C.
Chairman
MBA – Michigan
State University



Tulio Silgado
CEO
Kellogg School of
Management



Gonzalo Arróspide
Commercial



Augusto Cornejo
Production



Diego Arróspide
Strategic Sourcing



Mariana Talavera
Supply Chain



Fernando Bustamante
Strategy, Environment
& Risks



Ricardo Cillóniz R.
Projects & Mining & CSR



Juan Manuel Otoya
Human Resources



Ricardo Guzmán
CFO, IRO



Rafael Cáceres
IT



Mariana Olivares
Legal Affairs



Humberto Barragán
Internal Audit

Corporate Governance

Shareholder Rights

Fair treatment

Dividend Policy



40% of
Net
Profit

After
advancements
of 10% & 24%

Shareholder Meeting

Shareholder Meeting
Regulations



Transparency

Corporate
Information
Policy

Compliance
& Risk
Management

Board of
Directors

2 Special Committees

AUDIT & RISK
MANAGEMENT

HUMAN
RESOURCES

12
members



17%

Women



17%

Independent

Risk Management
Policy

Big 4
Audit
Firms

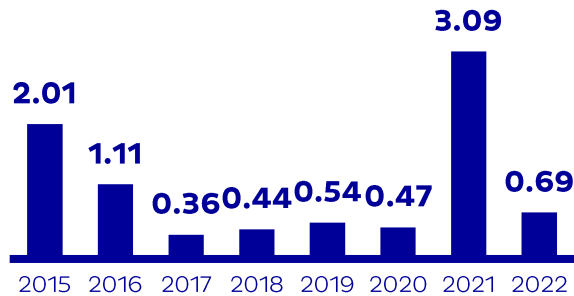
Can be appointed
5 years

Safety is our priority



Our goal is to always reach **zero accidents** in our operations

Accident rate
(frequency index x severity index)



Focus on Quality Management



- ✓ Integrated management system
- ✓ Our products have Peruvian, Brazilian and Bolivian quality certificates



- ✓ Our metallurgical testing laboratory (ISO/IEC 17025 accreditation), allows us to issue quality certificates in a timely manner

Reduced environmental impact



3° star recognition in **Carbon Footprint Peru** by the Environment Ministry due to reporting of greenhouse gas emissions

Stood out in the environmental category during the ESR 2021 event due to its **circular economy strategy**

Continuous **investments** in new technologies and developments to **reduce our environmental impact.**

- Financing:**
- Both working capital credit line and a loan labeled as **green loans**
 - A working capital line for importing scrap certified as sustainable

Socially responsible



In 2017, 2018, 2019, 2020 and 2021 we received the **“Socially Responsible Company”** award, recognizing our management’s commitment with social, environmental and economic sustainability

Member of
S&P/BVL Peru General ESG Index

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA



Corporación Aceros Arequipa
Steel
Top 5%
S&P Global ESG Score 2022
75 /100
As of February 7, 2023.
Position and Score are industry specific and reflect exclusion screening criteria. Learn more at sglobal.com/esg/yearbook
S&P Global Sustainable1



Corporación Aceros Arequipa
Steel
Sustainability Yearbook Member
S&P Global ESG Score 2022
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- Why Aceros Arequipa?

Why Aceros Arequipa?



1 Market leader
in Peru, with
local &
regional
upside



Market Growth

- Infrastructure gap in Peru is still high
- Mining sector: round bars for grinding mining balls
- Potential growth in international markets



Market Share Gain

- New products
- Potential acquisitions
- Value-added services

2 Efficient
Operational
Model



Nationwide distribution with an
expanding footprint over the region



State of the art-equipment

- Melt-Shop N°2 (2021)
- Tube plant (2018)
- Rolling mill N°2 (2013)



#1 Scrap buyer in Peru, an atomized
market with low volatility



Further investments

- Rolling mill N°3
- Scrap yards
- New distribution center
- Nails & Wires plant renewal

3 Track record
of growth
and value
creation



Sustained growth CAGR '00-'22
Revenue: 12%
EBITDA: 10%



Attractive valuation metrics

4 Sustainable
platform



**Solid and motivated
professional team** in a lean
corporate structure



Top-notch ESG* performance

(*) Environmental, Social, and Governance



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Or scan the following **QR code:**



CORPORATE PRESENTATION

