



# CORPORATE PRESENTATION **2023**



December 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

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Market & business overview

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Financial highlights

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Corporate information & ESG\*

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Why Aceros Arequipa?

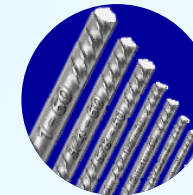
# #1 player in the Peruvian steel market with a growing regional footprint

REVENUE  
LTM sep 2023  
**1,293** US\$ million

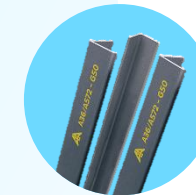
## REVENUE BY DESTINATION



## REVENUE BY PRODUCT



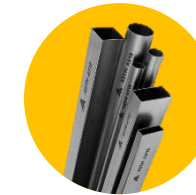
Rebar



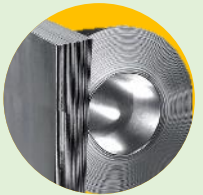
Merchant bars\*\*



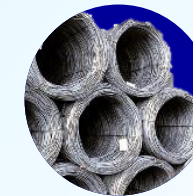
Steel wire



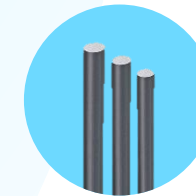
Steel tubes



Sheets, plates & coils



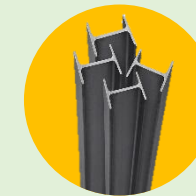
Wire rod



Round bars for grinding balls



Nails



Steel beams



Corrugated steel sheets

100% imported

\*Other Countries category includes recurrent markets (Bolivia, Colombia and Ecuador), and non-recurrent markets (Brazil, Dominican Republic, Chile, among others)

\*\* 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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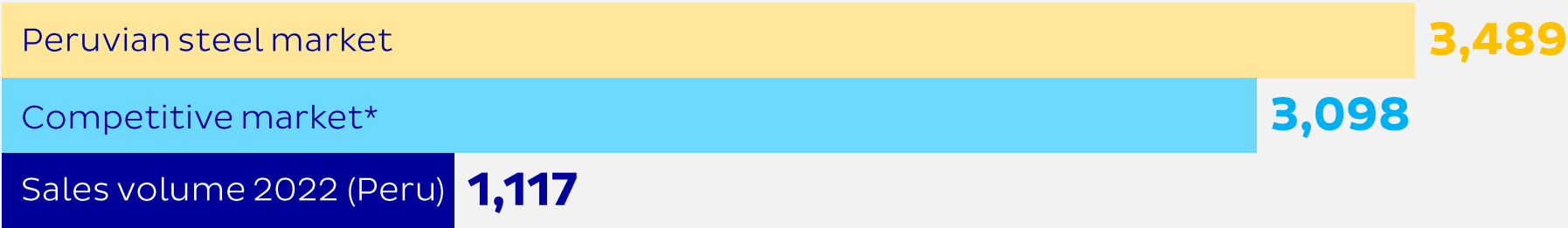
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## Why Aceros Arequipa?

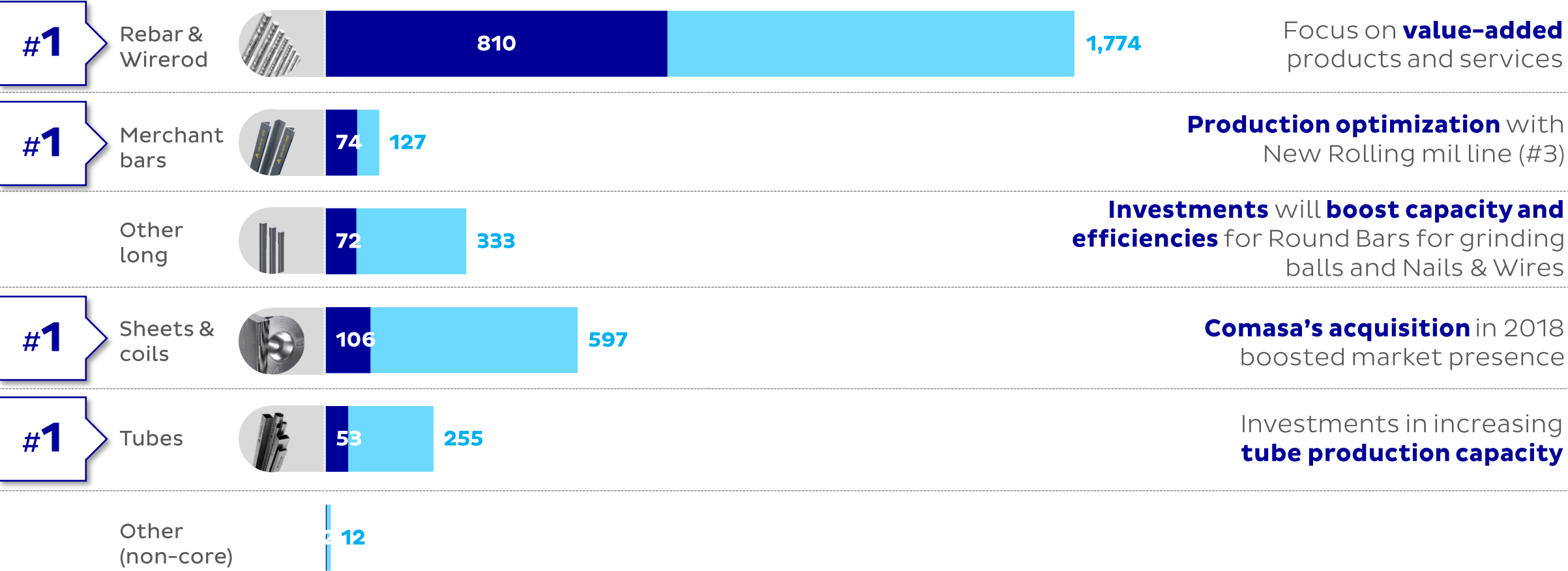


# Peruvian steel market 2022

(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) and investments** complemented our portfolio with a nails and wires plant.



## 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** (Peru and Bolivia)



## MINING

Consumables for mineral grinding and mine support



### Round bars for grinding mining balls:

- **Melt-shop N°2 / Vaccum Degasser** 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**



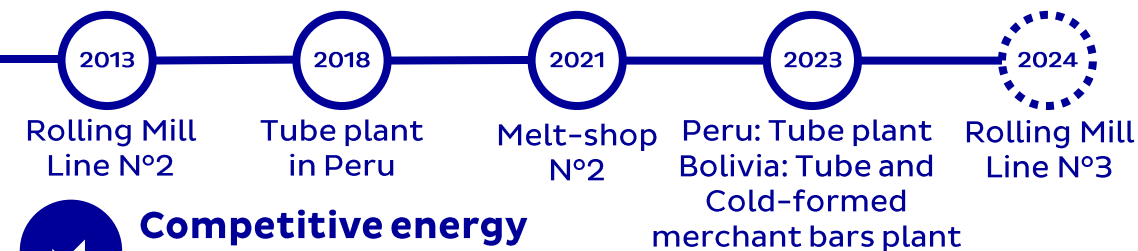
**Largest long-steel products producer** in Peru



**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 growth (organic / inorganic) in **regional and international scrap yards**



**Non-Ferrous recovery**



**Scrap cleaning process**



**Waste reuse**





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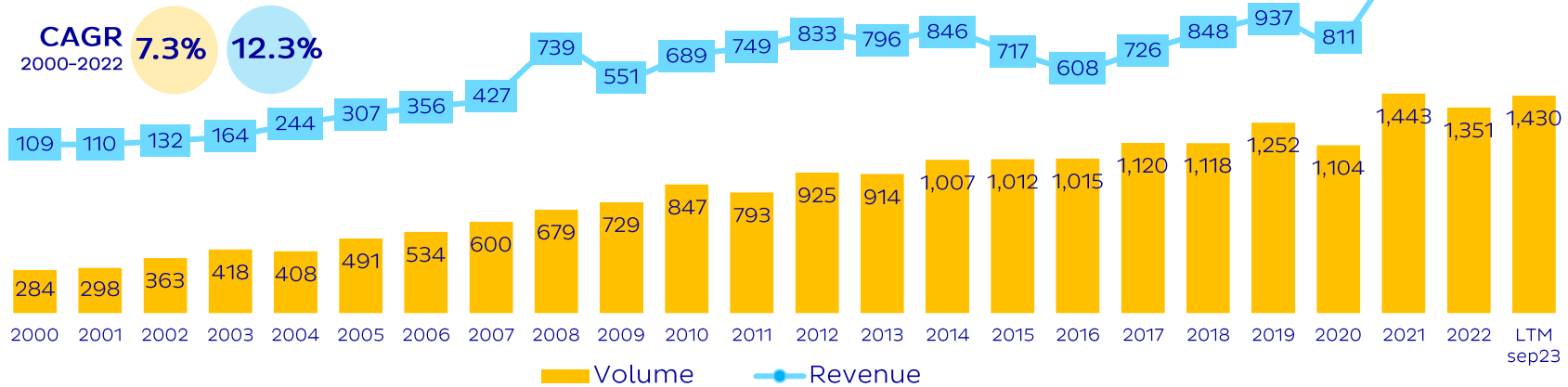
Corporate information & ESG\*

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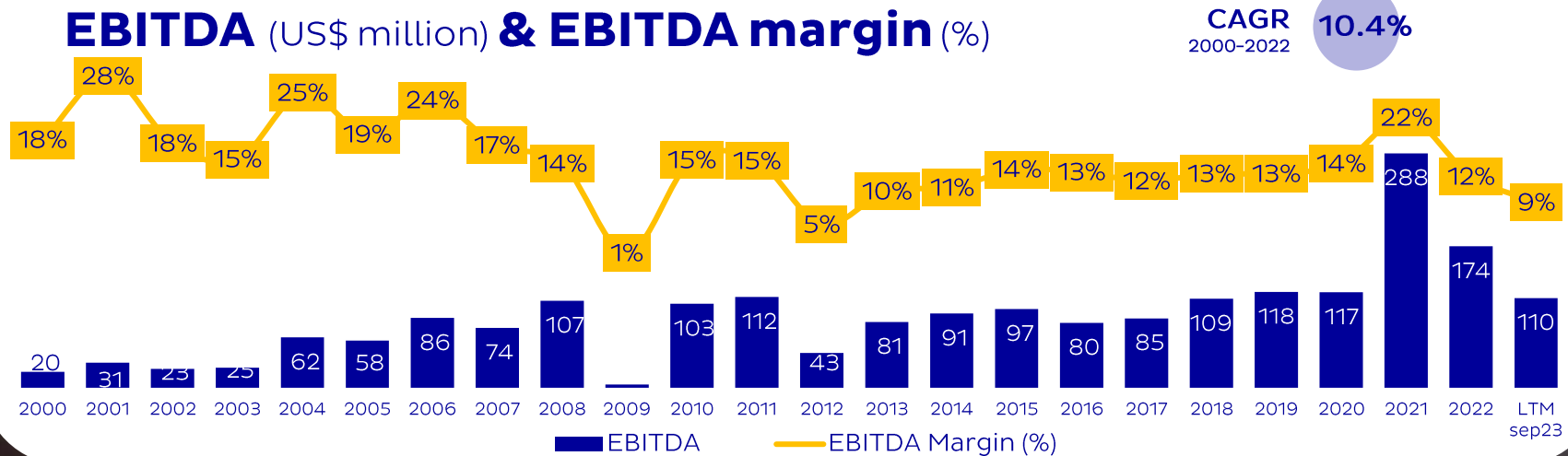
Why Aceros Arequipa?

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

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



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

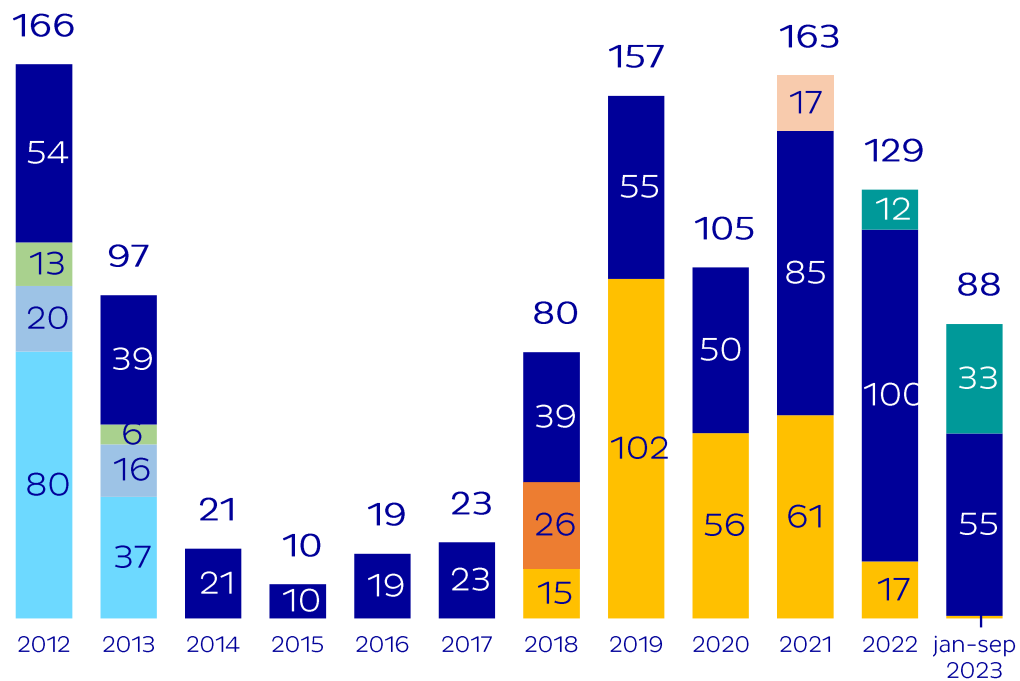


\*Since 2011, the Company reports under IFRS, previously it reported under Peru GAAP



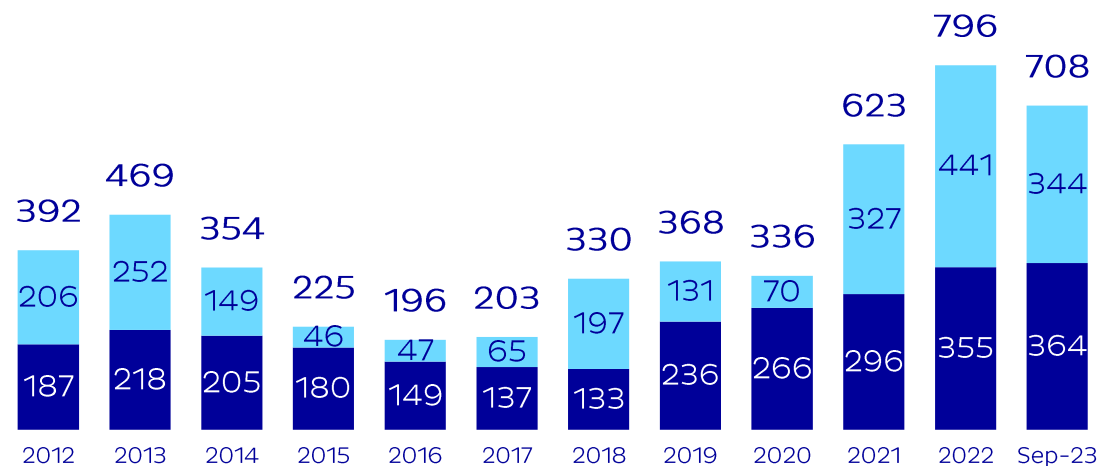
# Following a roadmap of timely investments

## 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)



- Long-Term
- Short-Term

Common Shares:  
**CORAREC1**

Investment Shares:  
**CORAREI1**

Note: Investment shareholders do not hold voting rights

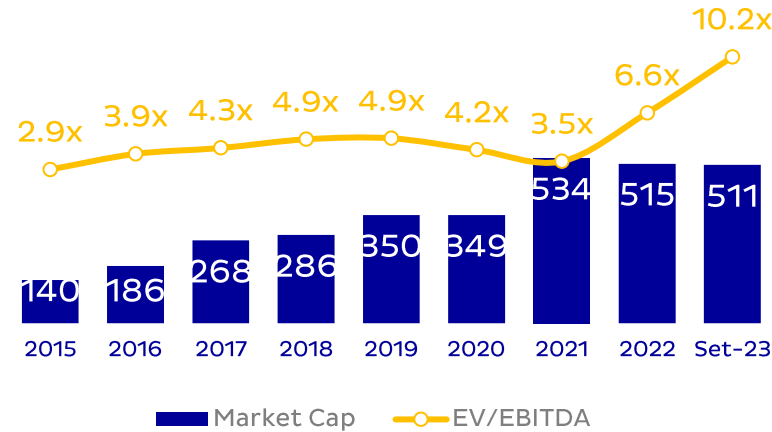
Member of  
**S&P/BVL Peru General Index**

Member of  
**S&P/BVL Peru General ESG Index**

Member of  
**Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

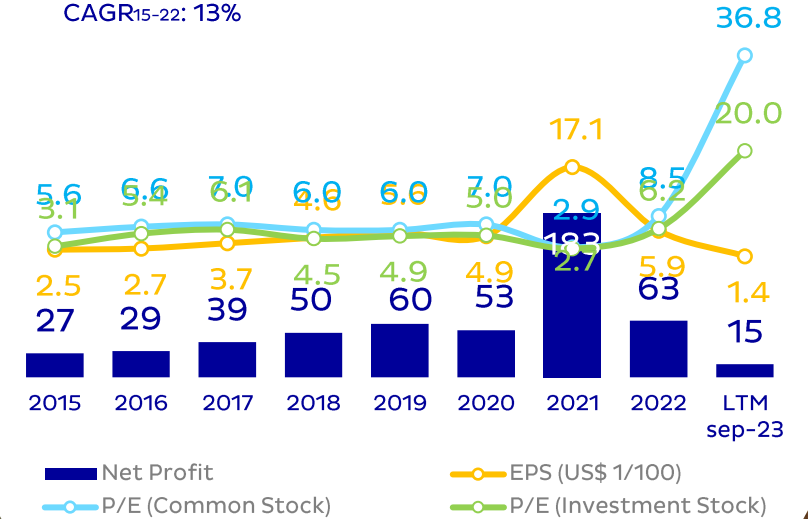
## Market Valuation (US\$ million)



Note: Market Cap does not factor in treasury stock

## Net Profit (US\$ million)

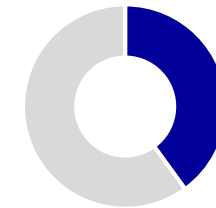
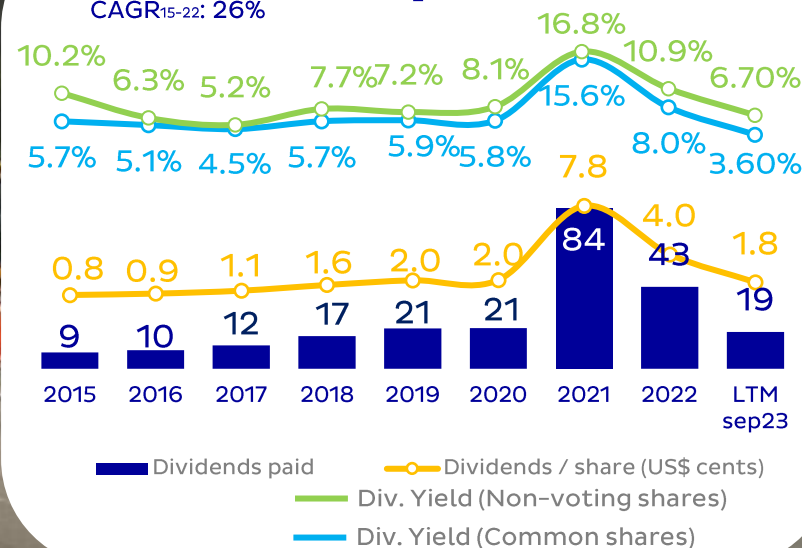
CAGR<sub>15-22</sub>: 13%



Note: Net Profit of 2018 not considering badwill

## Dividends paid (US\$ million)

CAGR<sub>15-22</sub>: 26%



**Dividend payout policy of 40% of annual net profit**

The approved dividend ammount is disbursed in full following two advance payments of 10% and 24% during the period



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Why Aceros Arequipa?



# Corporate Governance

## Executive management



**Ricardo Cillóniz C.**  
Chairman  
MBA - Michigan State University



**Tulio Silgado**  
CEO  
Kellogg School of Management

## Board of directors

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

## Management team



**Gonzalo Arróspide**  
Commercial



**Mariana Talavera**  
Supply Chain



**Ricardo Guzmán**  
CFO, IRO



**Ricardo Cillóniz R.**  
Projects & Mining & CSR



**Augusto Cornejo**  
Production



**Fernando Bustamante**  
Strategy, Environment & Risks



**Mariana Olivares**  
Legal Affairs



**Humberto Barragán**  
Internal Audit



**Diego Arróspide**  
Strategic Sourcing



**Juan Manuel Otoy**  
Human Resources



**Rafael Cáceres**  
IT

# Corporate Governance



**Corporate Information Policy**

**Transparency**


**Risk Management Policy**

**Big 4 audit Firms** To be reviewed every **3 years**

**Compliance & Risk Management**

**Board of Directors**



**Fair treatment**

**Dividend Policy**  **40% of Net Profit** After advancements of 10% & 24%

**Shareholder Meeting**

**Shareholder Meeting Regulations**

**2 Special Committees**  
AUDIT & RISK MANAGEMENT      HUMAN RESOURCES

**12 members**  **17% Women**  **17% Independent**

# Sustainable Management



Received the “**Empresa con Gestión Sostenible**” (Sustainable Management Company) award, for actively promoting sustainable development through its business practices in 2022, with a special recognition in the “Value Chain” category

Received “**Empresa Socialmente Responsable**” distinctive in 2017, 2018, 2019, 2020 and 2021. This distinctive recognized the management commitment with the social, environmental and economic sustainability.

## Safety is our priority



**ISO 45001**  
Since 2018



Sustainable safety culture

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

### Accident rate

(frequency index x severity index)



## Focus on Quality Management



**ISO 9001**  
Since 1997



Process management and continuous improvement



Our metallurgical testing laboratory has ISO/IEC 17025 accreditation



Our products have Colombian and Brazilian quality certificates



## Reduced environmental impact



**ISO 14001**  
Since 2010



Awarded a **2° star in Carbon Footprint** Perú by MINAM for its inventory greenhouse effect verification

Recognized in the environmental category at the ESR 2021 event for its **circular economy strategy**

**Ongoing investments** in new technologies and developments to reduce environmental impact

### Financing:

- Short-term and loan labelled as Green Loan (USA)
- Line of credit for working capital (scrap imports) certified as “sustainable”

## Responsible management under a control and value framework



**ISO 37001** Anti-bribery management systems  
Since 2023



**Solid corporate guidelines**



**Comprehensive risk management**



**Communication channel for complaints about unethical practices**

Member of  
**S&P/BVL Peru General ESG Index**

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

(4th consecutive year)



**Among top 5 Steel companies**  
(DJSI)



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 [spglobal.com/esg/yearbook](https://spglobal.com/esg/yearbook)  
S&P Global Sustainable 1



Corporación Aceros Arequipa Steel  
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S&P Global Sustainable 1





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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 plants (2018 and 2023)
- Rolling mill N°2 (2013)



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



## Further investments

- Rolling mill N°3 (2024)
- Scrap yards
- Non-ferrous recovery
- New distribution center
- Nails & Wires plant renewal

**3 Track record**  
of growth  
and value  
creation



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



**Expected  
margin rebound  
in 2024**

**4 Sustainable**  
platform



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



Recognized **top-notch ESG  
performance**





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Or scan the following **QR code:**



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