



CORPORATE PRESENTATION **2022**



May 2022



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 governance

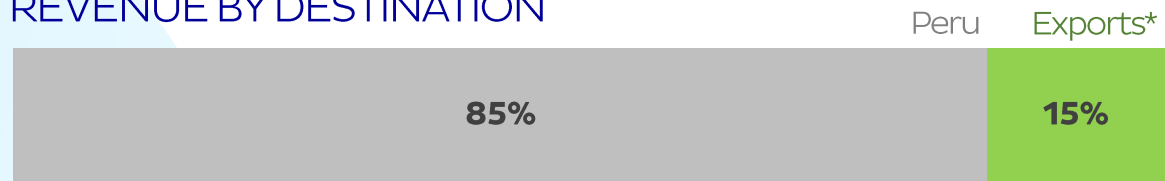
#1 player in the Peruvian steel market

Ever expanding regional footprint



REVENUE 2021
1,336 US\$ million

REVENUE BY DESTINATION



REVENUE BY PRODUCT



*Exports mainly to Bolivia, Colombia, USA, Brazil, Chile, Panama and Argentina.
** Some merchant bars and Steel tubes are imported



Trading at the
Lima Stock
Exchange

Common Stock: CORAREC1
Investment Stock: CORAREI1
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

Sustainability Yearbook
Member 2022
S&P Global

SUBSIDIARIES / AFFILIATES

99.99%



Steel products trader
Tube manufacturer

Revenue 2021:
US\$ 40 million



100.00%



Steel products trader
Nails & wires manufacturer

Revenue 2021:
US\$ 27 million



99.99%



Scrap supplier
Steel products trader

Revenue 2021:
US\$ 124 million



100.00%



Steel products trader

Revenue 2021:
US\$ 17 million



100.00%



Scrap collection

Revenue 2021:
US\$ 3 million



100.00%



Holding of
02 Scrap Yard firms

Consolidated Revenue
2021:
US\$ 15 million



99.99%



Value-added design and
engineering services for the
construction industry

Revenue 2021:
US\$ 3 million



99.92%



Local and regional cargo
transportation services

Revenue 2021:
US\$ 8 million



33.65%



Real estate Company

21,279 m2

Note: Pre-acquisition Real Estate spin-off of
Comercial del Acero



33.65%



Real estate Company

24,865 m2

Note: Pre-acquisition Real Estate spin-off of
Comercial del Acero



10.00%



2 hydroelectric power plants

1. El Platanal 220MW
2. Marañón 18.4MW



100.00%



Shredded
scrap and
HMS
collection

100.00%



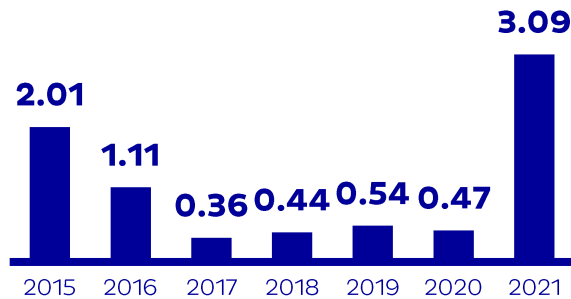
Shredded
scrap and
HMS
collection

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



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.**

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

Sustainability Yearbook
Member 2022
S&P Global

Sustainability Award
Silver Class 2022
S&P Global

Sustainability Award
Industry Mover 2022
S&P Global

Company overview

● Market & business overview

Financial highlights

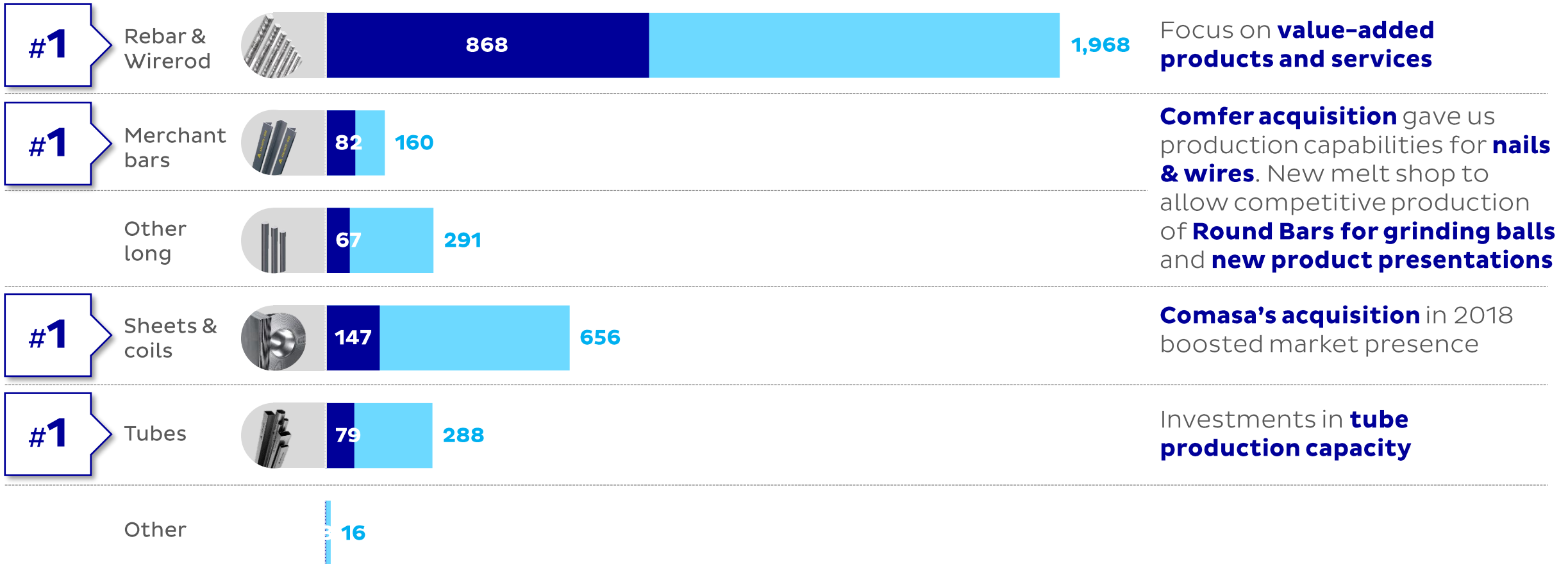
Corporate governance

Peruvian steel market 2021

(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



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)

- i) Increased our **market presence** in the industrial segment
- ii) Complemented our portfolio and services with a **steel center and tube plant**

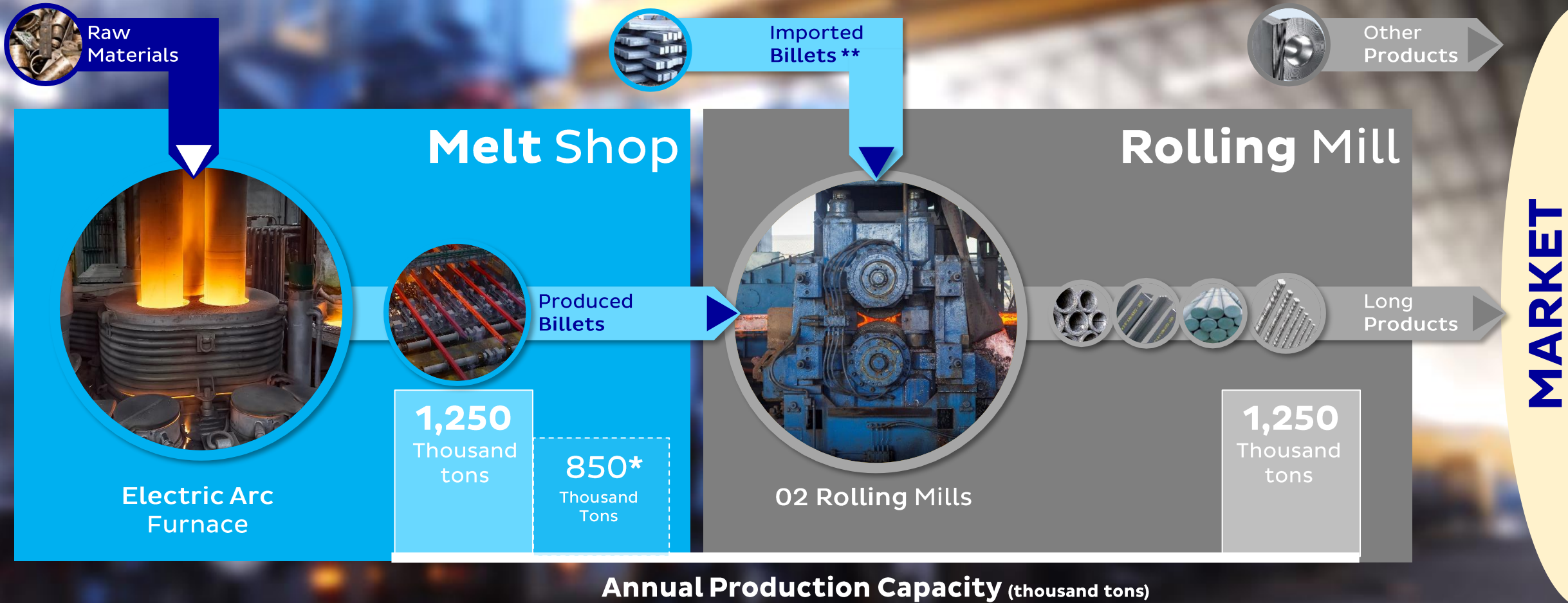


MINING

Consumables for mineral grinding and mine support



New melt-shop opens a new market: **Round balls for grinding mining 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 Old Melt Shop is currently in standby mode.
 (**) The company imported billets only up to 2021.

RAW MATERIALS FLEXIBILITY



Further initiatives & developments

- Investment in restarting the **Old Melt-Shop** 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** ✓



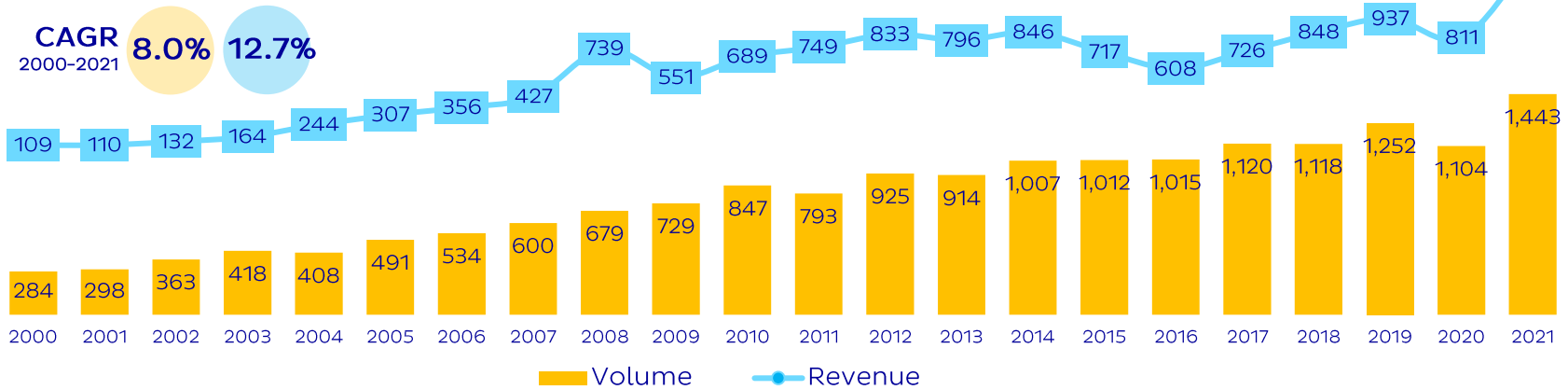
Company overview

Market & business overview

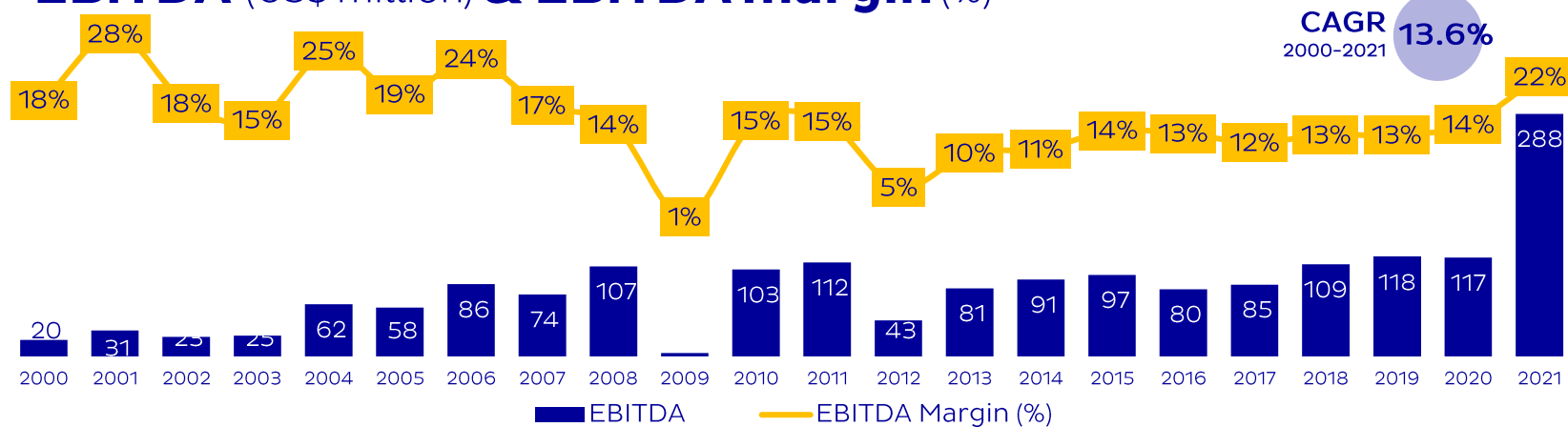
● Financial highlights

Corporate governance

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



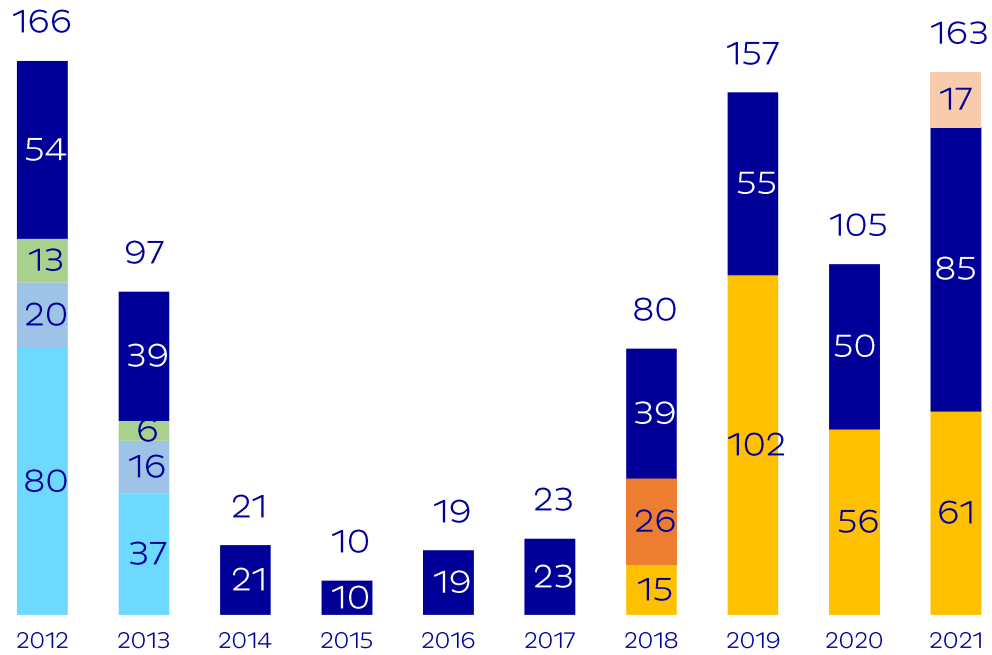
EBITDA (US\$ million) & EBITDA margin (%)



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

Following a roadmap of timely investments

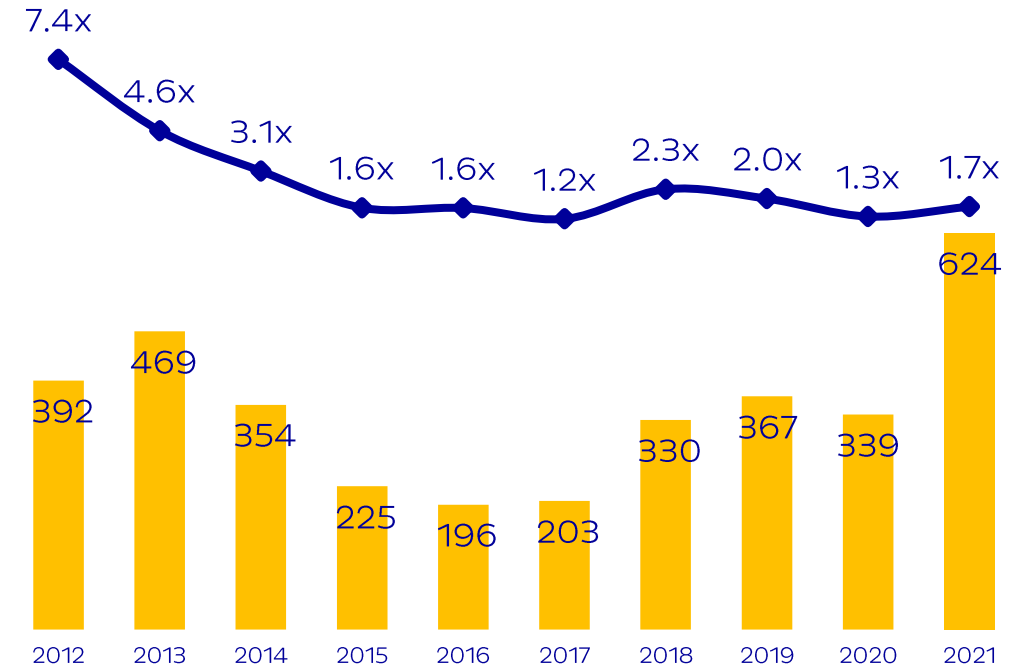
CAPEX (US\$ million)



- Rolling mill - Line n2
- SAP - ERP
- Comasa
- Comfer
- Warehouses (Pisco)
- New Melt-Shop
- Other

Total Debt (US\$ million)

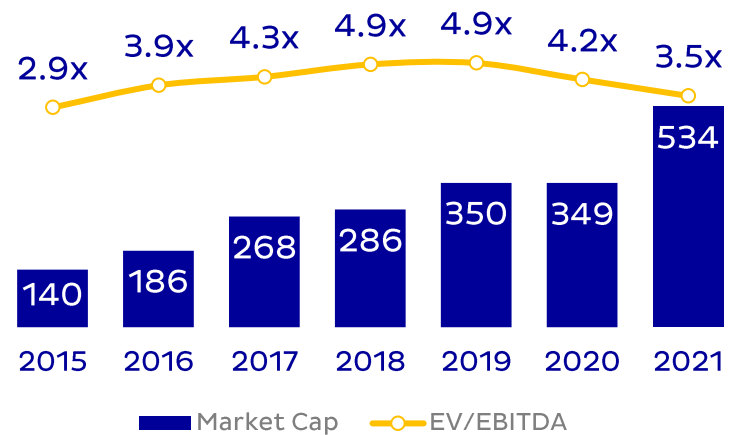
Net debt / EBITDA (US\$ million)



■ Total Debt ◆ Net debt / EBITDA

continued to trade at
attractive multiples

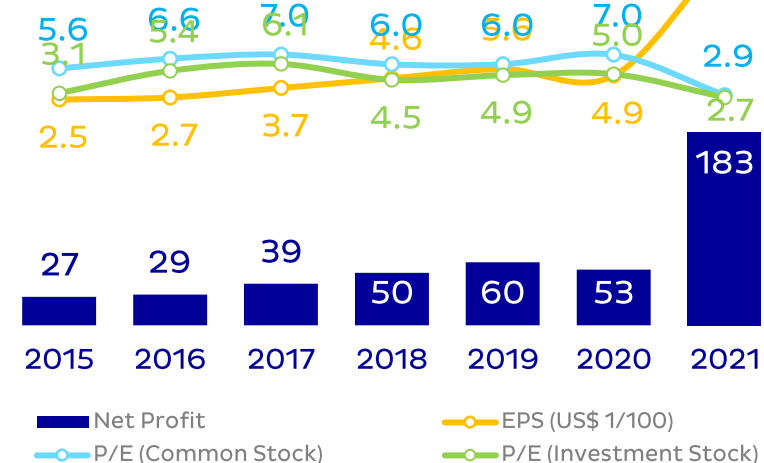
Market Valuation (US\$ million)



Note: Market Cap does not consider Treasury stock

Net Profit (US\$ million)

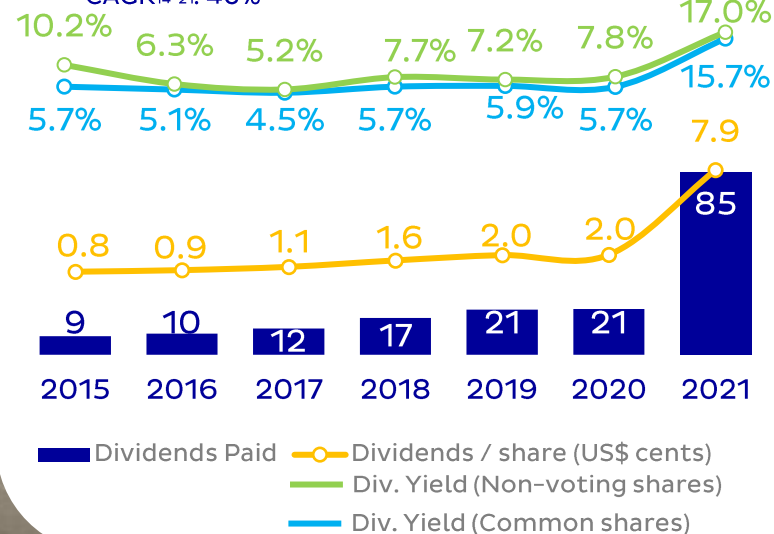
CAGR₁₅₋₂₁: 38%



Note: Net Profit of 2018 not considering badwill

Dividends paid (US\$ million)

CAGR₁₄₋₂₁: 46%



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



Company overview

Market & business overview

Financial highlights

● Corporate governance

Corporate Governance



Ricardo Cillóniz C.

CHAIRMAN

MBA - Michigan State University



Tulio Silgado

CEO

Kellogg School of Management



Ricardo Guzmán

CFO, IRO

MBA - University of Chicago Booth School of Business

Board Members

*Independent

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**

Management Team



Humberto Barragán
Internal Audit

Ricardo Guzmán
CFO, IRO

Juan Manuel Otoya
Human Resources

Fernando Bustamante
Strategy & Risks

Ricardo Cillóniz R.
Projects & Mining

Francisco Alayza
Legal

Diego Arróspide
Strategic Sourcing

Rafael Cáceres
IT

Augusto Cornejo
Production

Tulio Silgado
CEO

Ricardo Cillóniz C.
Chairman

Mariana Talavera
Supply Chain

Gonzalo Arróspide
Commercial

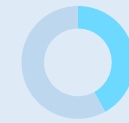
Corporate Governance



Shareholder Rights

Fair treatment

Dividend Policy



40% of Net Profit

After advancements of 10% & 24%

Transparency

Corporate Information Policy

Shareholder Meeting

Shareholder Meeting Regulations

Compliance & Risk Management

Risk Management Policy

Big 4 Audit Firms

Can be appointed 5 years

Board of Directors

3 Special Committees

ETHICS

AUDIT & RISK MANAGEMENT

HUMAN RESOURCES

12 members



17%

Women



33%

Independent

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
- Synergies & 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 (2021)
- Tube plant (2018)
- Rolling mill (2013)



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



Further investments

- Rolling mill N°3
- Scrap yards
- Restart of old EAF
- Pig Iron Capacity

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



Sustained growth CAGR '00-'21
Revenue: 13%
EBITDA: 14%



Attractive valuation metrics

4 **Sustainable** platform



Solid and motivated professional team in a lean corporate structure



Top-notch ESG performance



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Or scan the following **QR code:**



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