



Corporate Presentation

February 2021



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.

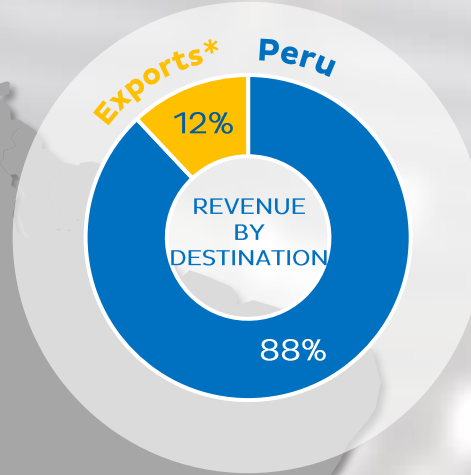
① Company Overview

② Market& Business Overview

③ Financial Highlights

④ Corporate Governance

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

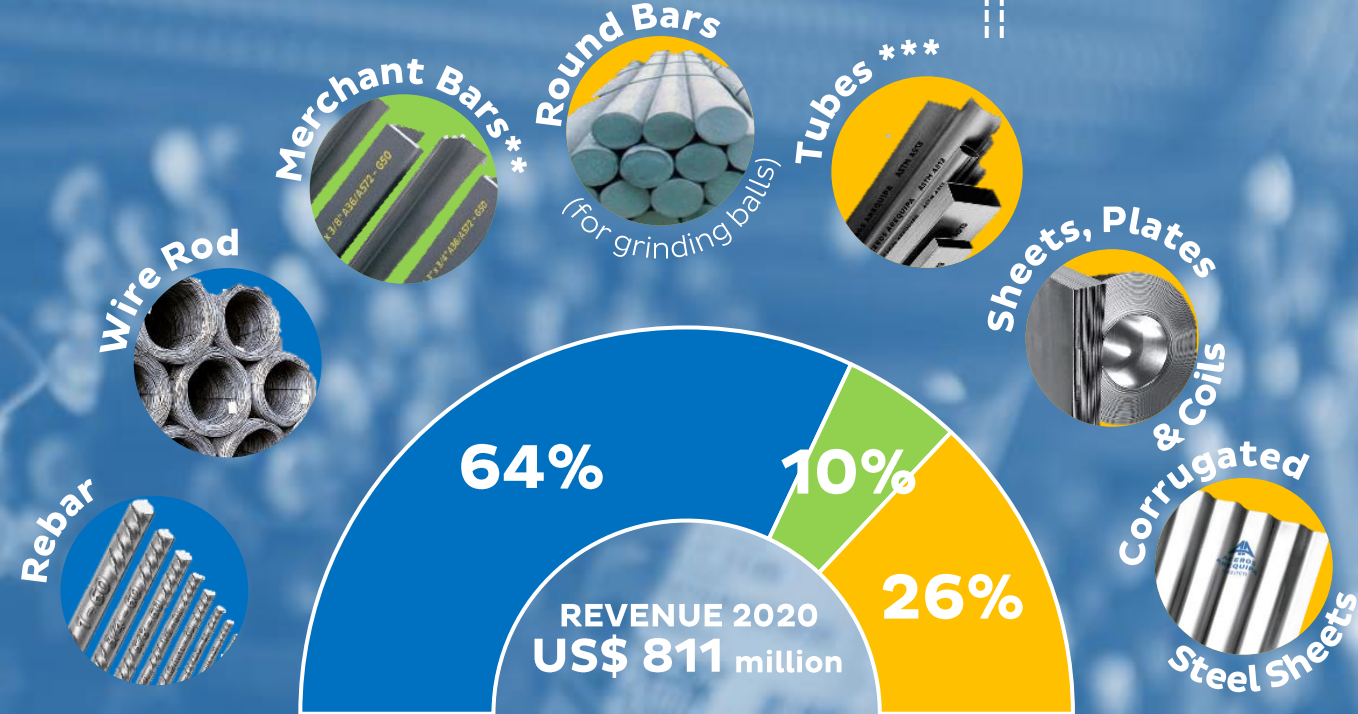


*Exports mainly to Bolivia, USA, Colombia, Brazil, Chile, Panama and Argentina.

...serving all market segments with a **broad
product portfolio**

PRODUCED

IMPORTED



**Includes angles, flats, rounds, squares and steel channels. Some merchant bars are imported.

***The Company began its Tube production in November 2018. Some Tube varieties are imported.



SUBSIDIARIES / AFFILIATES

Not included as part of the Consolidated Financial Statements

99.99%	99.00%	99.92%	99.90%	100.00%	100.00%	33.65%	33.65%	10.00%
 COMERCIAL DEL ACERO	 ACEROS DEL ALTIPLANO	 TRANSPORTES BARCINO S.A.	 TSC innovation	 ACEROS AMERICA	 ACEROS AMERICA	 INMOBILIARIA COMERCIAL DEL ACERO ARGENTINA S.A.	 INMOBILIARIA COMERCIAL DEL ACERO CALLAMARCILLA S.A.	 celepsa
Steel products trader Tube manufacturer	Bolivian scrap supplier and strategic commercial arm of the Company	Local and regional cargo transportation services	Value-added design and engineering services for the construction industry	Formed in November 2019 for the collection of Chilean scrap	Formed in March 2020 as a commercial arm of the Company in Colombia	Real Estate Company 21,279 m2 Note: Pre-acquisition Real Estate spin-off of Comercial del Acero	Real Estate Company 24,865 m2 Note: Pre-acquisition Real Estate spin-off of Comercial del Acero	2 hydroelectric power plants 1. El Platanal 220MW 2. Marañón 18.4MW
Revenue 2020: US\$ 123 million	Revenue 2020: US\$ 56 million	Revenue 2020: US\$ 5 million	Revenue 2019: US\$ 2 million					
								

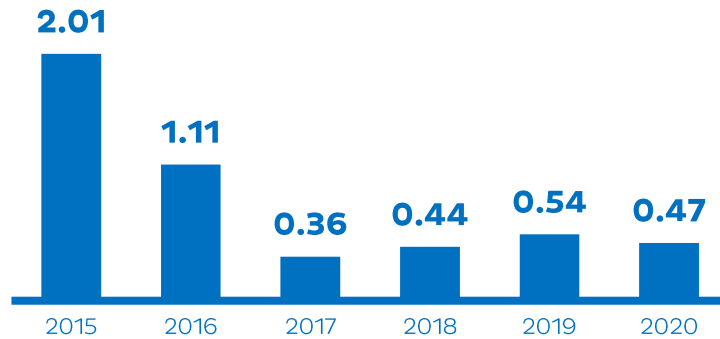
Safety is our priority



ISO 45001
certified since 2019

Our goal is to have **zero accidents** in our operations

Accident rate
(frequency index x severity index)



Strong focus on Quality Management



ISO 9001
certified since 1997



We have an integrated management system



Our products have Peruvian, Brazilian and Bolivian quality certificates



INACAL
Instituto Nacional de Calidad

Peru



Brazil



Colombia



Our metallurgical testing laboratory received an ISO/IEC 17025 accreditation, allowing us to issue quality certificates in a timely manner

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

Reduced environmental impact



ISO 14001
certified since 2010



1° star recognition in **Carbon Footprint Peru** by Minam

Due to reporting of greenhouse gas emissions during 2019

We are continuously investing in new technologies to **reduce our environmental impact**



One example is the AA **“eco-block”**. Using melt-shop slag, we are producing blocks that can be used for the construction of walls and roads

Socially responsible



Socially Responsible Company Award
(2017 / 2018 / 2019)



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



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Leading Peruvian Steel Company with strong Upside Potential

Sustained
Leadership in all
core lines....

#1



Rebar & Wire rod

#1

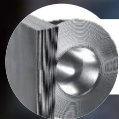


Merchant Bars



Other Long

#1



Sheets & Coils

#1

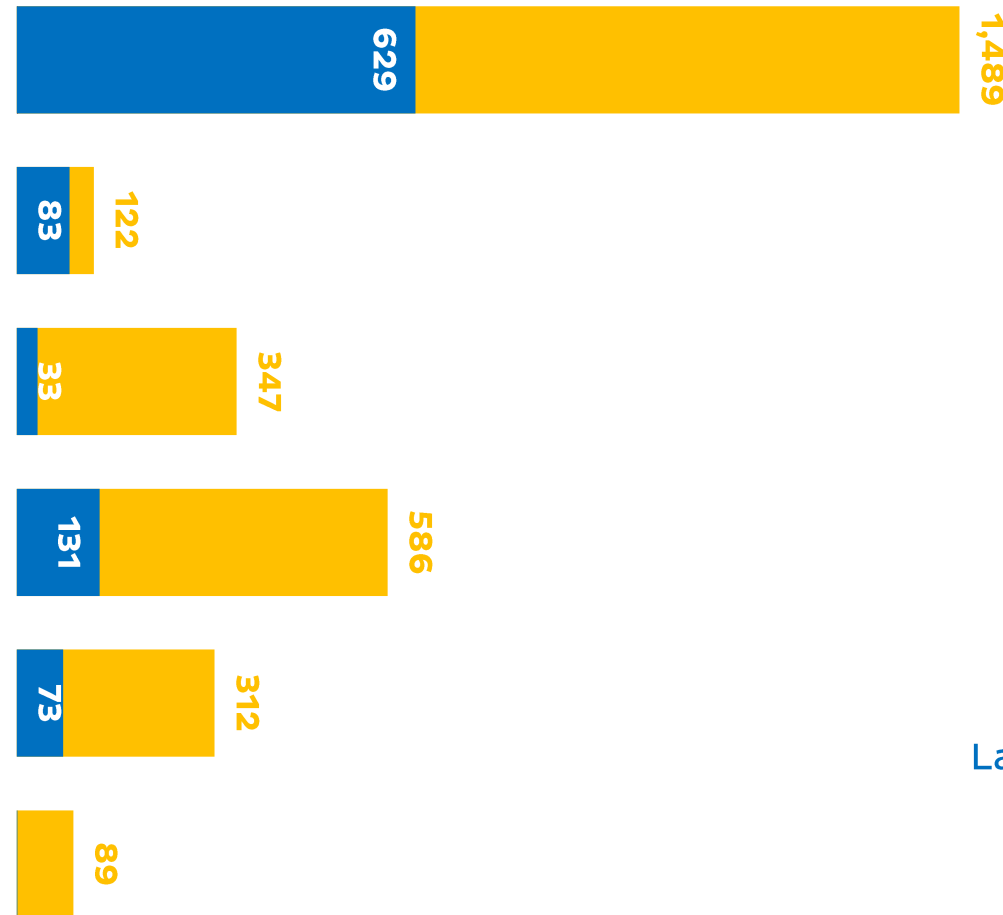


Tubes

Other

Peruvian Steel Market 2020 2,944k tons

Sales Volume  (Peru) 951k tons



...with **growth**
potential in **total**
market

Value-added services enrich and
differentiate our value
proposition of Rebar & Wire rod

New Melt-Shop (2021) will allow us
to produce **Round Bars** used for
Grinding Mining Balls at competitive
costs and to provide **new product**
presentations

Comasa's acquisition (2018) will
generate **market synergies** to boost
growth in sheets & coils and tubes

Latest investment in a **Tube plant** (2018)
will allow us to consolidate our
leadership

SOURCE: Company estimates based on imports, production and other public information.

SELF-CONSTRUCTION

Homebuilding & domestic metalwork



- ✓ **Better reach to Self-Construction** through nationwide distribution capabilities and partnerships with small retailers

CONSTRUCTION COMPANIES

Whole-range building



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

TSC innovation.
Design and BIM services for construction companies and industrial clients

ACEDIM
Cut & bend steel products for construction

ACERO INSTALADO
On-site Rebar & Wirerod Installation service

INDUSTRY

Industrial products & equipment



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

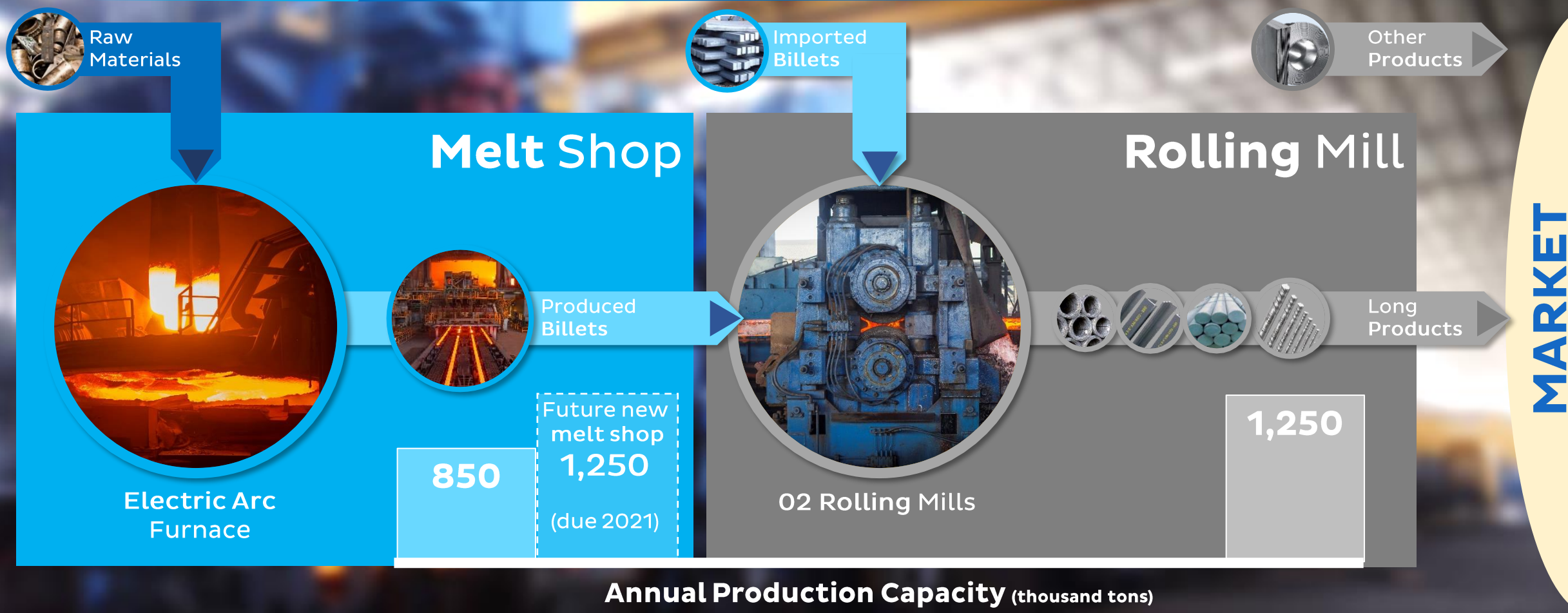
MINING

Consumables for crushing and mine support



- ✓ **New melt-shop (2021) 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

2013

Rolling Mill Line n°2

2018

Tube plant

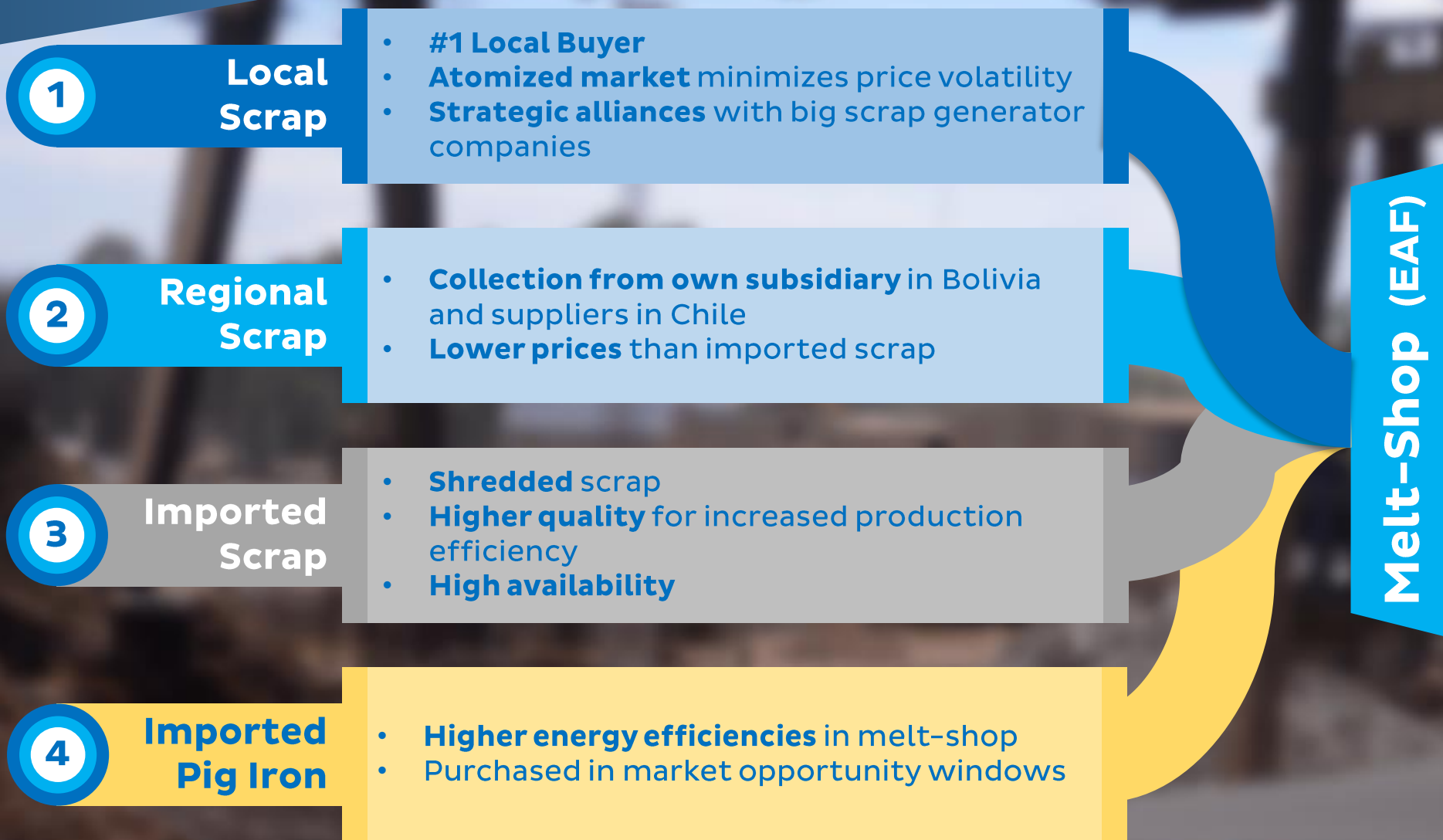
2021

New Melt-shop

10

ACEROS AREQUIPA

RAW MATERIALS FLEXIBILITY



Further initiatives & developments

New Melt-Shop will require less shredded scrap and be able to use more HMS

Investment in regional **scrapyards**

Self-supply of raw minerals through iron mining claims

Investment in **Pig Iron production** capacity



① Company Overview

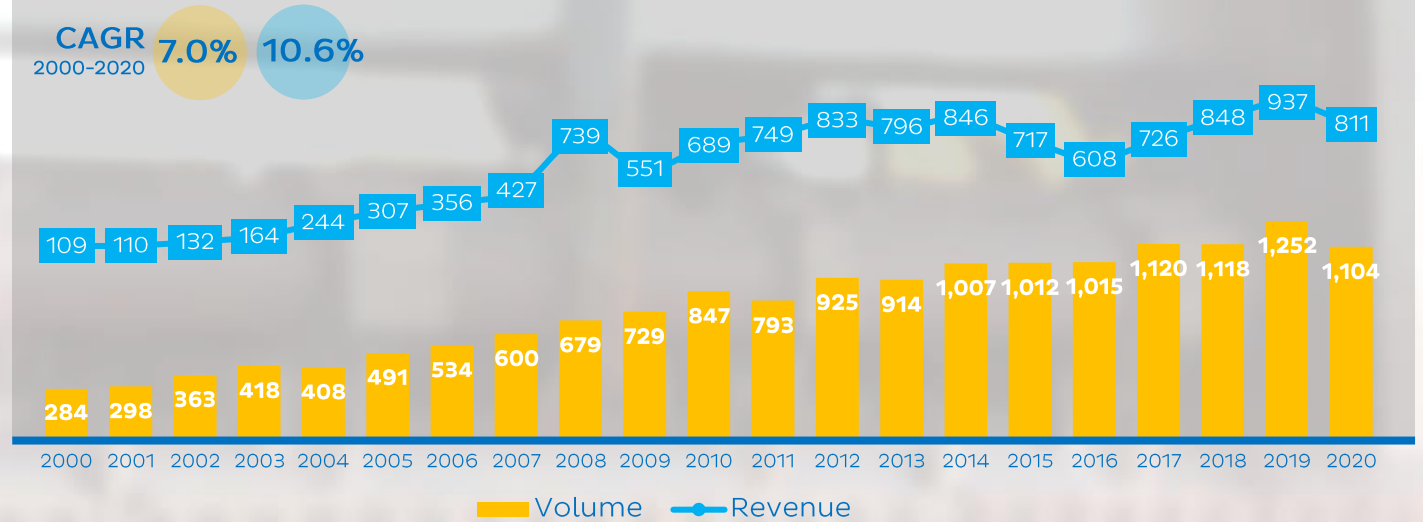
② Market & Business Overview

③ Financial Highlights

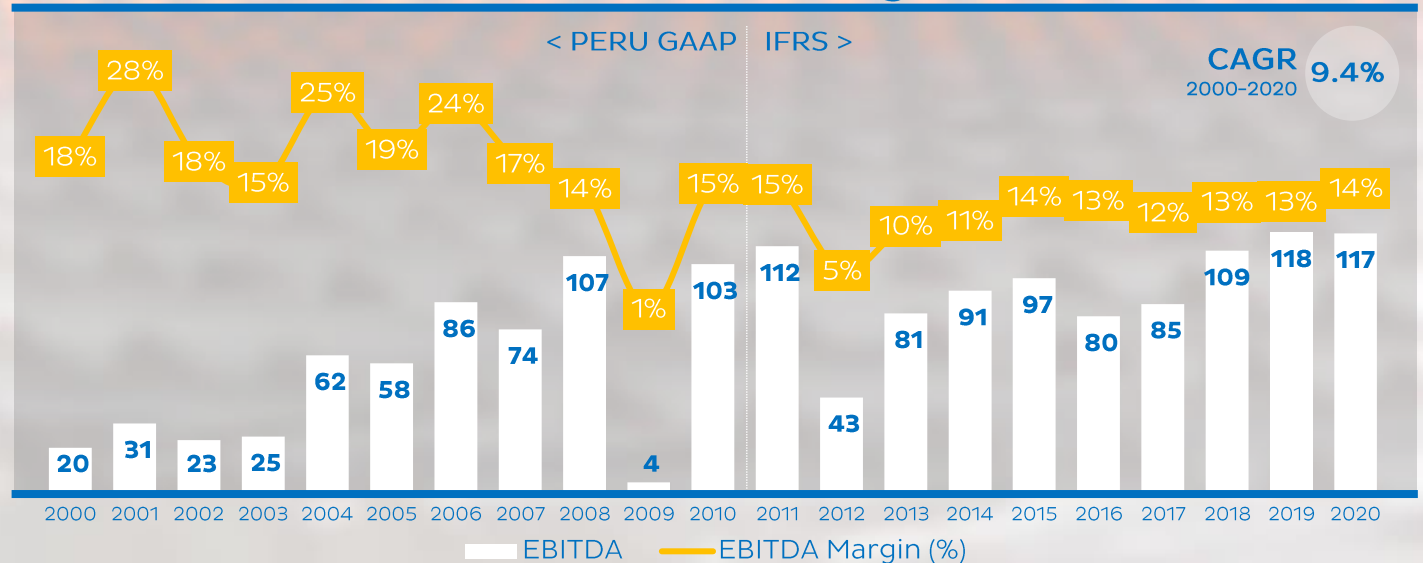
④ Corporate Governance

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

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



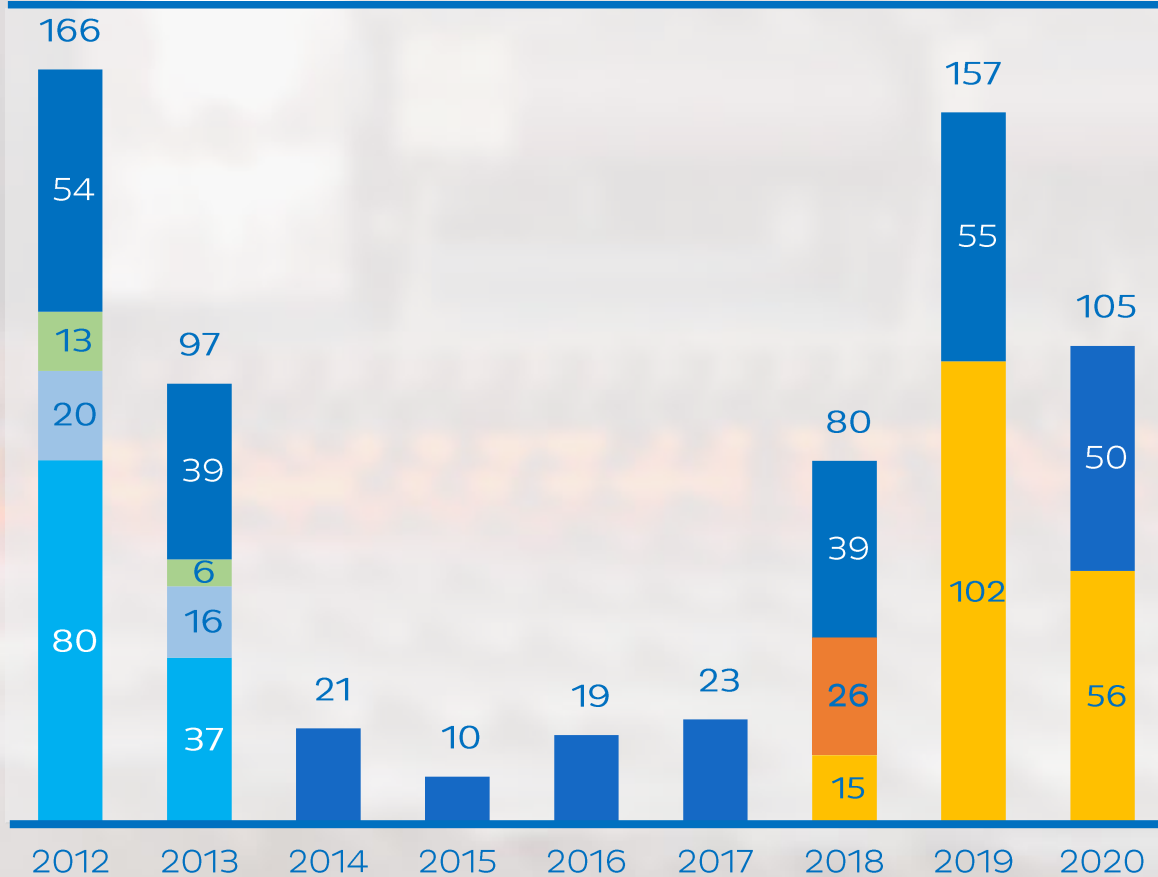
EBITDA (US\$ million) & EBITDA margin (%)



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

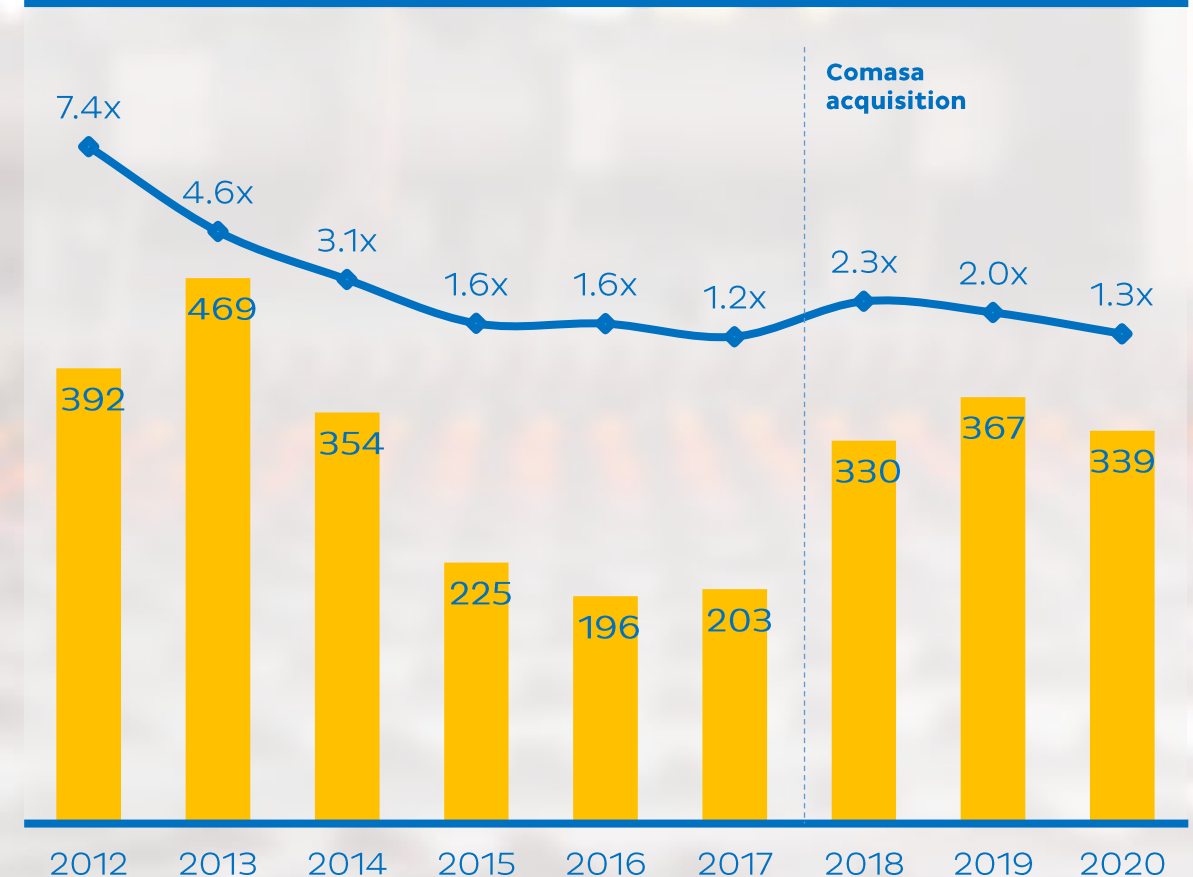
...while continuing to implement a roadmap of timely investments...

CAPEX (US\$ million)



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

Total Debt (US\$ million) & **Net debt / EBITDA** (US\$ million)



Total Debt Net debt / EBITDA

The new melt-shop will **dramatically reduce dependance on imported billets** and minimize costs

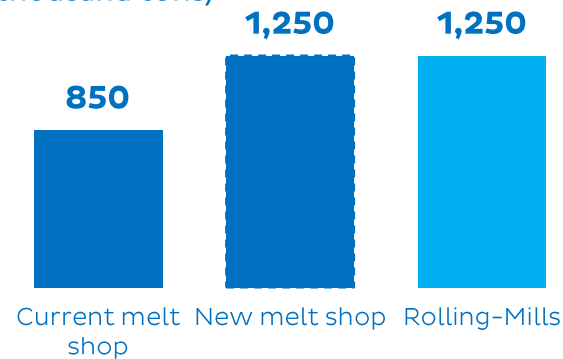
The project includes new:

- Electric arc furnace (EAF)
- Continuous casting machine
- Fume treatment plant
- Water treatment plant

Total Investment
US\$ 208 million

New melt shop will **match current rolling mill capacity...**

Production Capacity
(thousand tons)



...Eliminating the need to import higher priced billets



Note 1: Capacity figures represent nominal capacity

Note 2: Current melt shop will be shutdown until needed

Reduction of **transformation costs**



Energy savings



Electrode consumption



Maintenance



Scrap shredding



Ferroalloys consumption

Increased **raw material flexibility**



Production of **high carbon steel** to grow market in the mining industry



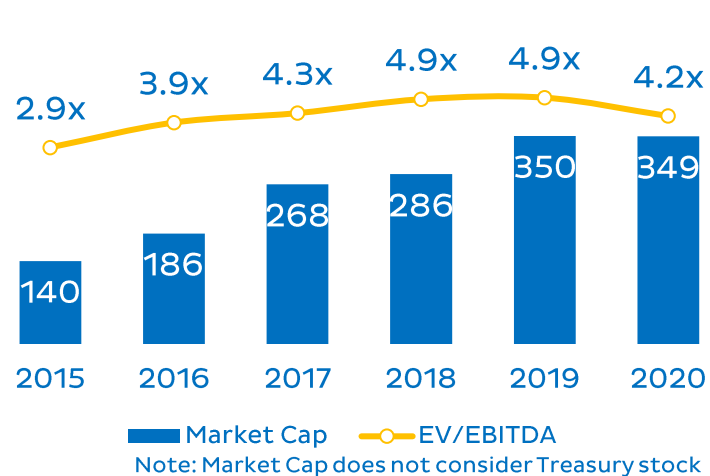


continued to trade at
attractive multiples as
of december 2020

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

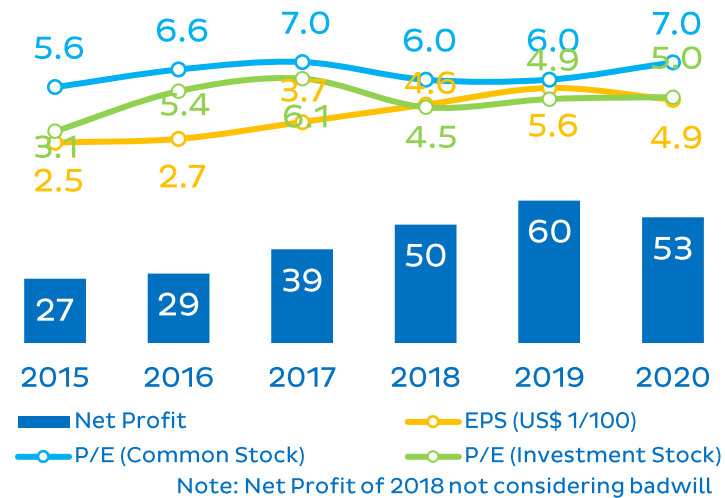
Amount is fully paid after two advance
payments of 10% and 24% during the
period

Market Valuation (US\$ million)



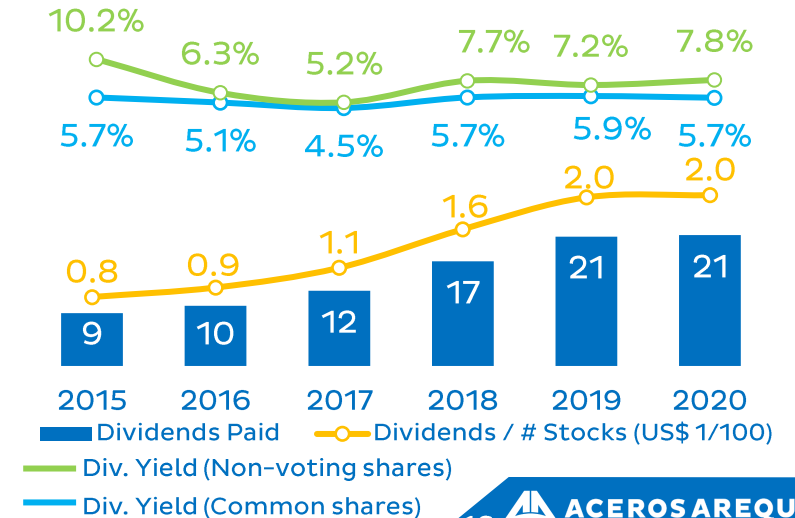
Net Profit (US\$ million)

CAGR₁₅₋₂₀: 14%



Dividends paid (US\$ million)

CAGR₁₄₋₁₉: 20%



Note: 2020 figures are as of December 31

GUIDANCE 2021

S/ million

2020 GUIDANCE
2021

Revenue growth

-9.3%

>40%

EBITDA

411

>570

CAPEX

369

450
540

Dividends paid

74.9

>100

EPS

0.17

>0.25

Disclaimer:

Current global steel prices are experiencing high volatility. This guidance may be updated after our First Quarter 2021 results are reported, when prices are expected to normalize



1 Company Overview

2 Market& Business Overview

3 Financial Highlights

4 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)
José Antonio Baertl
Pedro Blay
Ricardo Bustamante
Renee Cillóniz

Giselle Ferrand*
Manuel Montori*
Enrique Olazabal*
Pablo Peschiera
Diego Urquiga*
Andreas Von Wedemeyer

Management Team



Ricardo Guzmán
CFO, IRO

Juan Manuel Otoy
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

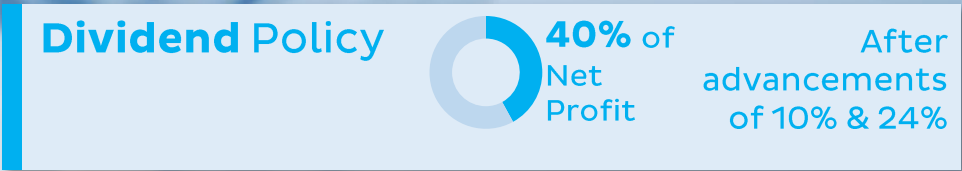
Mariana Talavera
Supply Chain

Gonzalo Arróspide
Commercial

Corporate Governance



Fair treatment



Shareholder Meeting Regulations



Corporate Information Policy



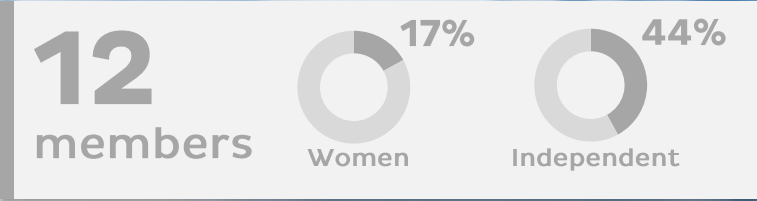
Risk Management Policy

Big 4 Audit Firms

Can be appointed **5 years**



3 Special Comitees		
ETHICS	AUDIT & RISK MANAGEMENT	HUMAN RESOURCES



¿Why Aceros Arequipa?

1 Market leader
in Peru, with
local &
regional
upside



Market Growth

infrastructure gap in Peru is still high



Market Share Gain

- New products
- Synergies of recent & potential acquisitions
- Value-added services

2 Efficient
Operational
Model



Nationwide distribution with
increasing reach to other countries



State of the art-equipment

- Tube plant (2018)
- Rolling mill (2013)



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



Further investments

- Melt-Shop (2021)
- Scrapyards
- Pig Iron Capacity

3 Track record
of growth
and value
creation



Sustained growth

CAGR '00-'20
Revenue: 11%
EBITDA: 9%



Attractive valuation metrics

4 Solid
professional
team in an
efficient
structure



Focus on people counting with a
qualified team of professionals



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