



  
**ACEROS  
AREQUIPA**

 CredicorpCapital

**INVESTOR  
CONFERENCE  
2021**



September, 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.



- Company overview

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Market & business overview

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Financial highlights

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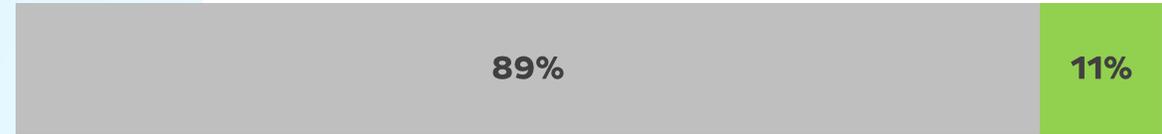
Corporate governance

# #1 player in the Peruvian steel market

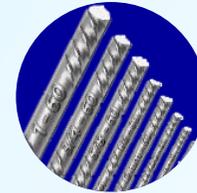
## Expanding regional footprint



### REVENUE BY DESTINATION



### REVENUE BY PRODUCT



Rebar



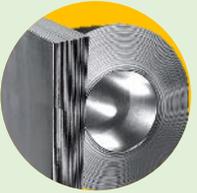
Merchant bars\*\*



Steel wire



Steel tubes\*\*



Sheets, plates & coils



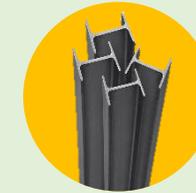
Wirerod



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

**99.99%**



Steel products trader  
Tube manufacturer

Revenue 2020:  
US\$ 123 million



**96.00%**



Steel products trader  
Nails & wires manufacturer

Revenue 2020:  
US\$ 36 million



**99.00%**



Scrap supplier  
Steel products trader

Revenue 2020:  
US\$ 56 million



**100.00%**



Steel products trader



**100.00%**



Scrap collection



**100.00%**



Shredded scrap and HMS  
collection



**99.90%**



Value-added design and  
engineering services for the  
construction industry

Revenue 2020:  
US\$ 2 million



**99.92%**



Local and regional cargo  
transportation services

Revenue 2020:  
US\$ 5 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

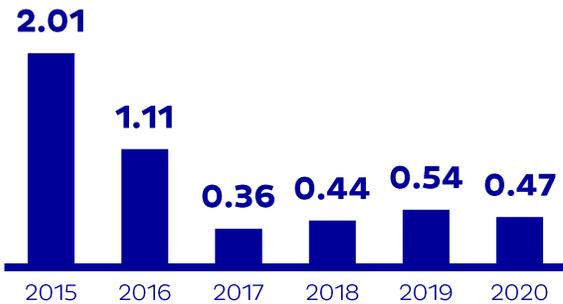


# Safety is our priority



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

**Accident rate**  
(frequency index x severity index)



# Focus on Quality Management



**ISO 9001**  
certified since 1997

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



Peru



Brazil



Colombia

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

# Reduced environmental impact



**ISO 14001**  
certified since 2010



**1° star** recognition in **Carbon Footprint Peru** by the Environment Ministry due to reporting of greenhouse gas emissions during 2019

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



AA **“eco-block”** Melt-shop slag blocks for the construction of walls and roads

# Socially responsible



Socially Responsible Company Award (2017 / 2018 / 2019 / 2020)



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



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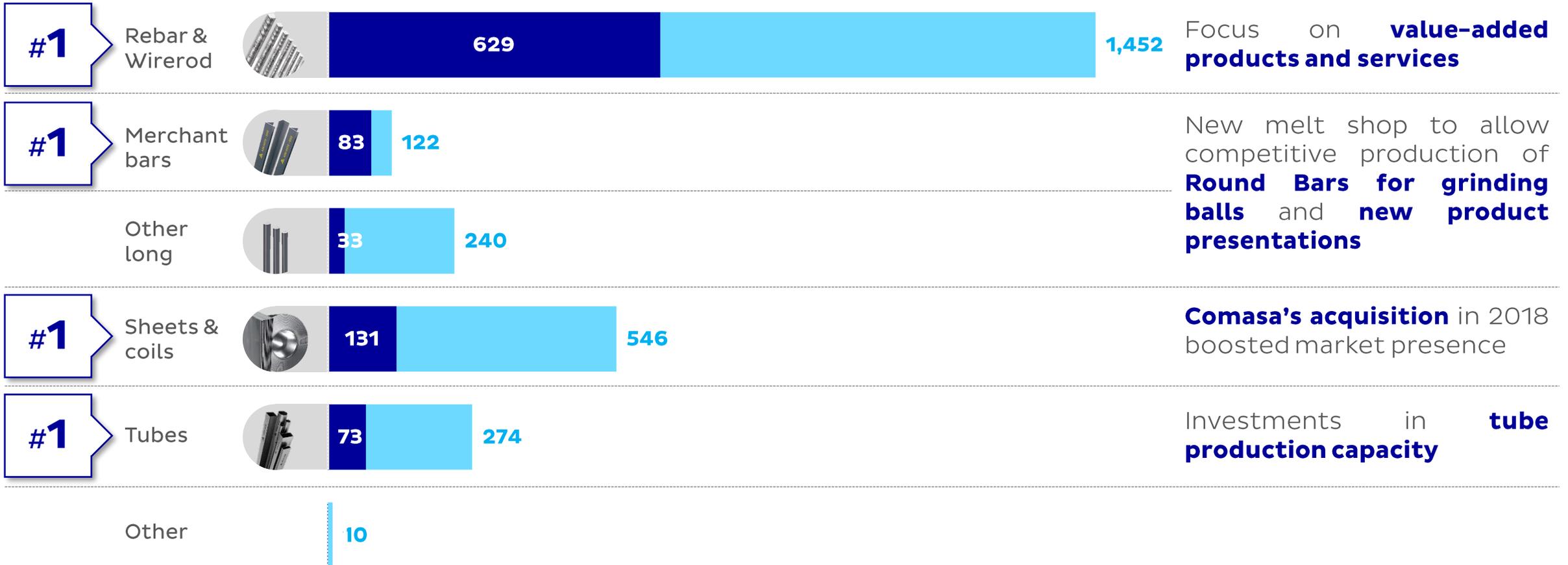
# Peruvian steel market 2020

(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

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 (2018)**

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

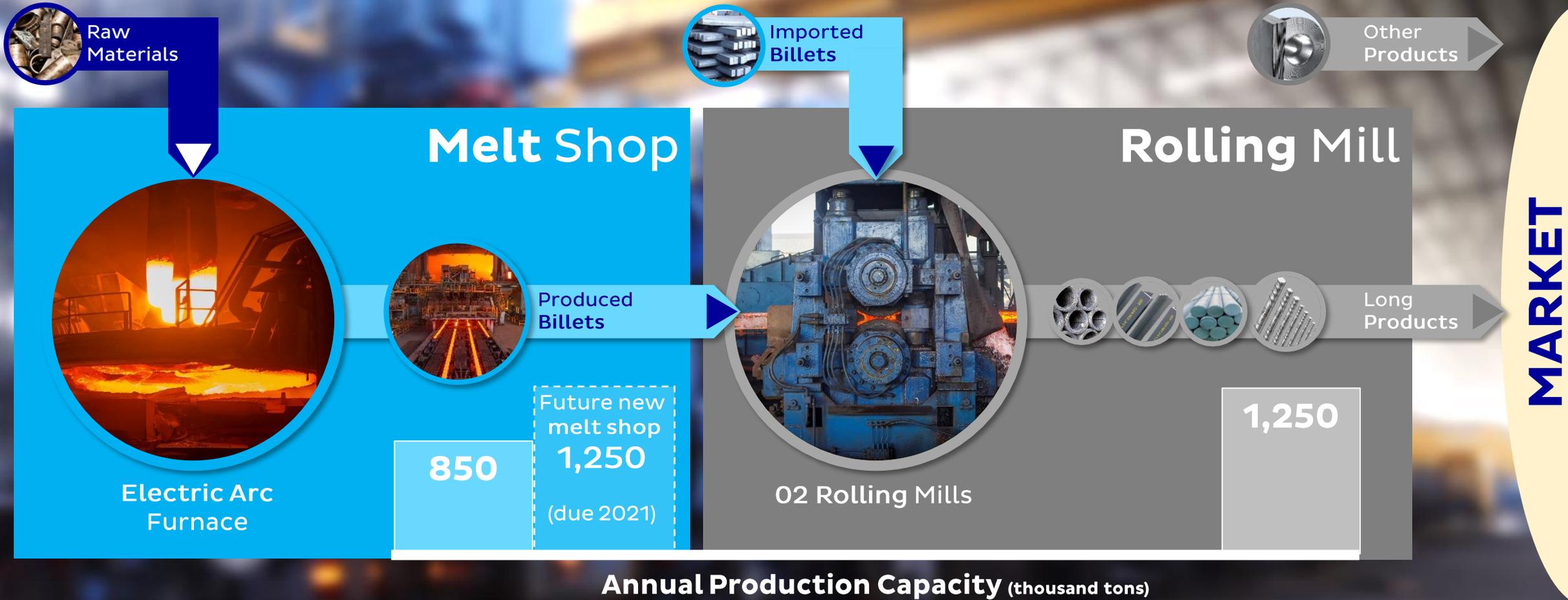


## MINING

Consumables for mineral grinding and mine support



**New melt-shop (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**



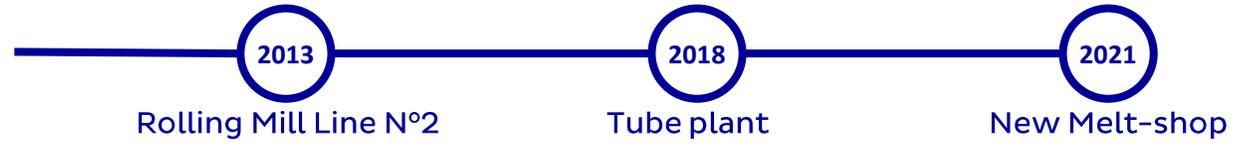
**Largest long-steel products producer** in Peru



**Product availability** vs importers



**Competitive energy costs**



# RAW MATERIALS FLEXIBILITY



## Further initiatives & developments

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

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

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

Investment in **Pig Iron production capacity**





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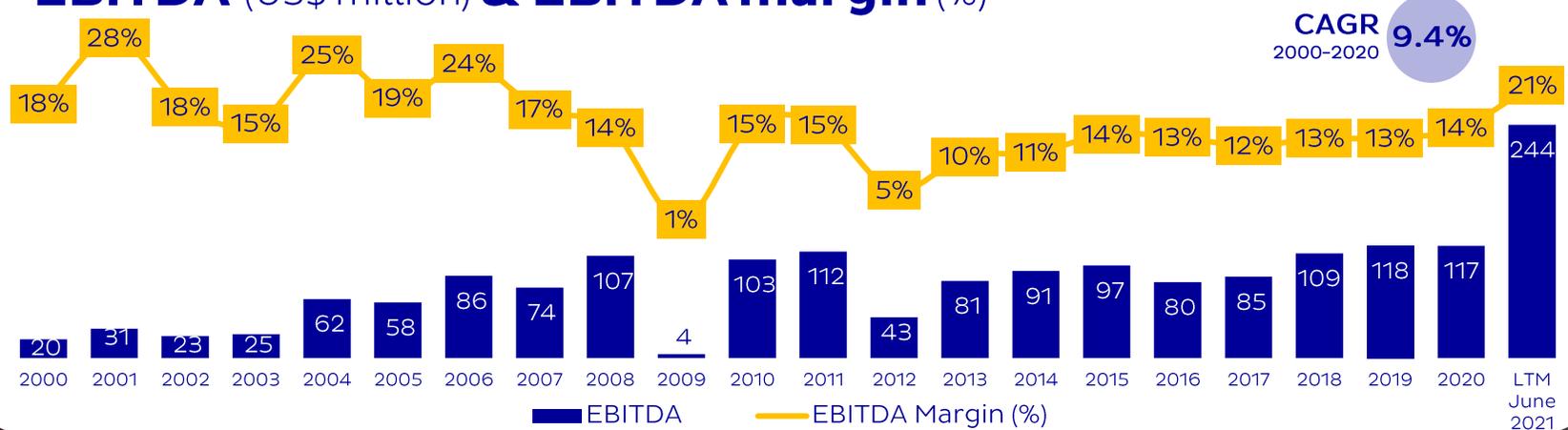
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Corporate governance

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



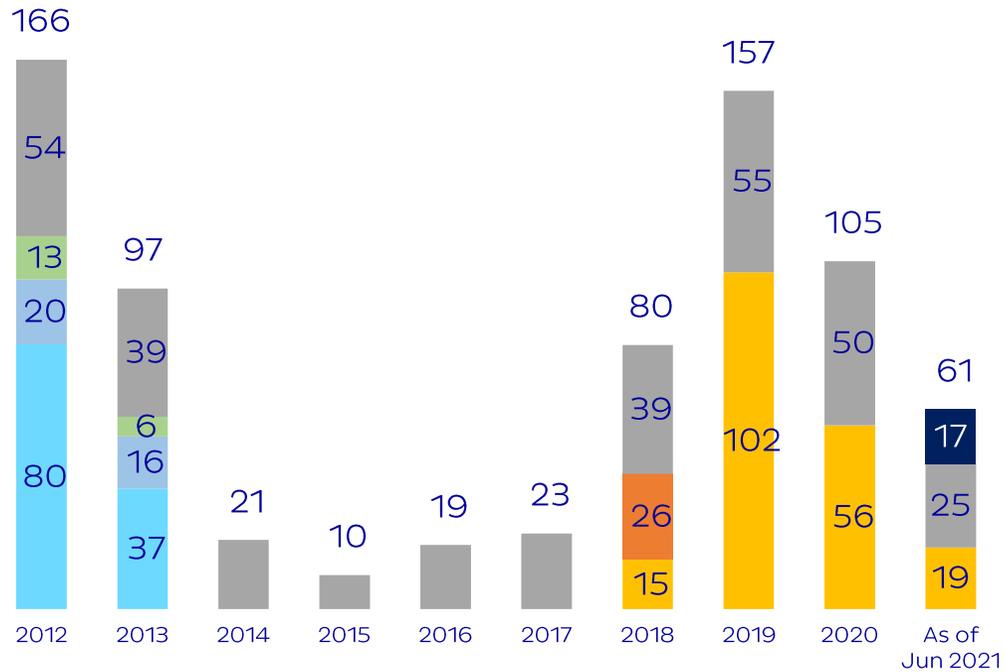
## EBITDA (US\$ million) & EBITDA margin (%)



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

# Following a roadmap of timely investments

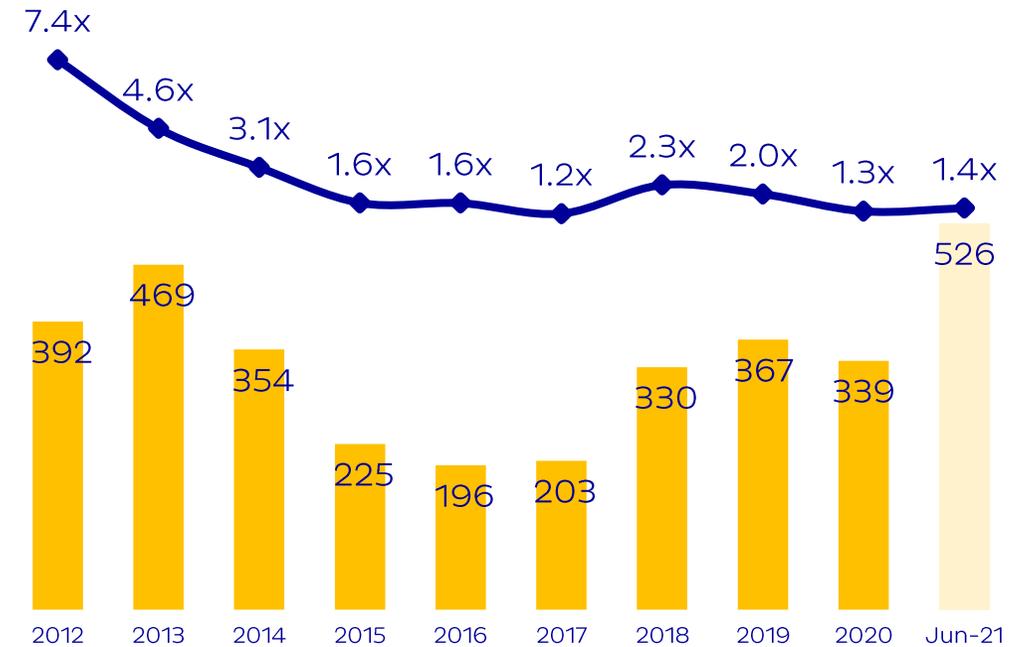
## CAPEX (US\$ million)



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

## Total Debt (US\$ million)

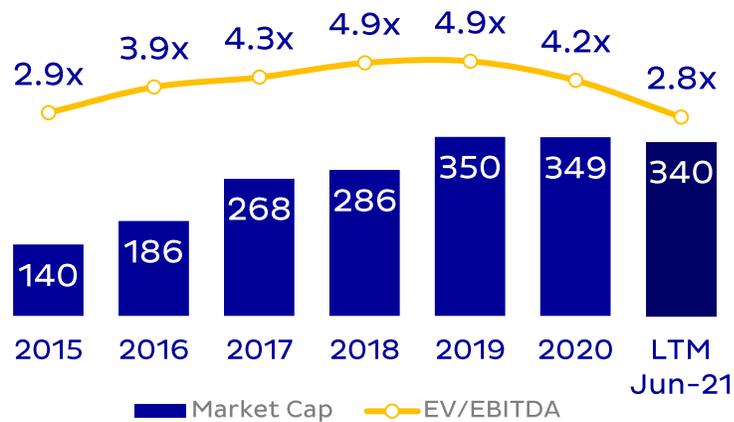
## Net debt / EBITDA (US\$ million)



■ Total Debt ◆ Net debt / EBITDA

Continued to trade at attractive multiples as of June 2021

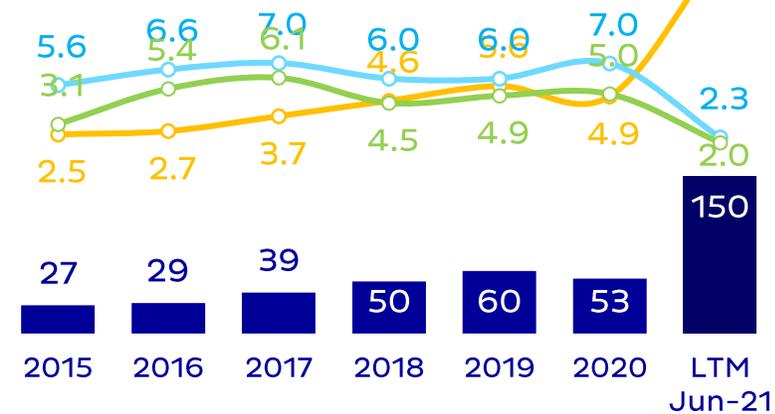
## Market Valuation (US\$ million)



Note: Market Cap does not consider Treasury stock

## Net Profit (US\$ million)

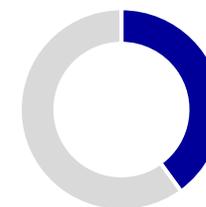
CAGR<sub>15-20</sub>: 14%



Note: Net Profit of 2018 not considering badwill

## Dividends paid (US\$ million)

CAGR<sub>15-20</sub>: 20%



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

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



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Financial highlights

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● 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 **Urquiaga\***  
Andreas **Von Wedemeyer**

## Management Team



**Ricardo Guzmán**  
CFO, IRO

**Humberto Barragán**  
Internal Audit

**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



44%

Independent

# ¿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 an expanding footprint over the region



**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)
- Scrap yards
- 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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