

1Q 2019 EARNINGS REPORT

Lima, Peru, April 26, 2019. Corporación Aceros Arequipa S.A. ("The Company" or "Aceros Arequipa") (BVL: CORAREC1 and CORAREI1) announced its unaudited consolidated financial results corresponding to the First Quarter ("1Q 2019") period ended March 31, 2019. Financial figures are reported on a consolidated and individual basis in nominal Peruvian Soles (S/) and are in accordance with International Financial Reporting Standards ("IFRS"). The following consolidated statements should be read in conjunction with the Financial Statements and Notes, published at the Peruvian Securities and Exchange Commission (Superintendencia del Mercado de Valores - SMV).

I. Main highlights

- 1 **Revenue** reached S/ 762.9 million (+15.8% YoY) during 1Q 2019, mainly explained by including Comercial del Acero's ("Comasa") revenues on the consolidated financial statements following its acquisition in September 2018.
- 2 **Gross Profit** totaled S/ 115.3 million (-1.1% YoY) during the quarter, mainly due to lower prices of certain products, higher costs and less exports to Other Markets. **Gross Margin** was 15.1% (-2.6 p.p. YoY) during the same period.
- 3 During 1Q 2019, **EBITDA** reached S/ 94.3 million (-4.8% YoY). **EBITDA Margin** was 12.4% during the same period (-2.7 p.p. YoY).
- 4 As of March 31, 2019, **Gross Financial Debt** amounted to S/ 1,125.1 million which reflected a **Net Debt / EBITDA** ratio of 2.30x, lower than the 2.33x at December 2018, primarily due to an increase of cash balance. 1Q 2019 ratio does not consider Comasa's full LTM EBITDA as it was acquired in September 2018.
- 5 The Annual Shareholders' Meeting held on March 20, 2019 approved a total cash dividend of S/ 60 million related to retained earnings of previous fiscal years. This represents an increase of 30% compared with the total dividend approved March 31, 2018.

Note: 4Q 2018 unaudited consolidated financial statements published at the Peruvian Securities and Exchange Commission (Superintendencia del Mercado de Valores - SMV) does not include Comasa's acquisition badwill as reported in the 2018 audited consolidated financial statement assessed by an external advisor.



During 1Q 2019
Revenue was
S/ 763 million
(+15.8% YoY)

EBITDA was S/ 94
million with a
margin of 12.4%,

Net Profit reached
S/ 43 million and
Net Margin was
5.7%

Net Debt / EBITDA
ratio reached 2.3x
as of March 2019

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Financial Summary

(\$/ million)	1Q 2018	1Q 2019	YoY	YTD 2018	YTD 2019	Var
Financial Figures						
Revenue	658.9	762.9	15.8%	658.9	762.9	15.8%
Gross Profit	116.5	115.3	-1.1%	116.5	115.3	-1.1%
Operating Profit	71.3	67.3	-5.6%	71.3	67.3	-5.6%
EBITDA	99.0	94.3	-4.8%	99.0	94.3	-4.8%
Net Profit	52.0	43.2	-16.9%	52.0	43.2	-16.9%
Capex ¹	10.9	89.1	717.4%	10.9	89.1	717.4%
Financial Margins						
Gross Margin	17.7%	15.1%	-2.6 p.p.	17.7%	15.1%	-2.6 p.p.
Operating Margin	10.8%	8.8%	-2.0 p.p.	10.8%	8.8%	-2.0 p.p.
EBITDA Margin	15.0%	12.4%	-2.7 p.p.	15.0%	12.4%	-2.7 p.p.
Net Margin	7.9%	5.7%	-2.2 p.p.	7.9%	5.7%	-2.2 p.p.
Earnings per share ²	0.20	0.19	-4.1%			
Other Figures, as of						
	Dec, 2018	Mar, 2019	YTD			
Net Debt ³	840.7	815.5	-3.0%			
Net Debt ³ / LTM ⁴ EBITDA	2.33x	2.30x	-0.04x			
<ol style="list-style-type: none"> 1. 1Q 2019 considers a \$/ 69.6 million Capex related to the new melt shop plant (financed through a capital lease agreement). 2. Earnings per share (EPS) defined as Net Profit LTM / Total Stock at the end of quarter excluding treasury stock. Expressed in \$/ per share 3. Total Financial Debt (includes leases with suppliers) 4. LTM: last twelve months 						

II. Income Statement

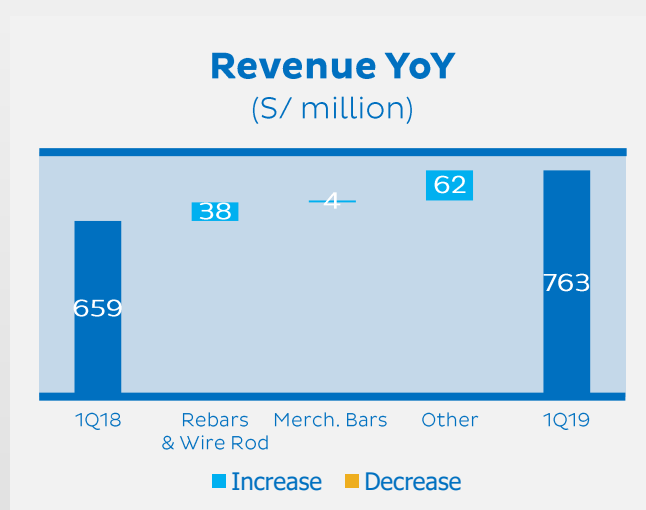
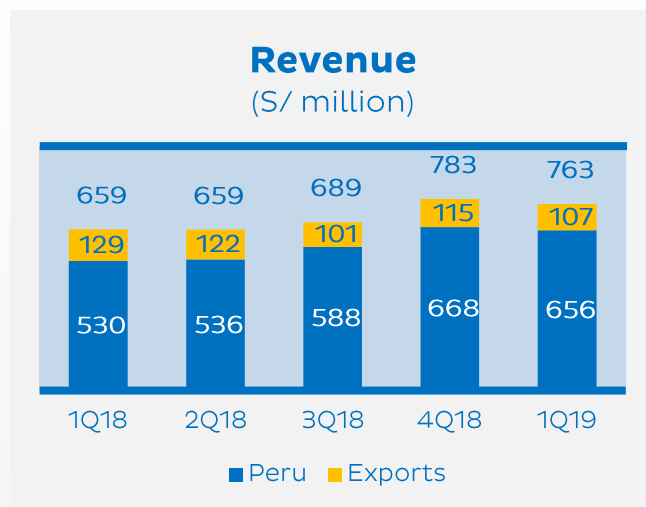
Revenue

During 1Q 2019, Revenue reached S/ 762.9 million (+15.8% YoY).

Revenue increase was mainly due to the consolidated financial statements including revenue from Comercial del Acero as of September 2018. Domestic revenues increased S/ 126.4 million (+23.9% YoY) and Exports decreased S/ 22.5 million (-17.4% YoY), respectively.

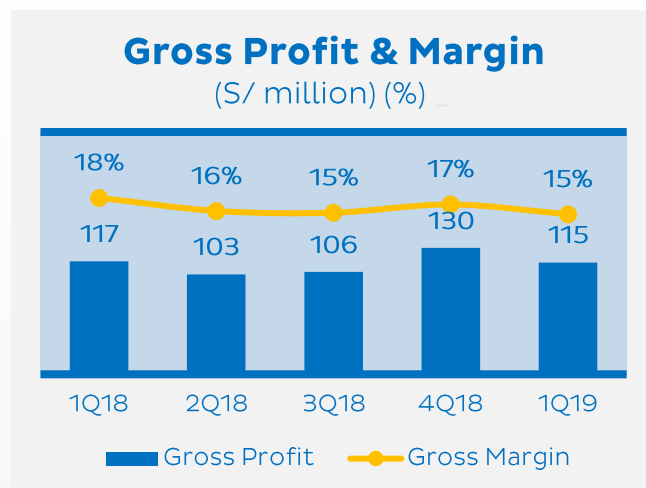
During the quarter, Export Revenue represented 14.0% of Total Revenue, compared to 19.6% in 1Q 2018. Bolivia remains the main destination for the Company's exports during the quarter. Exports decline was mainly explained by revenues from other markets than Bolivia.

On a per-category basis, Revenue increase was mainly driven by i) "Other" category which increased S/ 61.9 million (+49.2% YoY), mainly explained by revenue from Comercial del Acero and ii) "Rebars and wire rod" core category, which increased S/ 38.1 million (+8.3% YoY).



Gross Profit

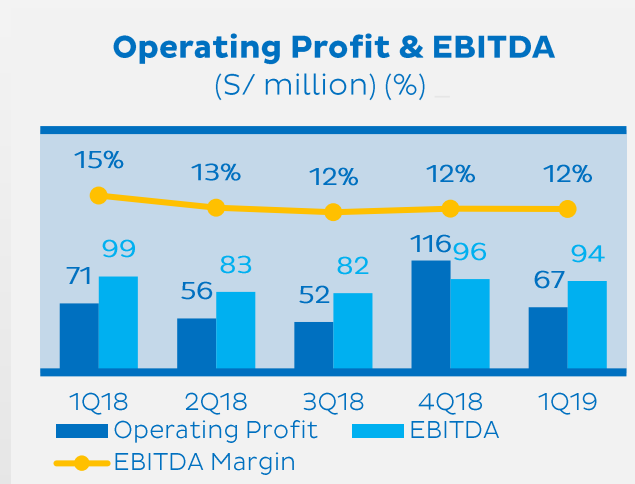
Gross Profit reached S/ 115.3 million (-1.1% YoY) during 1Q 2019, mainly driven by lower prices of certain products, higher costs and fewer exports to Other Markets. This was mainly offset by Comasa's Gross Profit reported on the consolidated financial statements. Consequently, Gross Margin was 15.1% (-2.6 p.p. YoY).



Operating Profit & EBITDA

Operating Profit reached S/ 67.3 million (-5.6% YoY) during 1Q 2019 compared to the S/ 71.3 million in 1Q 2018, and Operating Margin reached 8.8%.

Earnings before interest, taxes, depreciation and amortization (EBITDA) during 1Q 2019 reached S/ 94.3 million (-4.8% YoY), which resulted in an EBITDA Margin of 12.4%; 2.7 p.p. lower compared to 1Q 2018.



Operating Profit and EBITDA were lower mainly due to lower Gross Profit and higher Selling Expenses.

The Selling Expense increase was mainly due to the inclusion of Comasa's expenses in 1Q 2019 whereas in 1Q 2018, such expenses were not included, as the Comasa's acquisition took place in September 2018. SG&A as a percentage of Revenue reached 6.0%, similar to 1Q 2018.

Other Net Operating Expenses reached S/ 2.5 million, an increase of S/ 3.3 million compared to 1Q 2018, due to the profit from the sale of fixed assets.

Net Financial Expenses

During 1Q 2019, Net Financial Expenses were S/ 9.7 million, a S/ 4.4 million increase YoY due to higher Financial expenses of S/ 5.4 million.

On the other hand, Exchange Rate Differences were positive by S/ 3.9 million, a S/ 2.7 million increase YoY.

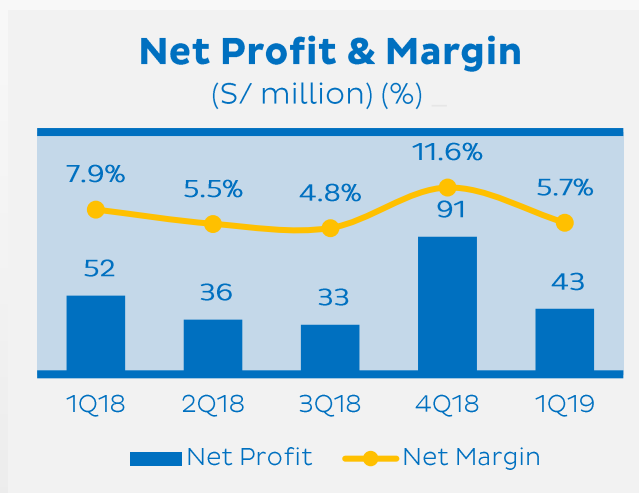
Net Profit

Net Profit reached S/ 43.2 million during 1Q 2019 (-16.9% YoY).

Net Profit decrease was mainly due to a lower Gross Profit and higher Selling Expenses.

Consequently, Earnings per Share, considering Last-Twelve-Months Net Profit, reached S/ 0.19 in 1Q 2019, lower than the S/ 0.20 reported in 1Q 2018.

4Q 2018 Net Profit includes Comasa's acquisition goodwill of S/ 50.6 million as reported in the 2018 audited consolidated financial statement assessed by an external advisor.



III. Balance Sheet

Assets

As of March 31, 2019, Total Assets reached S/ 3,845.1 million, representing a decrease of S/ 4.0 million versus December 31, 2018 as Current Assets decreased by S/ 49.7 million, which was partially offset by an increase of Non-Current Assets by S/ 45.6 million.

Current Assets were lower as of March 31, 2019, mainly due to a lower balance of:

- i Inventories (-S/ 108.2 million, or -8.9% YTD), mainly due to a lower stock of imported and produced billet and finished products.
- ii Other Accounts Receivable (-S/ 24.9 million, or -49.7% YTD), mainly due to a higher use of the tax credit balance generated by Value-added Tax of S/ 13.5 million versus S/ 33.7 million as of December 31, 2018.

These decreases were partly offset by a higher Cash and Equivalents balance by S/ 64.8 million, or +26.5% YTD, mainly as a result of the EBITDA generation and a reduction in inventories.

Days Sales Outstanding decreased to 58.7 days as of March 31, 2019 from 58.9 as of December 31, 2018; while Days Inventory on Hand decreased to 162.8 days as of March 31, 2019 from 186.9 days as of December 31, 2018.

Non-Current Assets increase was driven by Capex, mainly due to investments in the new melt shop plant under construction. Consequently, Net, Property, Plant and Equipment increased by S/ 58.8 million (+3.8% YTD), while security Investments increased by S/ 1.4 million.

Liabilities

At the close of March 2019, Total Liabilities reached S/ 1,819.9 million, a decrease of S/ 21.5 million, due to lower Current Liabilities by S/ 49.0 million, which were partly offset by higher Non-Current Liabilities by S/ 27.4 million.

Current Liabilities were lower mainly due to a lower balance of:

- i Accounts Payable (-S/ 43.2 million, or -9.9% YTD)
- ii Other Accounts Payable (-S/ 41.2 million, or -41.3% YTD)

Days of Payables Outstanding decreased to 64.1 days as of March 2019 from 70.1 days as of December 2018.

As of March 2019, Total Financial Debt was S/ 1,125.1 million (including supplier leases), S/ 39.6 million higher than as of December 2018.

Current Financial Debt as of March 31, 2019 was S/ 735.6 million, S/ 1.5 million lower than as of December 2018 and of which S/ 646.4 million was explained by Working Capital Financing.

Non-Current Financial Debt was S/ 389.5 million, S/ 41.1 million higher than as of December 2018 explained by the new Melt Shop financial lease.

As of March 2019, 41% of Total Debt was denominated in Soles, while the remainder was denominated in U.S. Dollars.

Shareholders' Equity

At the close of March 2019, Shareholders' Equity was S/ 2,025.2 million, S/ 17.5 million higher compared to S/ 2,007.7 million as of December 2018. The variation is mainly explained by the 1Q 2019 Net Profit after deducting the dividend payment of S/ 26.8 million. It is important to point out that as of March 31, 2019, LTM dividends reached S/ 60.1 million.

IV. Cash Flow Statement

Cash Flow from Operations

As of March 31, 2019, Cash Flow from Operations was S/ 89.6 million explained by EBITDA generation and lower inventories and other accounts receivables that were partially offset by lower accounts payable and other accounts payable.

Cash Flow from Investing

As of March 31, 2019, Cash Flow from Investing was -S/ 10.2 million, mainly due to investments in fixed assets of S/ 19.6 million offset by asset sales and interest received that amounted to S/ 9.4 million.

These figures don't include S/ 69.6 million related to the new melt shop plant, which is financed through a capital lease agreement.

Cash Flow from Financing

As of March 31, 2019, Cash Flow from Financing was -S/ 14.7 million, mainly as a result of interest payments of S/ 12.6 million.

These figures don't include the capital leasing agreement of S/ 69.6 million for the new melt shop plant.

V. Relevant Events in 1Q 2019

- 1 The New Melt Shop Plant, (US\$ 180 million), which will have a capacity of more than 1,250 thousand tons of billet, is on schedule. The Company expects to start operations by 2020.
- 2 Regarding the acquisition of Comercial de Acero S.A., which took place in September 2018, Aceros Arequipa is implementing several initiatives in order to achieve efficiencies, capture synergies and boost value. The Company expects to successfully complete the first integration phase during the second quarter of 2019.
- 3 In January 2019, the Peruvian Securities and Exchange Commission approved the Company's Third Debt Securities Program for up to US\$ 300 million to be issued in Soles and US Dollars.
- 4 The Annual Shareholders' Meeting held on March 20, 2019 approved a cash dividend of S/ 60,055,000.00 related to retained earnings of previous fiscal years. This represents an increase of 30% compared with the total dividend approved March 31, 2018. A first portion of the dividend for a total of S/ 10,666,000.00 was paid on September 5, 2018, and a second portion of the dividend for a total of S/ 22,584,000.00 was paid on December 7, 2018. The remaining balance of S/ 26,805,000.00, which results in a dividend per common and investment share of S/ 0.02497517 will be paid on May 3, 2019.

Conference Call Information

Corporación Aceros Arequipa S.A. cordially invites you to participate in its First Quarter 2019 Earnings Conference Call

Date: Tuesday, April 30, 2019

Time: 12:30 pm ET / 11:30 am Lima Time

Dial in numbers:

From the U.S.: +1-877-830-2576

International: +1-785-424-1726

Passcode: AASA

To access the live webcast presentation, visit:

<https://services.choruscall.com/links/corarec11905304PPUBW0z.html>

About CORPORACIÓN ACEROS AREQUIPA S.A.

CORPORACIÓN ACEROS AREQUIPA S.A., founded in 1964, is the leading Peruvian Company in production and commercialization of steel products, with exports to Bolivia and other countries in the region. Its core products are rebars and wire rod and other products for the construction industry as well as merchant bars & profiles and flat steel products. The Company has an industrial facility located in Pisco, Peru with an average per-year capacity of 850 thousand tons for its melt shop and 1,250 thousand tons in steel rolling mill. Aceros Arequipa employs over 1,100 people across its operations in Peru and subsidiaries. The Company's common and investment (non-voting) shares are listed on the Lima Stock Exchange under the ticker symbols CORAREC1 and CORAREI1, respectively. Currently, Aceros Arequipa has a stake in the following companies:

• Transportes Barcino:	99.92%
• Comercial del Acero:	99.99%
• Inmobiliaria Comercial del Acero Cajamarquilla:	33.65%
• Inmobiliaria Comercial del Acero Argentina:	33.65%
• Aceros del Altiplano:	99.00%
• Aceros Arequipa Iquitos:	99.90%
• Tecnología y Soluciones Constructivas:	99.90%
• Celepsa:	10.00%

Disclaimer

This Earnings Report 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 does not undertake any obligation to update the forward-looking statements included in this Earnings Report to reflect subsequent events or circumstances.

VI. Unaudited Financial Statements

Corporación Aceros Arequipa S.A.		Consolidated Financial Statement of Financial Position (In thousands Peruvian Soles)	
	Notes	March 31, 2019	December 31, 2018
Assets			
Current Assets			
Cash and Cash Equivalents	5	309,540	244,765
Accounts Receivable	6	448,359	432,417
Accounts Receivable from related parties	7	23,117	24,041
Other Accounts Receivable	8 y 10	34,827	56,101
Inventories	9	1,103,384	1,211,560
Other non-financial assets		0	0
Assets classified as held for sale	1	63,161	63,161
Total Current Assets		1,982,388	2,032,045
Non-Current Assets			
Other financial assets	13	25,525	27,651
Investments in subsidiaries, affiliates or joint ventures	11	109,204	107,822
Accounts Receivable from related parties	7	4,532	4,535
Other Accounts Receivable	8	9,129	9,129
Property, Plant and Equipment, Net	12	1,590,047	1,531,291
Intangible Assets, Net	14	86,137	91,188
Deferred Income tax Assets	19	0	0
Other non-financial assets	15	38,141	37,465
Total Non-Current Assets		1,862,715	1,809,081
TOTAL ASSETS		3,845,103	3,841,126
Liabilities and Shareholders' Equity			
Current Liabilities			
Other Financial Liabilities	16	735,591	737,062
Accounts Payable	17	364,156	437,177
Accounts Payable to related parties	7	40,322	17,523
Other Accounts Payable	18	88,343	99,650
Current Income Tax	19	24,730	10,692
Total Current Liabilities		1,253,142	1,302,104
Non-Current Liabilities			
Other Financial Liabilities	16	389,481	348,403
Accounts Payable	17	0	656
Other Accounts Payable		7,123	7,761
Deferred Income Tax Liabilities	19	170,138	174,470
Total Non-Current Liabilities		566,742	531,290
Total Liabilities		1,819,884	1,833,394
Shareholders' Equity			
Share Capital	20	890,858	890,858
Investment Shares	20	190,052	190,052
Treasury Shares	20	-7,644	-7,644
Other Capital Reserves	20	178,172	165,074
Retained Earnings	20	554,327	548,910
Other Shareholders' Equity Reserves	20	219,454	220,482
Total Shareholders' Equity		2,025,219	2,007,732
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,845,103	3,841,126

Corporación Aceros Arequipa S.A.

Consolidated Financial Statement of Comprehensive Income (In thousands Peruvian Soles)

	Notes	1Q 2019	1Q 2018	YTD 2019	YTD 2018
Revenue	21	762,911	658,940	762,911	658,940
Cost of Goods Sold	22	-647,636	-542,431	-647,636	-542,431
Gross Profit (Loss)		115,275	116,509	115,275	116,509
Selling and Distribution Expenses	23	-25,821	-19,291	-25,821	-19,291
Administrative Expenses	24	-19,622	-20,103	-19,622	-20,103
Other Operating Income	26	6,425	3,479	6,425	3,479
Other Operating Expenses	26	-8,968	-9,296	-8,968	-9,296
Operating Profit (Loss)		67,289	71,298	67,289	71,298
Financial Income	27	2,892	1,966	2,892	1,966
Financial Expenses	27	-12,600	-7,241	-12,600	-7,241
Other income (Expenses) from subsidiaries, affiliated and joint ventures	11	1,067	3,674	1,067	3,674
Exchange Rate Differences, Net	31	3,939	1,234	3,939	1,234
Profit (Loss) before taxes		62,587	70,931	62,587	70,931
Income Tax Expense	19	-19,360	-18,933	-19,360	-18,933
Profit (Loss) from Discontinued Operations		0	0	0	0
Net Profit (Loss)		43,227	51,998	43,227	51,998
Earnings Per Share					
Basic in Continued Operations of Common Stock		0.041	0.049	0.041	0.049
Basic in Discontinued Operations of Common Stock		0.000	0.000	0.000	0.000
Total Earnings Per Share of Common Stock		0.041	0.049	0.041	0.049
Basic in Continued Operations of Investment Stock (Non-voting)		0.041	0.049	0.041	0.049
Basic in Discontinued Operations of Investment Stock (Non-voting)		0.000	0.000	0.000	0.000
Total Earnings Per Share of Investment Stock (Non-Voting)		0.041	0.049	0.041	0.049

Corporación Aceros Arequipa S.A.

Consolidated Financial Statement of Cash Flow - Direct Method (In thousands Peruvian Soles)

	Notes	Jan 01 - Mar 31 2019	Jan 01 - Mar 31 2018
Cash Flow from Operating Activities			
Collections due to Operating Activities			
Sales of Goods and Services Offered		736,940	652,737
Other Operating Collections		30,847	-2,821
Payments due to Operating Activities			
Suppliers of Goods and Services		-608,883	-595,007
Payments and payments on account to employees		-49,464	-60,023
Income Tax		-19,841	-13,741
Net Cash Generated by Operating Activities		89,599	-18,855
Cash Flow from Investing Activities			
Collections due to Investing Activities			
Sale of Property, Plant and Equipment	26	6,506	1,617
Interests Received	27	2,892	1,966
Dividends Received		0	0
Payments due to Investing Activities			
Purchase of Subsidiaries, Net of Cash Acquired		0	0
Purchase of Property, Plant and Equipment	12	-18,921	-10,820
Purchase of Intangible Assets	14	-640	-85
Purchase of Other Long Term Assets		0	0
Net Cash Generated by Investing Activities		-10,163	-7,322
Cash Flow from Financing Activities			
Collections due to Financing Activities			
Short term and long-term loans	16	517,441	208,911
Payments due to Financing Activities			
Short term and long-term loans amortization	16	-519,502	-123,625
Interests paid	27	-12,600	-7,241
Dividends paid		0	0
Net Cash Generated by Financing Activities		-14,661	78,045
Net Increase (Reduction) of Cash and Equivalents before Exchange Rate Changes		64,775	51,868
Effects of Exchange Rate Changes on the balance of Cash Held in Foreign Currencies		0	0
Net Increase (Reduction) of Cash and Equivalents		64,775	51,868
Cash and Cash Equivalents at the beginning of the year		244,765	336,337
Cash and Cash Equivalents at the end of the period	5	309,540	388,205