ACEROS AREQUIPA

1Q2019 EARNINGS PRESENTATION

Disclaimer

This Earnings 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 Earnings Presentation to reflect subsequent events or circumstances.

This information corresponds to consolidated financial statements.

1Q 2019 Agenda

Corporate Structure – Aceros Arequipa Group

- Production and sale of **steel products**
- **Exports to Bolivia** and other countries in the region
- Capacity (tons per year – nominal):
  - **Liquid Steel:** 0.85 million – Pisco
  - **Long Products:** 1.3 million – Pisco
  - **Tubes:** 36k – Callao
- Revenue 2018: S/ 2,623 MM
- EBITDA 2018: S/ 343 MM

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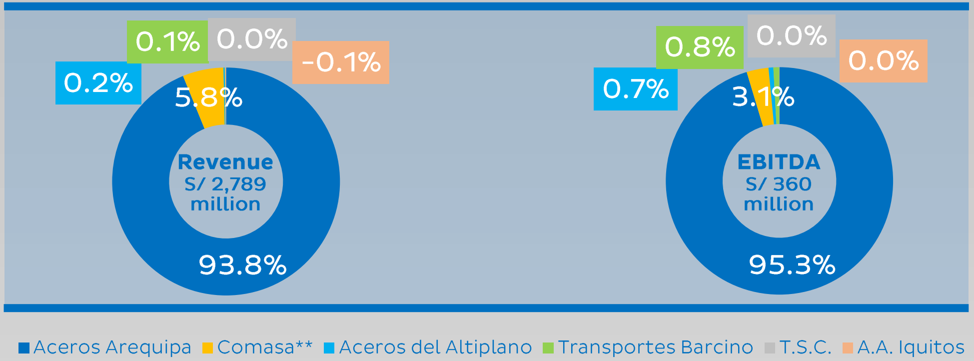
FY 2018 Consolidated Figures Breakdown*



SUBSIDIARIES / AFFILIATED

99.92%	99.99%	33.65%	33.65%	10.00%	99.00%	99.90%	99.90%
TRANSPORTES BARCINO S.A.	COMERCIAL DEL ACERO	INMOBILIARIA COMERCIAL DEL ACERO ARGENTINA S.A.	INMOBILIARIA COMERCIAL DEL ACERO CAJAMARQUILLA S.A.	celepsa	ACEROS DEL ALTIPLANO	ACEROS AREQUIPA IQUITOS	TECNOLOGÍA Y SOLUCIONES CONSTRUCTIVAS
Local and regional cargo transportation	Steel products trader Steel services supplier	Real Estate Company	Real Estate Company	02 Hydroelectric power plants 1. El Platanal 220MW 2. Marañón 18.4MW	Bolivian Scrap Supplier and strategic comercial arm of The Company	Sales Coverage in North-eastern Peru	Value-added design and engineering services for the construction industry
Revenue 2018: S/ 25 MM	Revenue 2018: S/ 484 MM	Note: Pre-Acquisition Real Estate spin-off of Comercial del Acero	Note: Pre-Acquisition Real Estate spin-off of Comercial del Acero		Revenue 2018: S/ 65 MM	Revenue 2018: S/ 23 MM	

Not included as part of the consolidated financial statements.

Note: (*) Consolidated figures for each subsidiary are net of intercompany transactions
(**) Comasa's figures shown in consolidated financial statements are since acquisition date in September 2018.

1Q 2019 Agenda

1Q 2019 Relevant Events

New Melt Shop Project
Project for a new melt shop with over 1.25 million tons capacity is on schedule and due mid-2020

Third Debt Securities Program Approval
In January, 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

Cash Dividend
In March, the Shareholders' Meeting approved a dividend payment of S/ 60.1 million, 30% higher than dividends approved in the same period of 2018

1Q 2019 Agenda

1Q 2019 Results Snapshot (in million of Peruvian Soles S/)

Revenue
1Q 2019
762.9
+104.0 YoY
(+15.8%)

EBITDA
1Q 2019
94.3
Margin: **12.4%**
-4.8 YoY
(-4.8%)

Gross Profit
1Q 2019
115.3
Margin: **15.1%**
-1.2 YoY
(-1.1%)

Capex
1Q 2019
89.2
+78.2 YoY
(+717.4%)

Operating Profit
1Q 2019
67.3
Margin: **8.8%**
-4.0 YoY
(-5.6%)

Net Debt
as of March '19
815.5
x EBITDA: **2.30x**
-25.2 YTD
(-3.0%)

Net Profit
1Q 2019
43.2
Margin: **5.7%**
-8.8 YoY
(-16.9%)

1Q 2019 Agenda

Revenue was S/ 104.0 million higher (+15.8%) YoY, driven by local sales (+23.9% YoY), boosted by the takeover of Comasa

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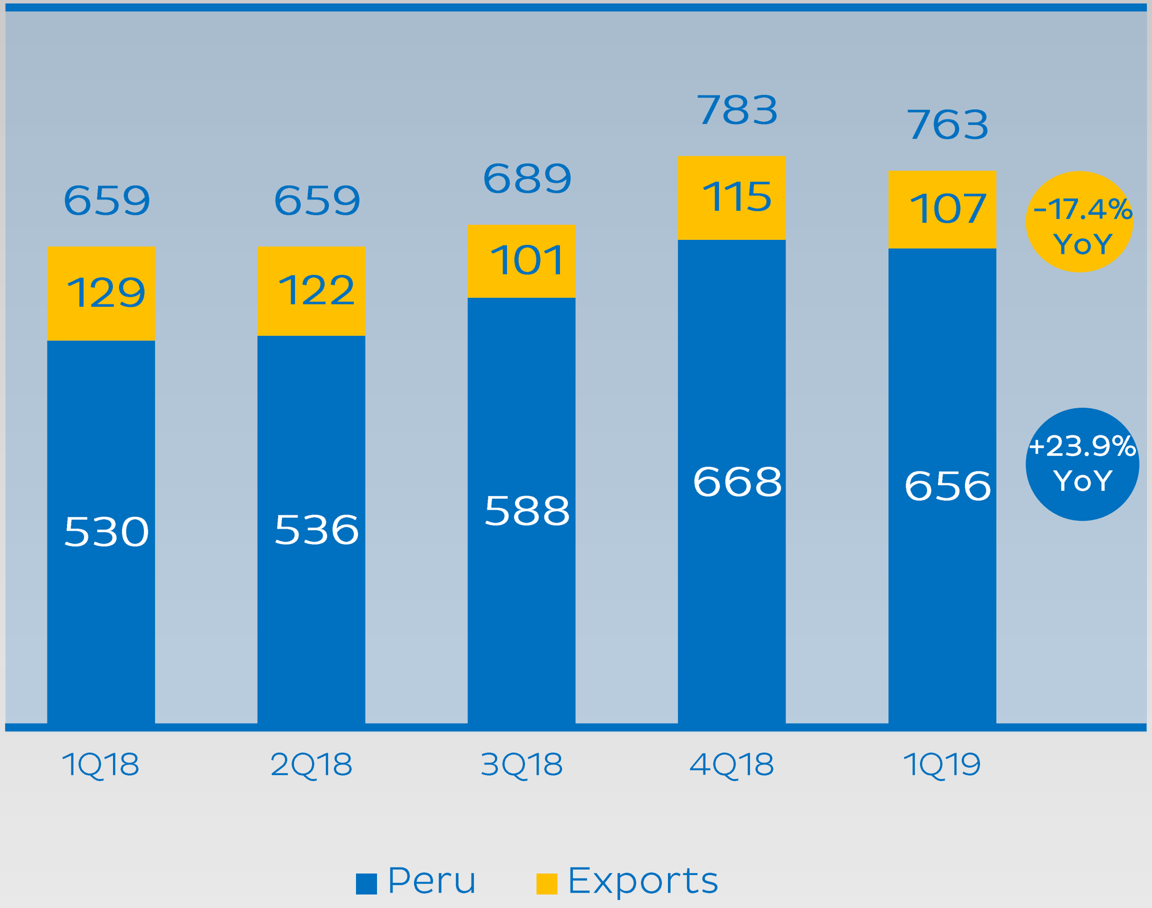
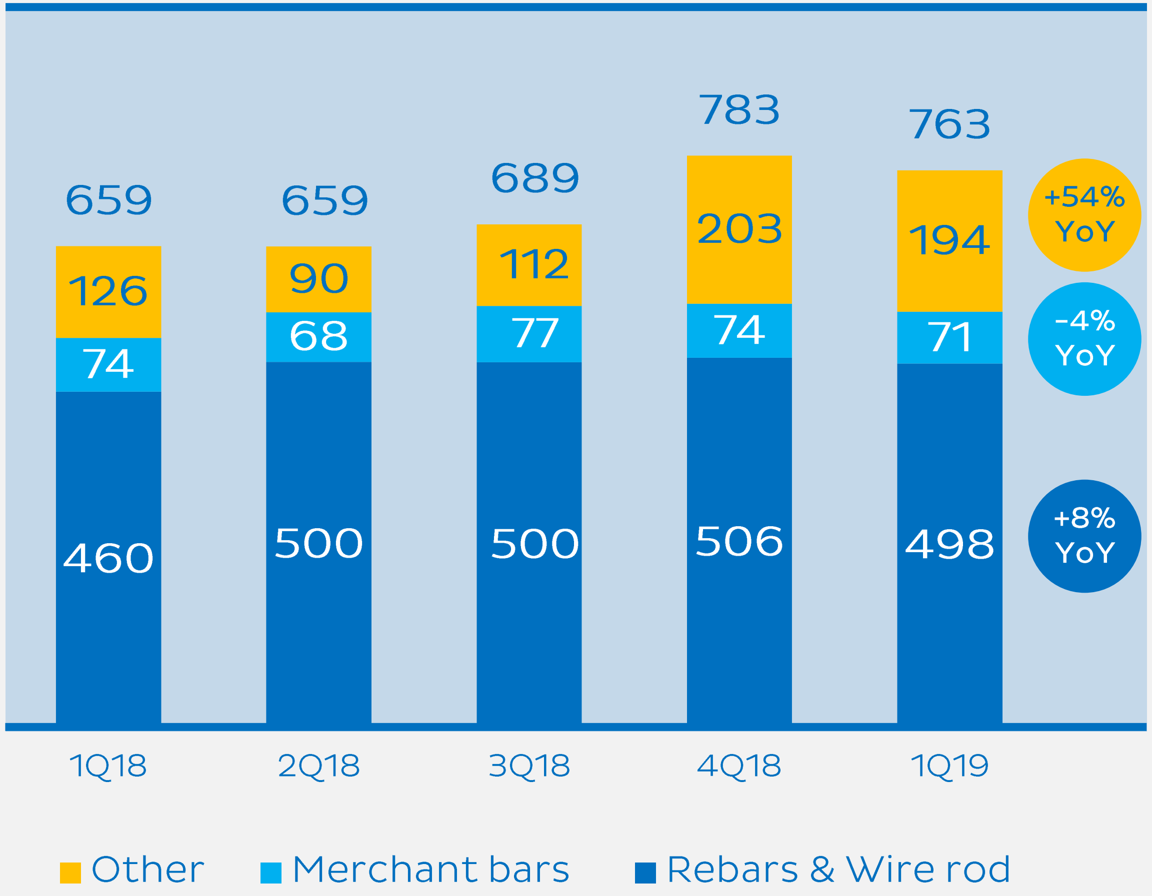
Revenue (S/ million) by Destination

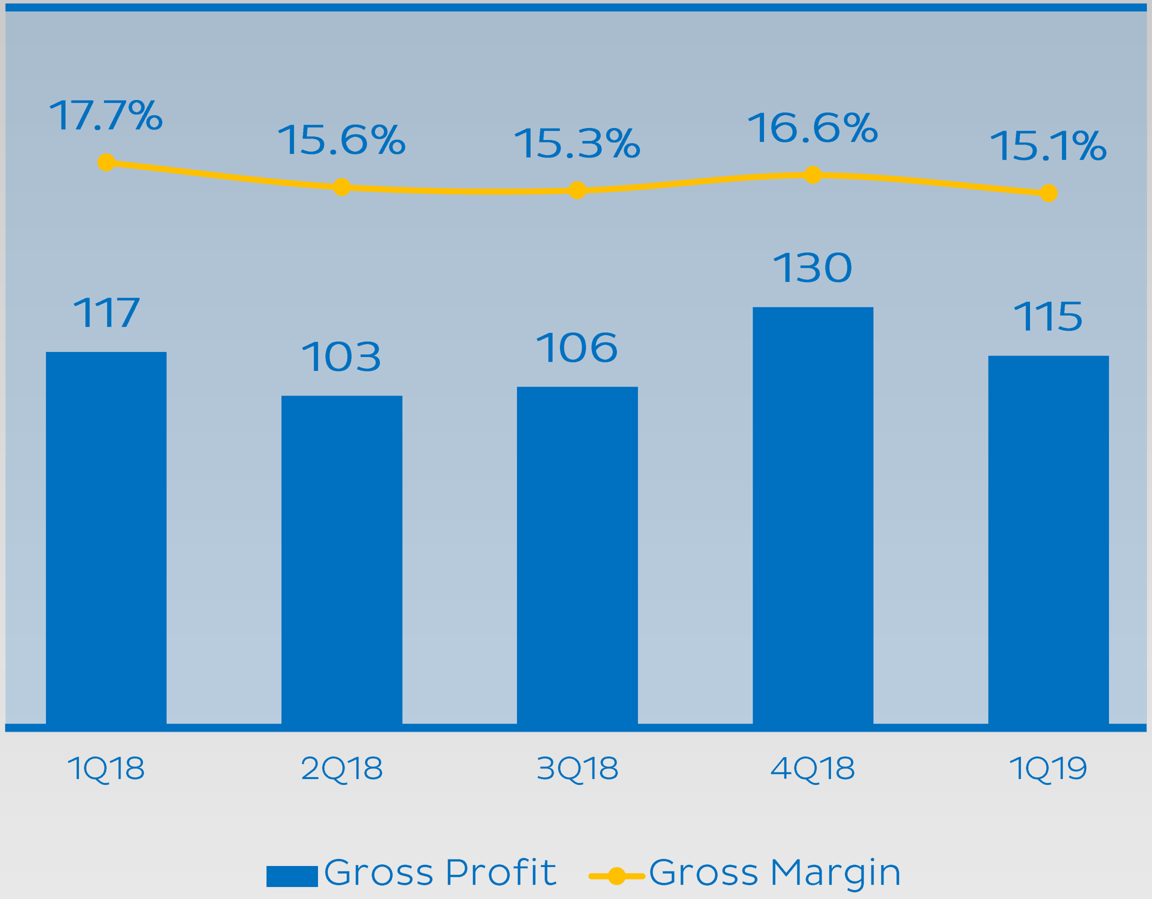


Revenue (S/ million) by Product Category

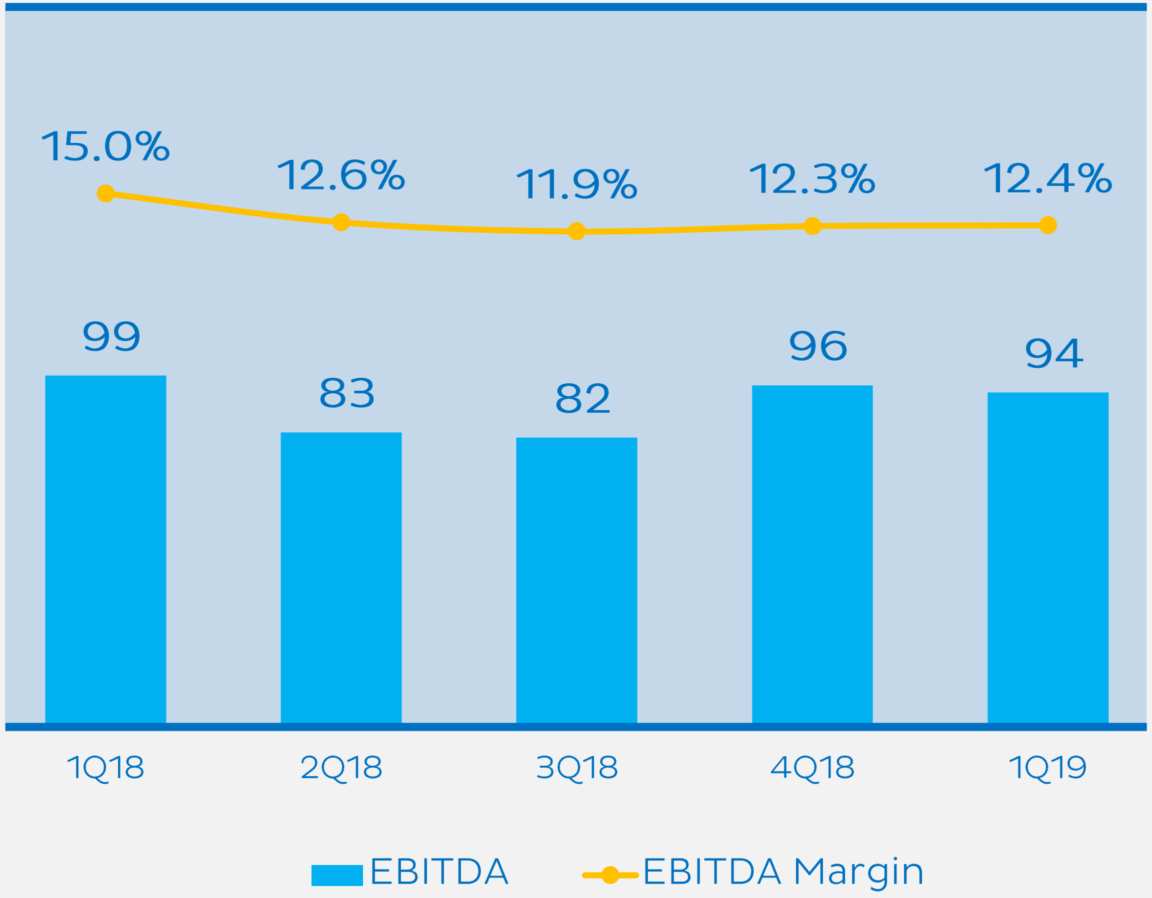


Gross Profit was slightly lower (-1% YoY), while Gross Margin lowered to 15%

Gross Profit (S/ million) / Gross Margin (%)

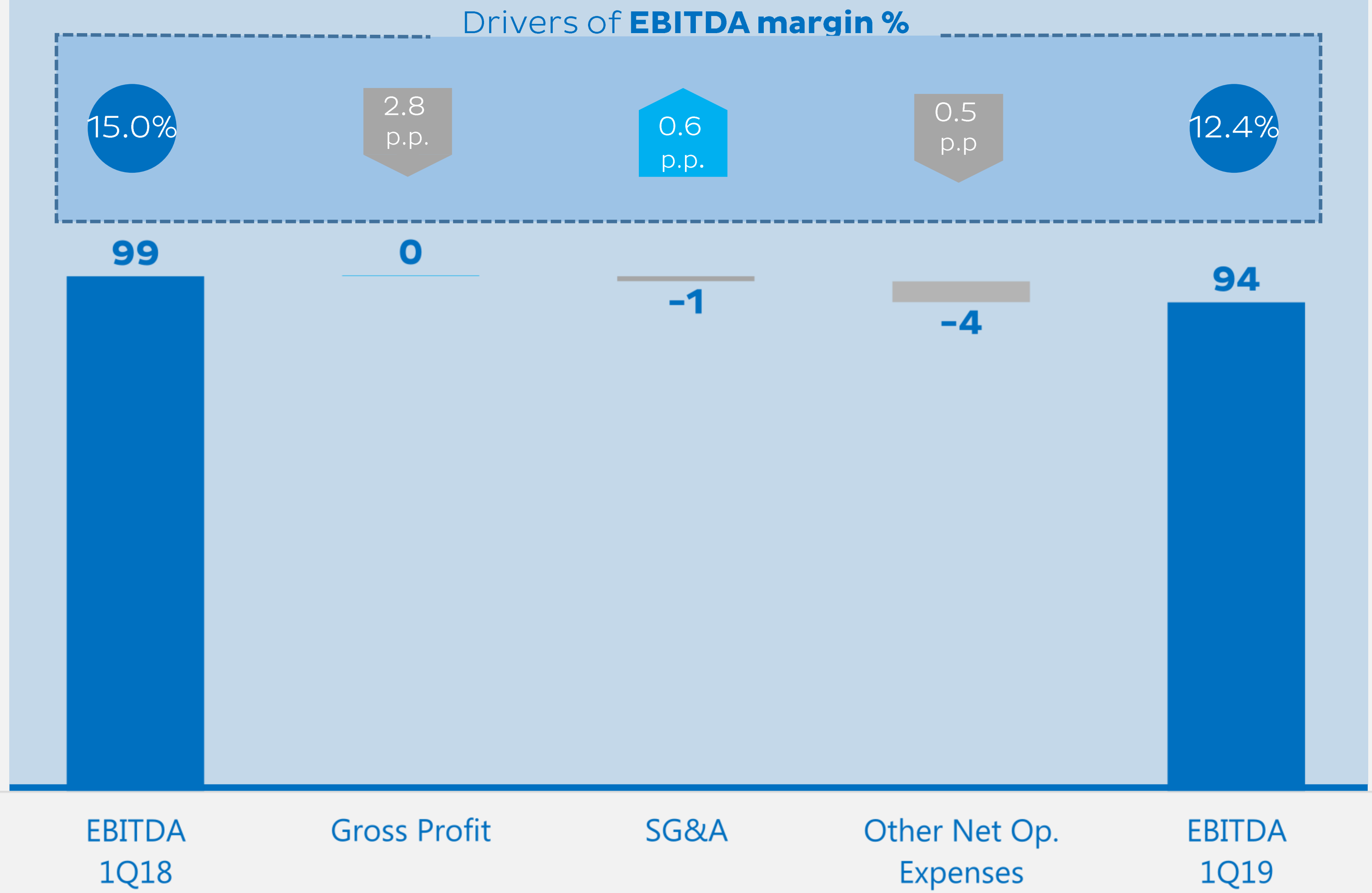


EBITDA (S/ million) / EBITDA Margin (%)



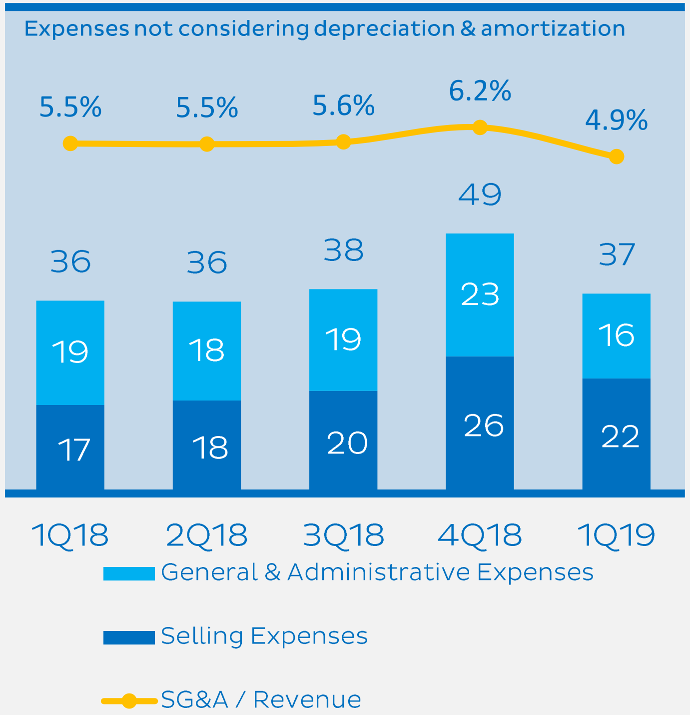
EBITDA was S/ 94 million, S/ 5 million lower YoY due to higher Other Net Operating Expenses

Main drivers of EBITDA YoY (S/ million)



- **SG&A (excluding D&A)** increased S/ 1 million YoY, but improved as a percent of Revenue
- **Other net op. expenses** (excluding asset sales) increased due to non-recurring employee termination payments

SG&A Expenses (S/ million)



Note: (*) Gross Profit and SG&A exclude Depreciation and Amortization.
(**) Other Net Operating Expenses does no consider fixed asset sales and write-offs.

Net Profit was S/ 43 million, S/ 9 million lower YoY, mainly due to a lower Operating Profit and higher Net Financial Expenses

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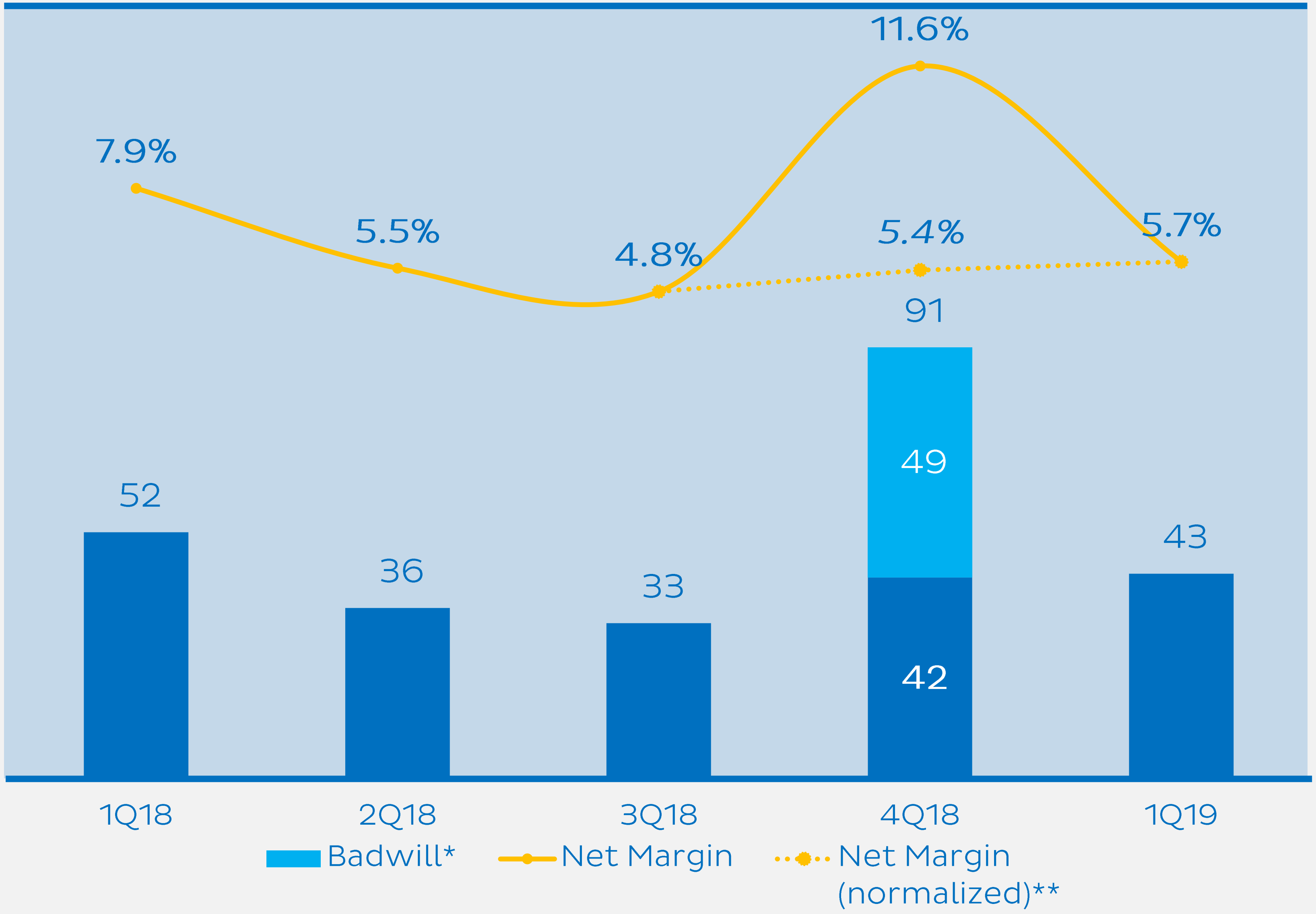
Net Profit (S/ million) / Margin (%)



- **Net Financial Expenses increased S/ 4.4 million**
  - Higher Financial Expenses of S/ 5.4 million
  - Higher Financial Income of S/ 0.9 million
- **Income from investments in other Companies was S/ 2.6 million lower**

Note: (*) Badwill originated after the Comasa takeover, net of deferred taxes. To be amortized in the following periods.
(**) Net Margin excluding Badwill.

Total debt increased due to scheduled financing for the new melt shop project. All other debt lowered as of March 2019

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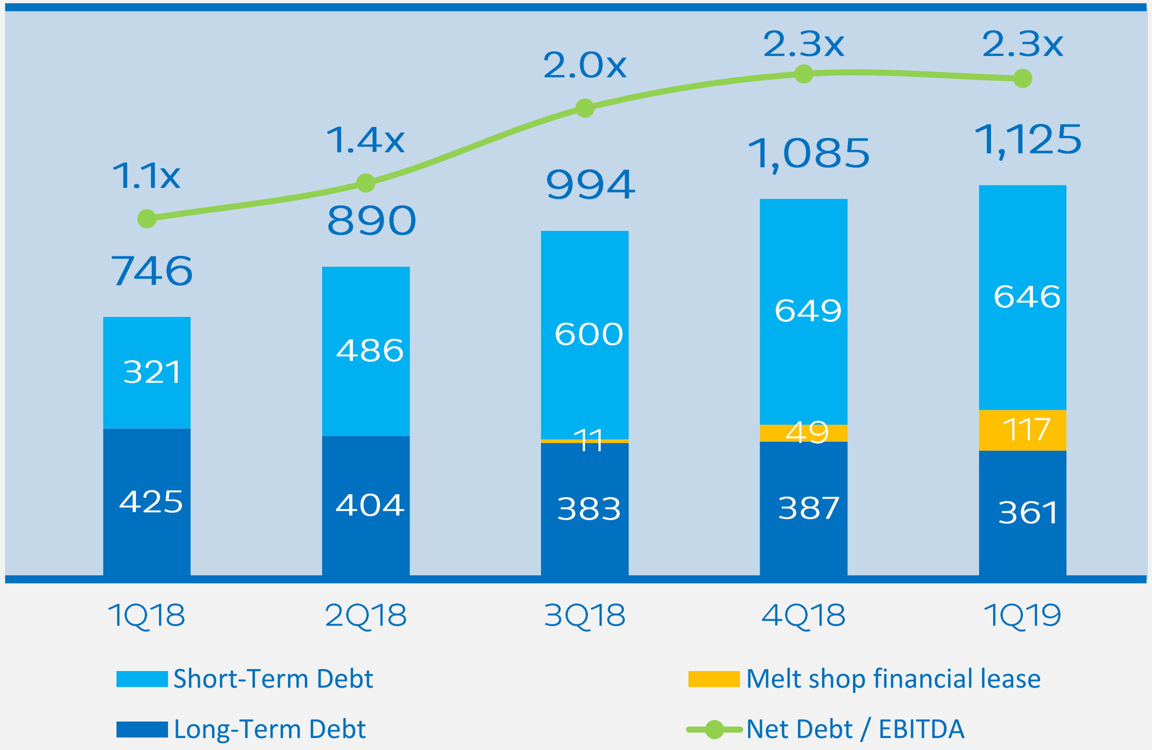
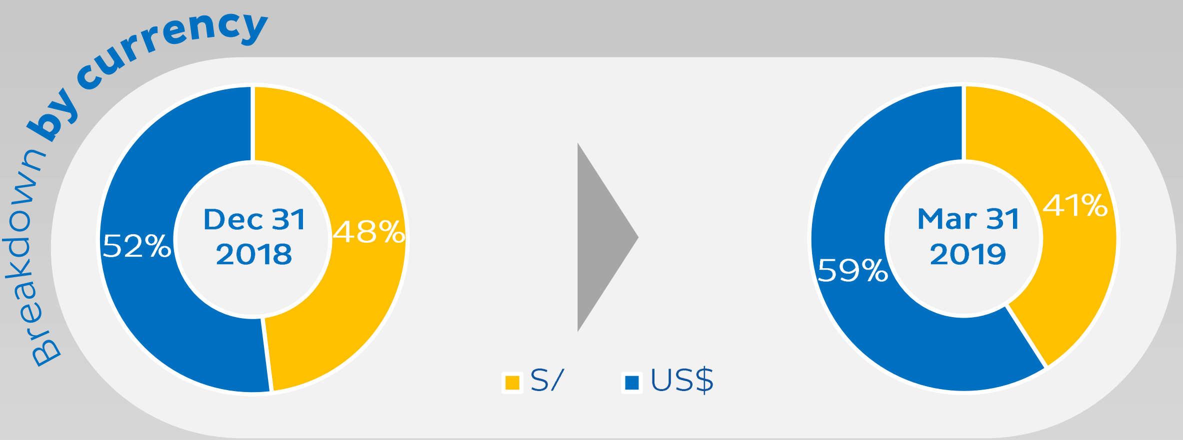
Total Debt by Type (S/ million)



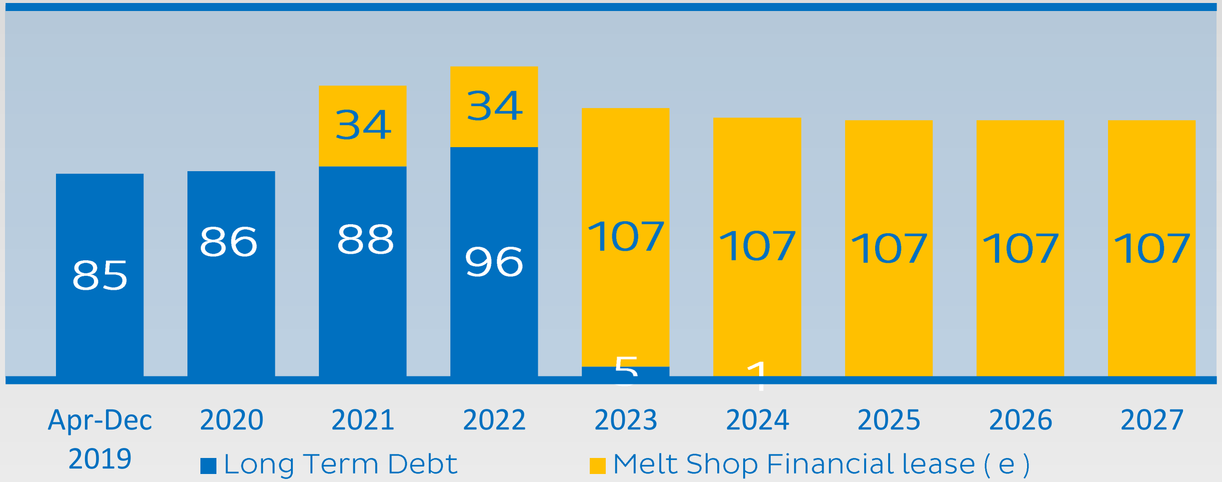


Other Financial Ratios

	Value as of Mar 31 2019
Leverage (Total Liabilities / Shareholders' Equity)	0.90x
Financial Expenses Coverage (EBITDA / Fin. Expenses)	7.48x
Liquidity (Current Assets / Current Liabilities)	1.58x

Note: (*) Net Debt/EBITDA ratio does not consider full LTM EBITDA for Comasa as it was acquired on Sep 2018. As of march Non Consolidated Net Debt/EBITDA ratio was 1.91x
(**) The new melt shop financial lease limit, based on non consolidated financial statements, is 4.50x until 2020 and 3.50x starting 2021.

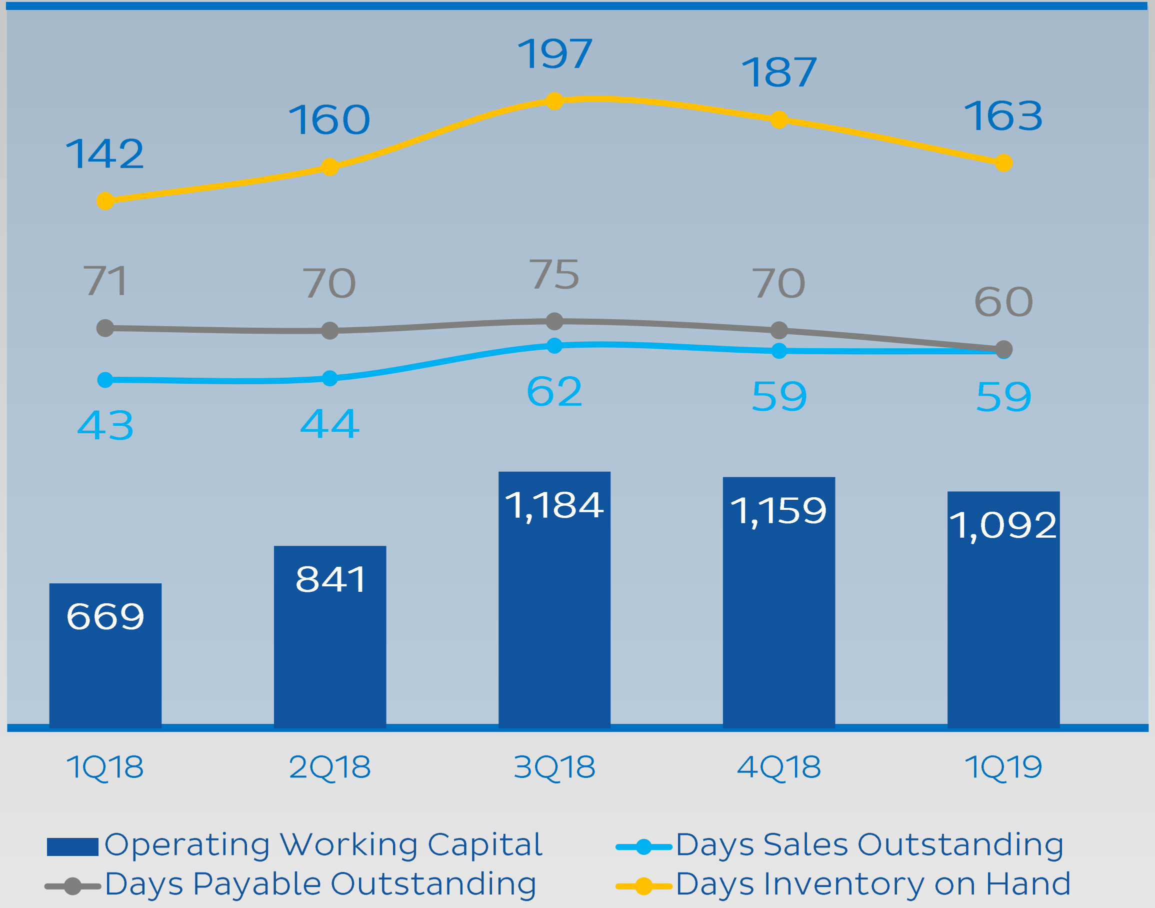
Long Term Debt Amortization Schedule (S/ million)



Note:
(1) Only showing debt with financial institutions. Does not consier Leasings with suppliers with a balance of S/ 24 milion
(2) The amortization schedule of the new melt shop Financial lease considers the full disbursement of the financial lease.
(3) For illusttation purposes USD / PEN = 3.35

Operating Working Capital requirements were S/ 1.1 billion; CAPEX for FY 2018 was S/ 224 million

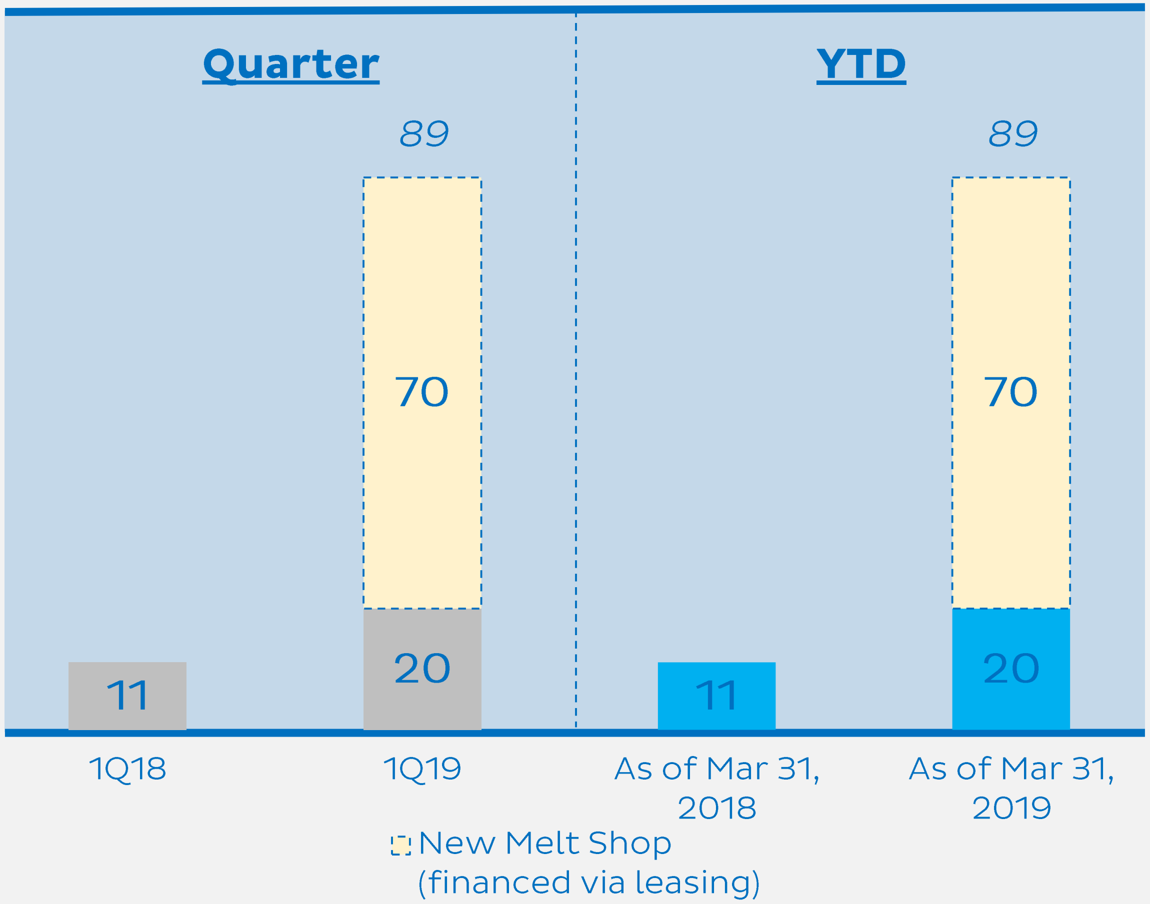
Operating Working Capital (S/ million)



As of March 2019, Operating Working Capital requirements were lower vs December 2018 mainly due to a reduction of inventories

Note: Operating Working Capital excludes Cash and Equivalents, available for Sale Assets and Financial Liabilities.

CAPEX (S/ million)

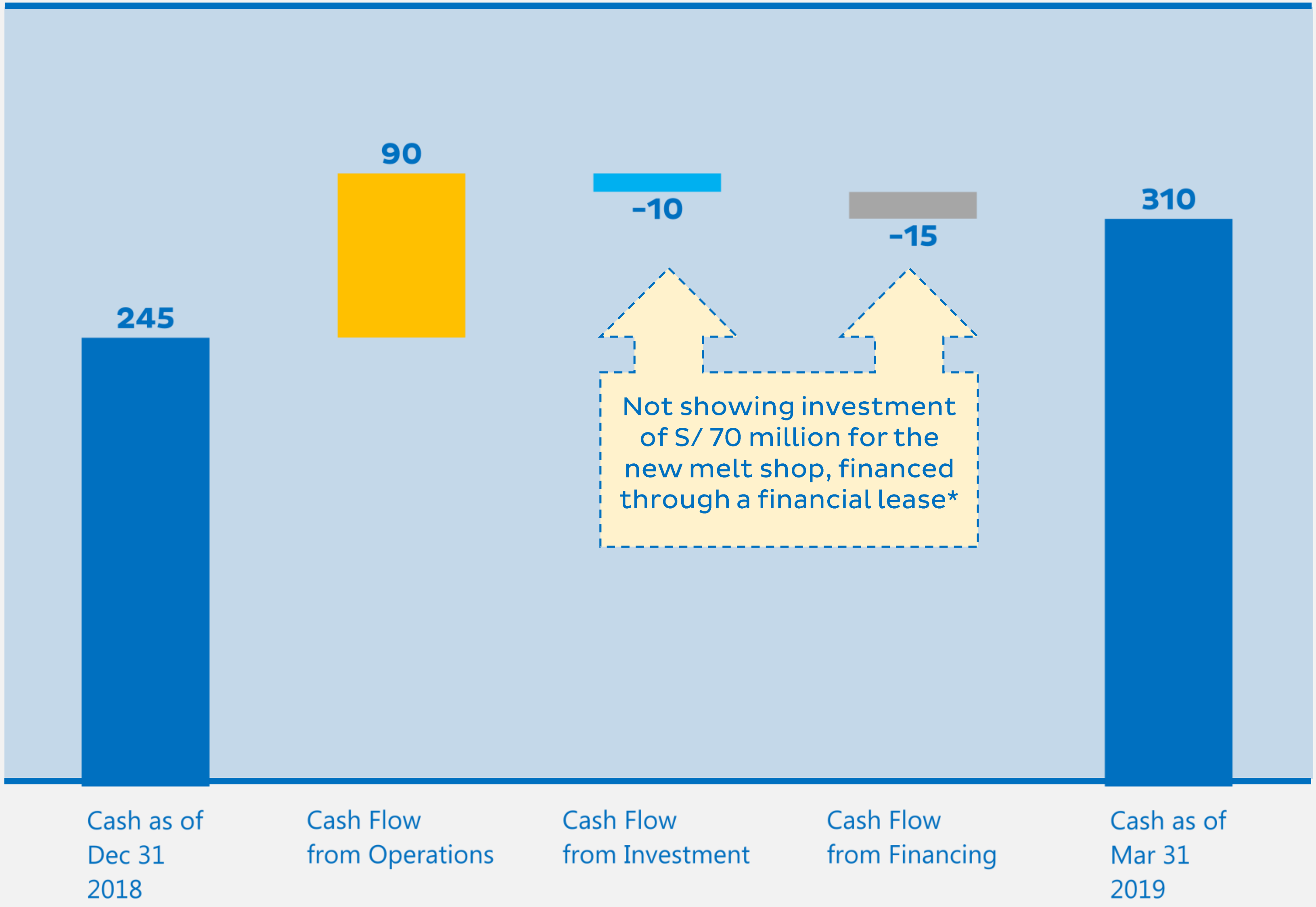


As of March 2019, CAPEX included disbursments for our new melt shop, land for further operational development in the Lurin district, Transformers for melt shop and upgrades to our new tubes plant, among other

Note: CAPEX in financial statements does not consider the melt shop project (US$ 180 million) which is being financed through a financial lease (current balance of S/ 117.3 million).

The cash position was S/ 310 million, a S/ 65 million increase versus December 2018

Cash flow generation as of March 2019 (S/ million)



Cash and Equivalents increased S/ 65 million

- CF from Operations was **positive mainy** due to lower working capital requirements
- CF from Investment was **negative** mainly due to investments in fixed assets of S/ 20 million, partly offset by asset sales of S/ 7 million and interest received of S/ 3 million
- CF from Financing was **negative** due to interest payments

Note: As of March 31 2019, total investment on the New Melt Shop was S/ 118.6 million.

1Q 2019 Agenda

FY 2019 Guidance

	FY 2018	Guidance FY 2019
Revenue Growth	17.9%	8% – 12%
EBITDA Margin	12.9%	12% – 13%
CAPEX (S/ million)	262.4	600 – 760
Dividends paid (S/ million)	56.4 +40.6 YoY	60.0 +6.4% YoY
EPS (S/)	0.15 +34.9% YoY [Normalized]	>0.15

Note: Capex 2018 considers Comasa´s acquistion of S/84.6 million. Meltshop project not included in cash flow statement.
EPS based on a normalized Net Profit that excludes Badwill impact of S/ 48.5 million. Actual EPS for 2018 was S/ 0.20.

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Q&A

MR. TULIO SILGADO
(CEO)

MR. RICARDO GUZMAN
(CFO, IRO)

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