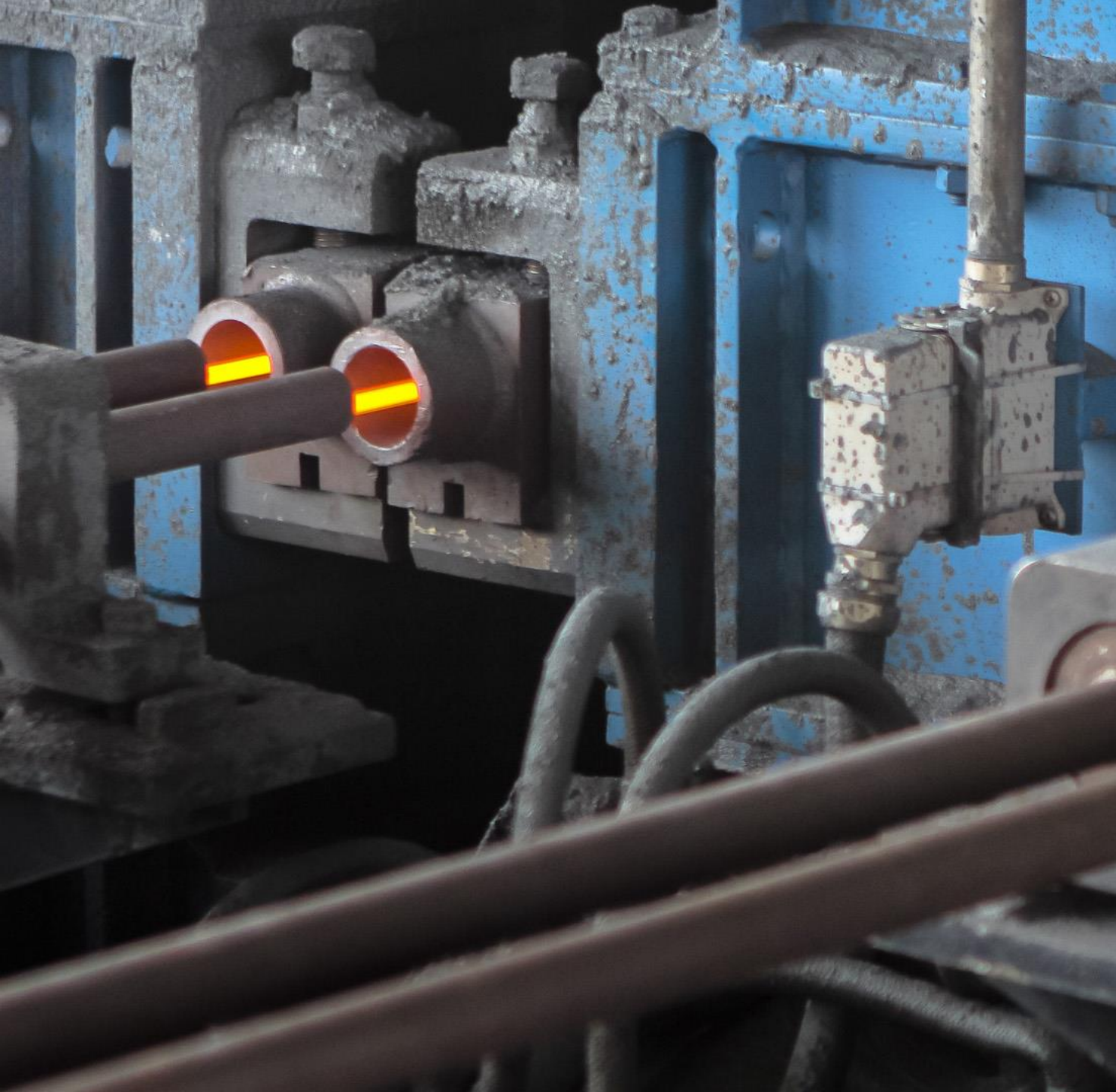




**ACEROS
AREQUIPA**

2Q 2020
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AGENDA

1

COVID-19 impact & response

2

2Q 2020 results snapshot

3

Operational and financial results

COVID-19 IMPACT & RESPONSE



Employees

Health & Safety

- No positive cases to date
- Home-office, when possible
- Purchase of 2,400 rapid tests for employees
- Melt shop, Rolling mills and Tube plants shut down in compliance with government regulations
- Implementation of safety protocols

Jobs protection

- Compensate quarantine hours with vacation time
- Consensual salary reduction
- Temporary labor suspension



Operations

Business Continuity

- Inventory management to reduce volume by December 2020
- Prioritize rolling-mill and melt shop investments, postpone other projects
- New melt shop works to finish 1Q 2021
- Overall budget reductions
- State-of-the-art web order system

Social Responsibility

- Support vulnerable families in our influence area
- Donations: 3,200 PPE to local low-income public hospital and respirators to the Peruvian authorities
- Purchase fumigation tractor to disinfect streets of low-income communities in the plant's vicinity



What to expect?

Revenue

- Lower domestic demand
- Increased price competition
- Drive through telesales and web orders
- Lower collection levels

Industry

- Changes in domestic construction regulation (i.e. number of workers per site)



AGENDA

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RESULTS SNAPSHOT

S/ million

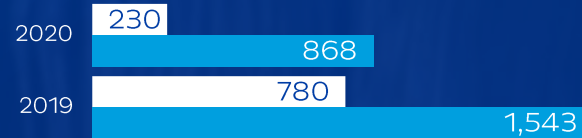
2Q
6m

REVENUE

230.3
867.5

▼ -550.1 (-70.5%)
YoY

▼ -675.8 (-43.8%)
YoY



OPER. WORKING CAPITAL BALANCE

1,130.9

▲ 297.2 (+35.6%)
YTD

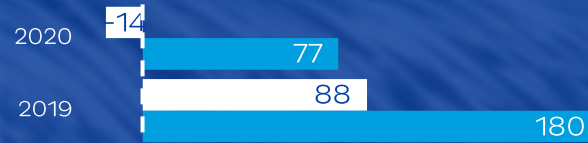


EBITDA (Margin)

-14.4 (-6%)
77.0 (9%)

▼ -102.8 (-116.3%)
YoY

▼ -103.4 (-57.3%)
YoY



CAPEX

65.1
198.0

▼ 28.9 (-30.8%)
YoY

▲ 15.0 (+8.2%)
YTD



NET PROFIT (Margin)

-38.6 (-16.7%)
0.7 (0%)

▼ -77.3 (-199.4%)
YoY

▼ -81.3 (-99.1%)
YoY



NET DEBT

1,222.5

▲ 448.6 (+58.0%)
YTD

4.21x EBITDA





AGENDA

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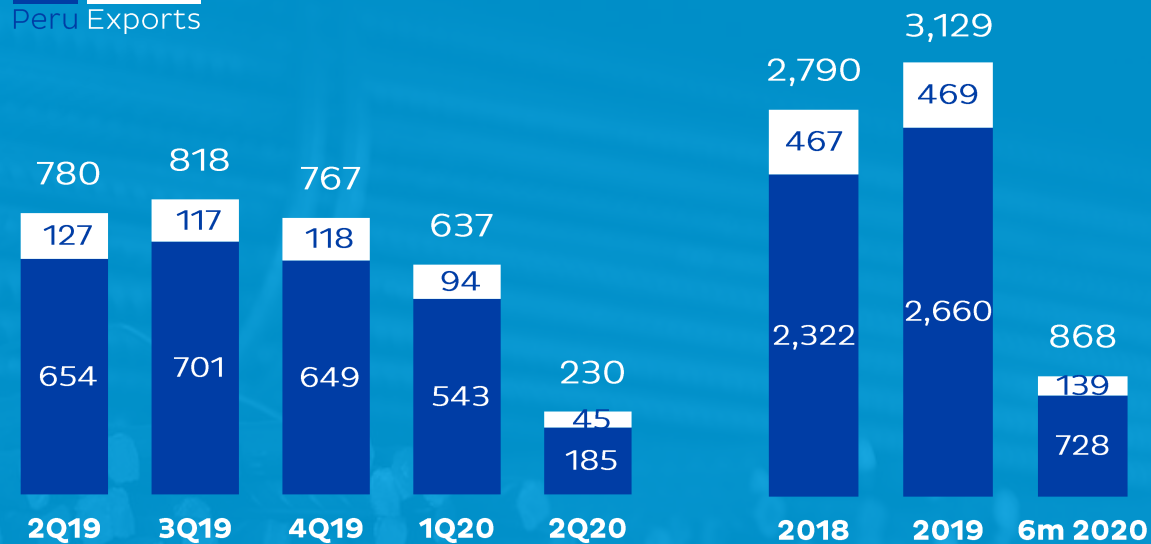
REVENUE

S/ million

Revenue reached S/ 230 million, lowering -70.5% YoY due to the nationwide lockdown period

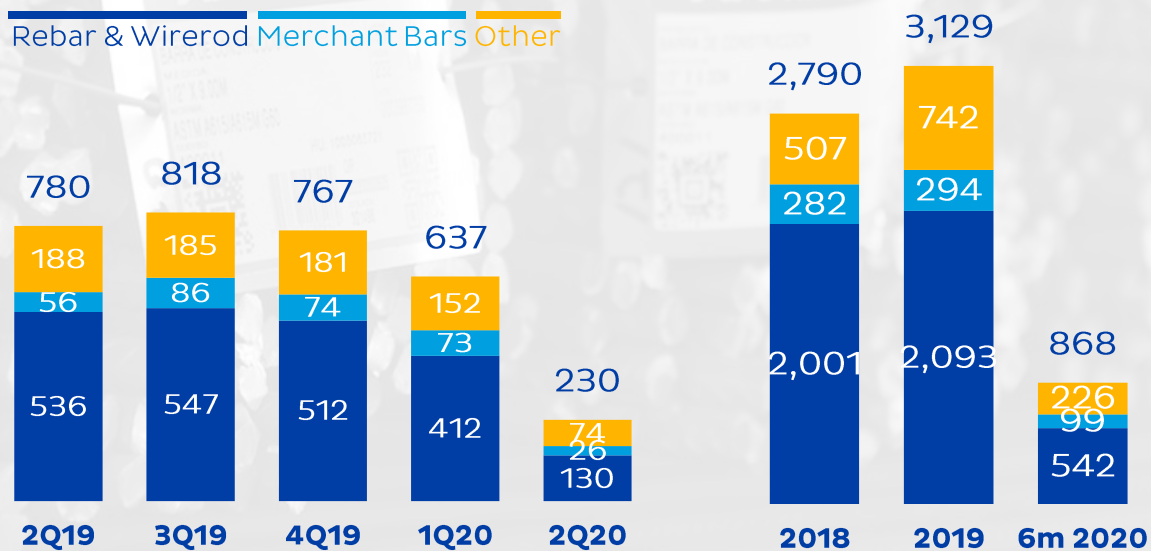
Revenue by destination

Peru Exports



Revenue by product category

Rebar & Wirerod Merchant Bars Other

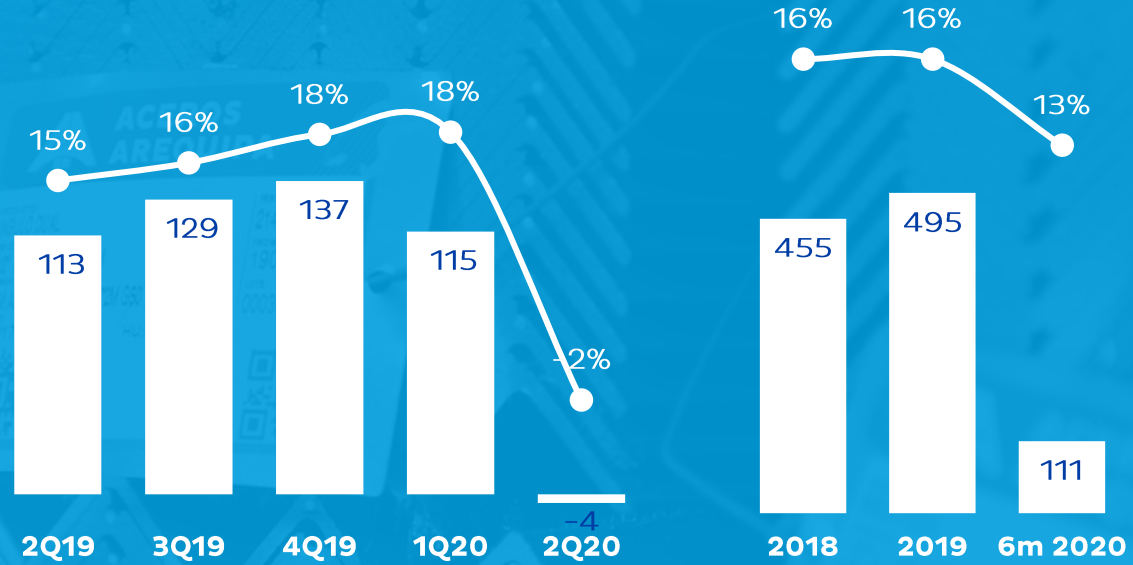


OPERATING PROFITABILITY

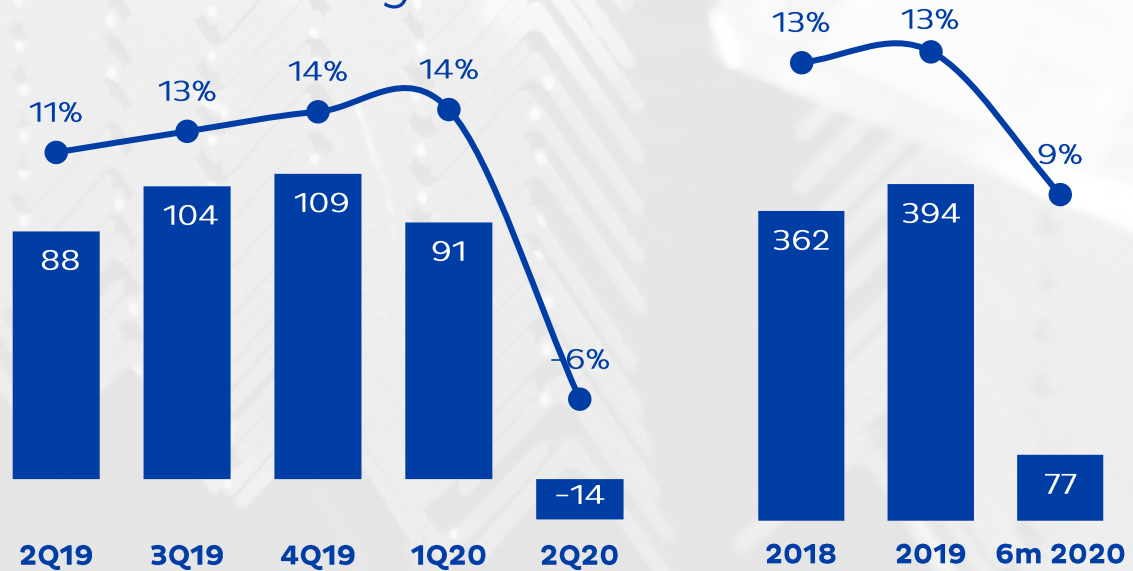
S/ million

Margins were negative following low Revenue for the quarter

Gross profit & margin



EBITDA & margin



EBITDA

\$/ million

Despite lower SG&A, EBITDA was negative due to a negative Gross Profit

SG&A expenses represented a higher % of revenues due to lower sales during the quarter

EBITDA margin drivers



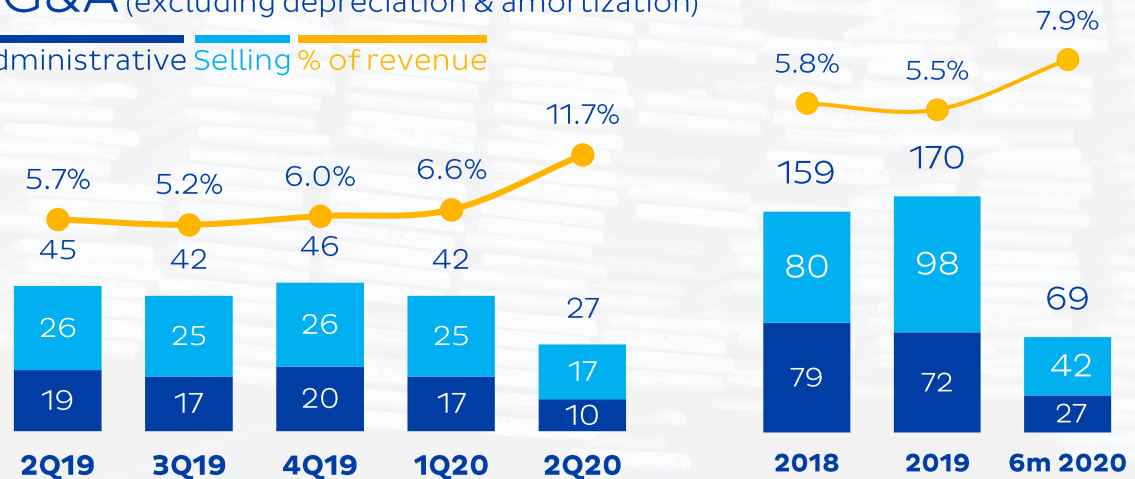
EBITDA drivers



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

SG&A (excluding depreciation & amortization)

Administrative Selling % of revenue



NET PROFIT

S/ million

Lower Operating Profit by S/ 102 million, despite lower SG&A of S/ 21 million

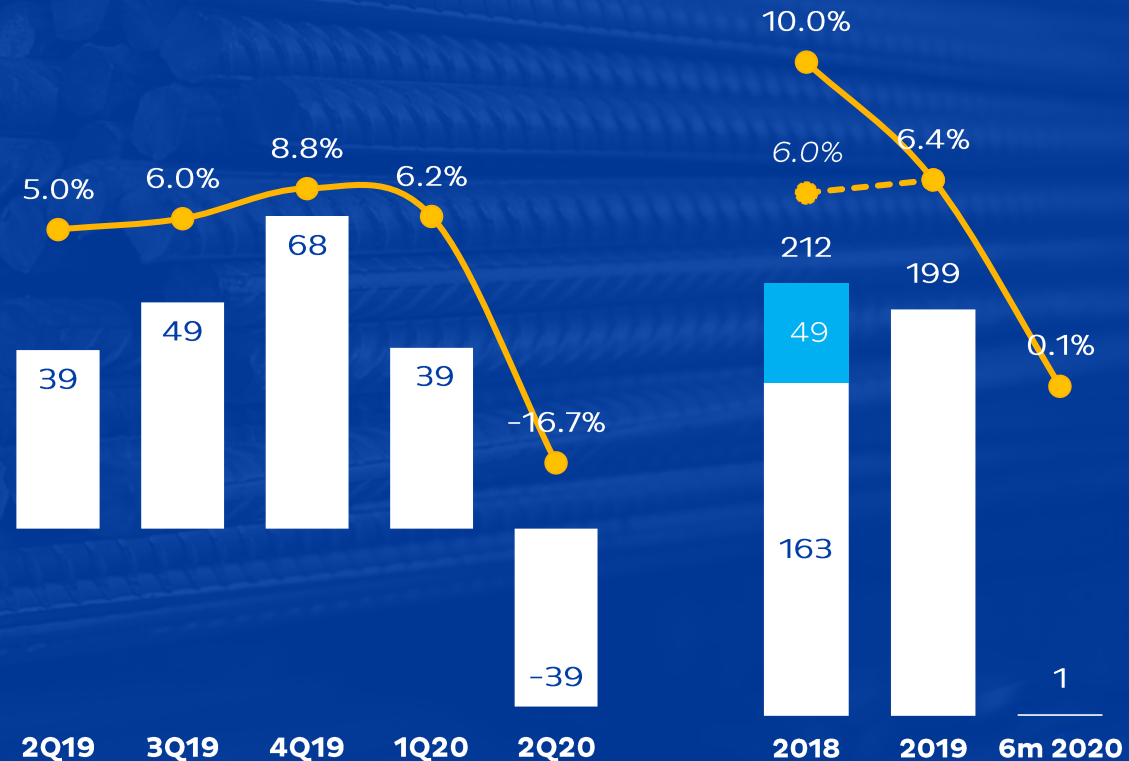
Net Financial Expenses were S/ 1.5 million higher

Exchange Rate Differences were S/ 3 million lower

Lower income taxes by S/ 31 million

Net profit & margin

Net Profit **Badwill** Net Margin (normalized)



Note: (*) 2018 badwill originated after the Comasa takeover, net of deferred taxes. To be amortized in the following periods.
 (**) Net Margin excluding Badwill.

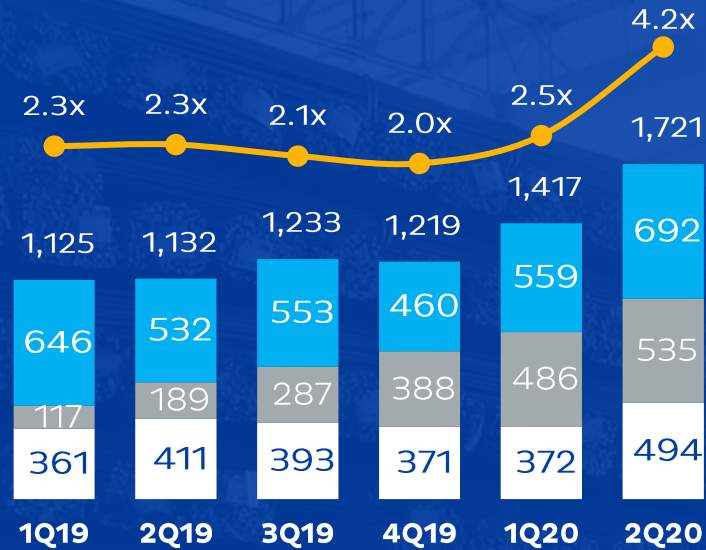
DEBT METRICS

S/ million

Total debt increased due to the new melt shop project and short-term debt financing

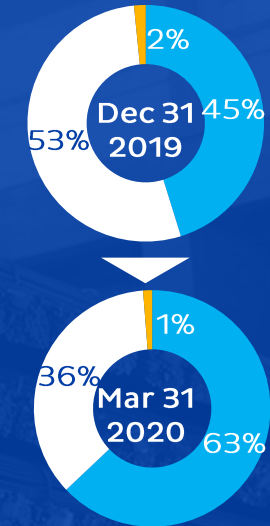
Total Debt by type

LT Debt Meltshop lease ST Debt Net Debt/EBITDA



By currency

US\$ S/ BOL



Other ratios as of June 2020

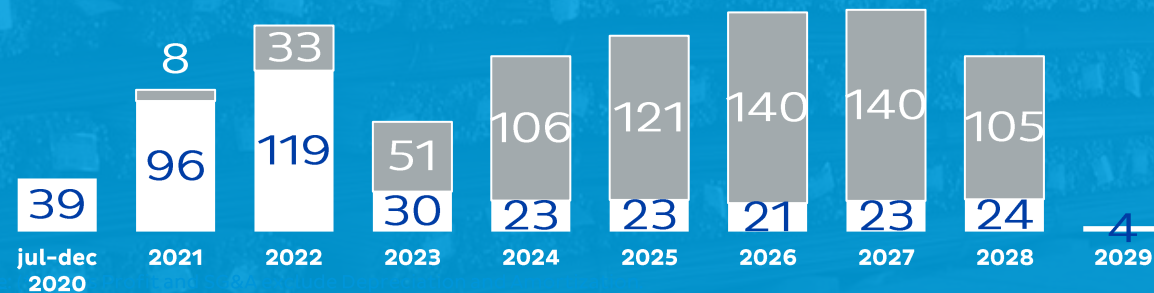
Leverage
(Total Liabilities / Shareholders' equity)
1.11x

Fin. Expenses Coverage
(LTM EBITDA / LTM Fin. Expenses)
7.89x

Liquidity
(Current Assets / Current Liabilities)
1.65x

LT Debt ammortization schedule⁽¹⁾ (estimated ⁽²⁾)

Long Term Debt Meltshop lease⁽³⁾



Note:

- (1) Only showing amortization of debt with financial institutions. Does not consider Leasings with suppliers with a balance of S/ 19 million
- (2) For illustration purposes USD / PEN = 3.40
- (3) The amortization schedule of the new meltshop Financial lease considers the full disbursement of the financial lease.

WORKING CAPITAL & CAPEX

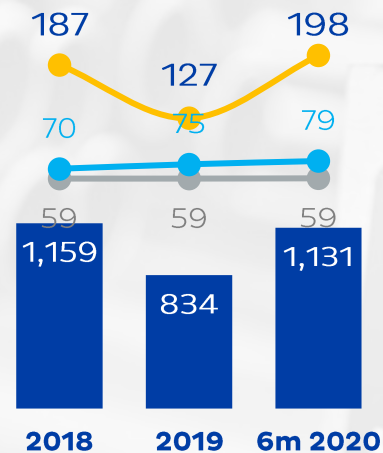
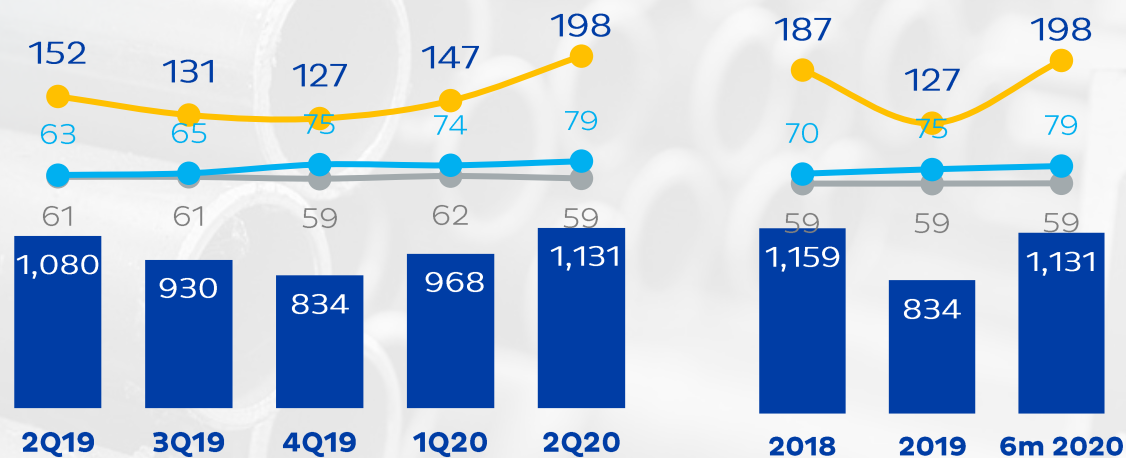
S/ million

Higher operating working capital requirements vs December 2019, mainly due to higher inventories

CAPEX included investments in the new meltshop, upgrades to rolling mil, among other

Operating Working Capital

Working Capital Acc. Payable (days) Acc Receivable (days) Inventory (days)



CAPEX

CAPEX New Meltshop

Quarter

FY



Q&A

**Mr. Tulio
Silgado**
CEO



**Mr. Ricardo
Guzmán**
CFO, IRO



2Q 2020

**EARNINGS
PRESENTATION**



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.



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