



**ACEROS
AREQUIPA**

3Q 2020
EARNINGS
PRESENTATION



AGENDA

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Relevant events

2

3Q 2020 results snapshot

3

Operational and financial results

4

Guidance

RELEVANT EVENTS

Aceros Arequipa realized the first Peruvian Steel shipment to China with 40 thousand tons of Steel billets



The Environment Ministry granted **Aceros Arequipa** the first “Carbon Footprint Peru” star, for calculating and reporting its greenhouse effect emissions



The project “Puente Nanay”, realized by TSC, a subsidiary of **Aceros Arequipa**, was a winner in the *2020 Tekla BIM Awards*



RESULTS SNAPSHOT

S/ million

3T
9m

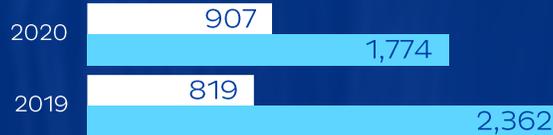
REVENUE

907.0

▲ 88.5 (+10.8%)
YoY

1,774.5

▼ -587.3 (-24.9%)
YoY



OPER. WORKING CAPITAL BALANCE

636.3

▼ 197.4 (-23.7%)
YTD



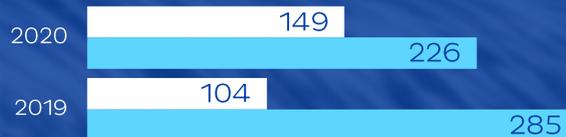
EBITDA (Margin)

149.5 (16%)

▲ 45.1 (+43.2%)
YoY

226.5 (13%)

▼ -58.3 (-20.5%)
YoY



CAPEX

62.3

▼ 120.3 (-65.9%)
YoY

260.3

▼ 105.2 (-28.8%)
YoY



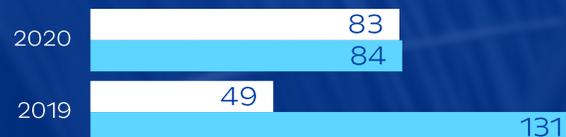
NET PROFIT (Margin)

83.1 (9%)

▲ 34.0 (+69.1%)
YoY

83.8 (6%)

▼ -47.3 (-36.1%)
YoY



NET DEBT

699.4

▼ 74.5 (-9.6%)
YTD

2.1x EBITDA





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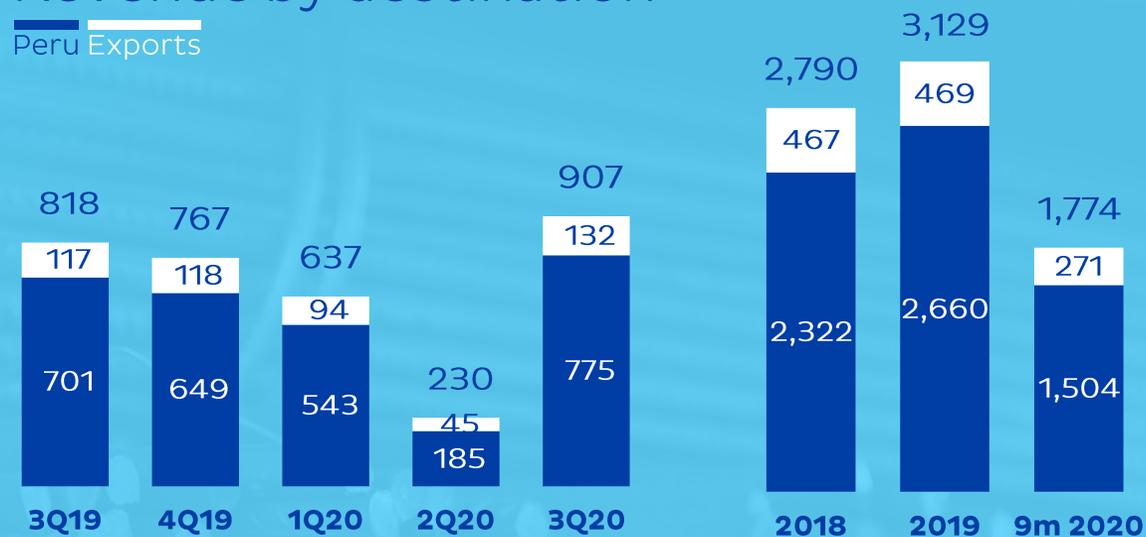
REVENUE

S/ million

Revenue increased to S/ 907 million or 10.8% YoY, with gains in both local and exports

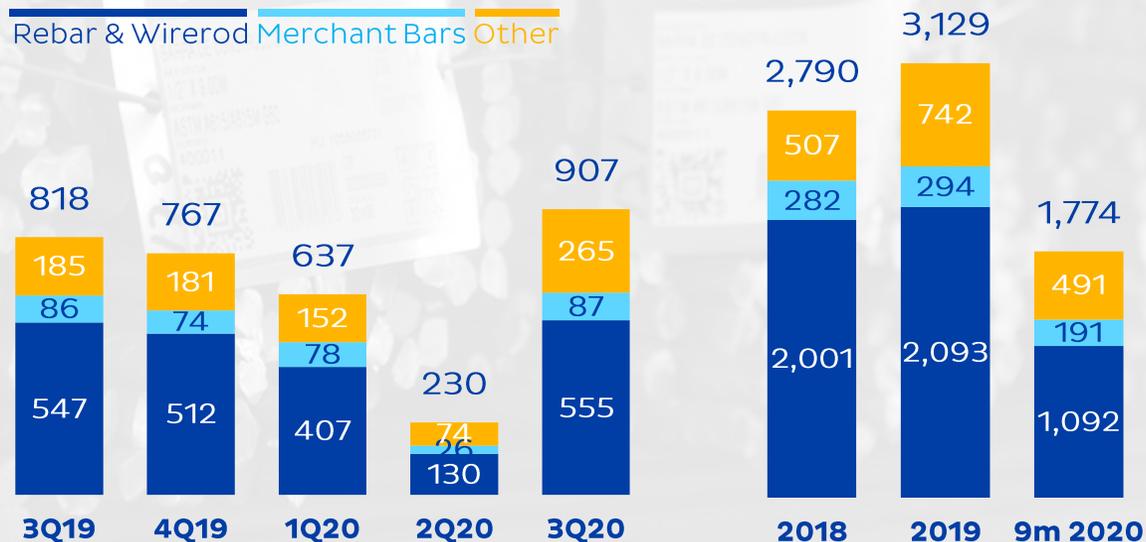
Revenue by destination

Peru Exports



Revenue by product category

Rebar & Wirerod Merchant Bars Other

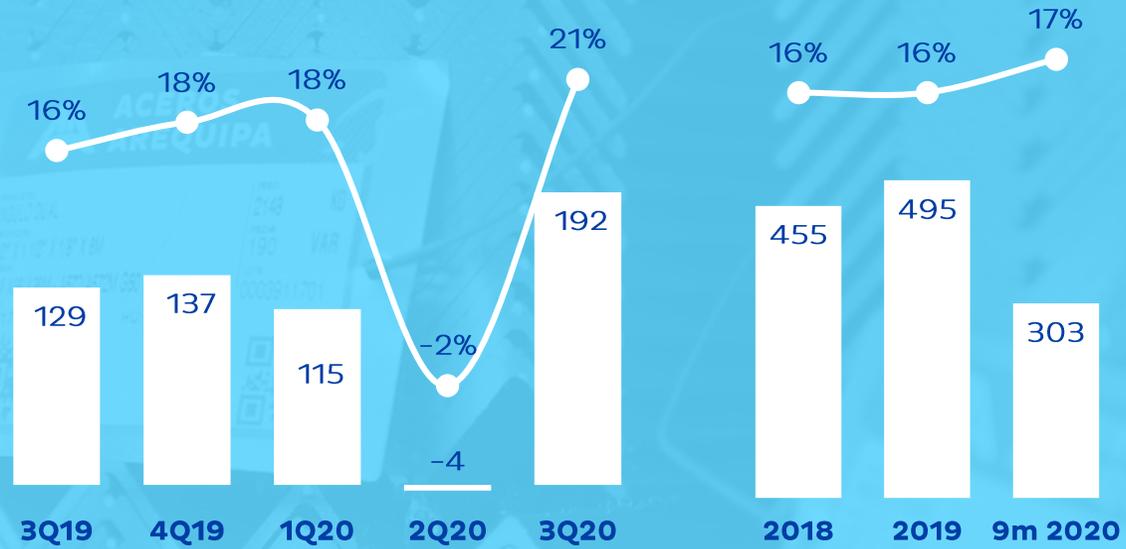


OPERATING PROFITABILITY

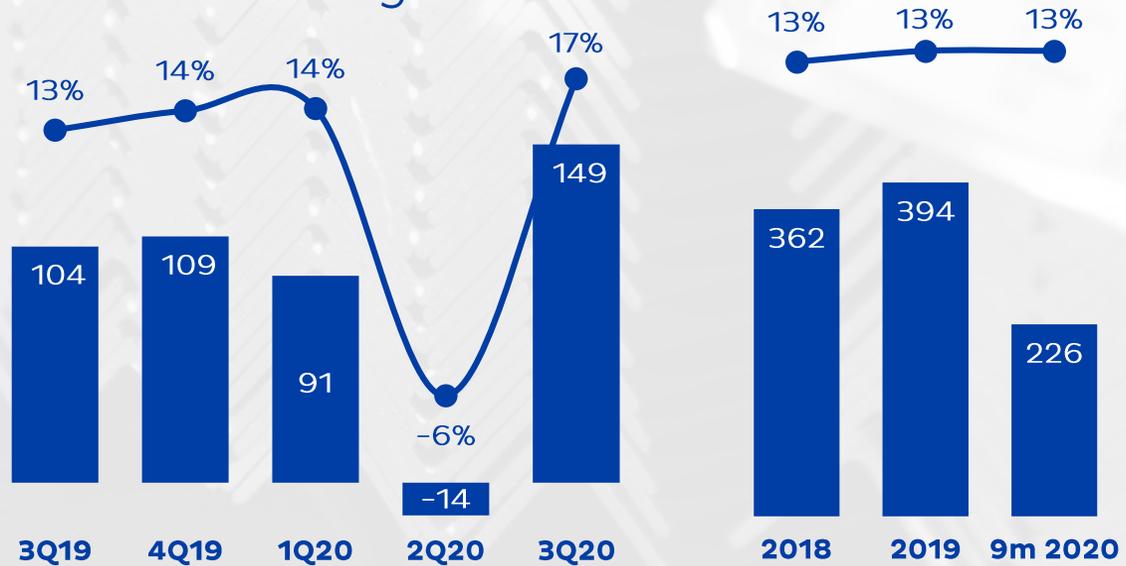
S/ million

Gross Margin increased driven by higher Revenue and lower prices of raw materials

Gross Profit & margin



EBITDA & margin



EBITDA

S/ million

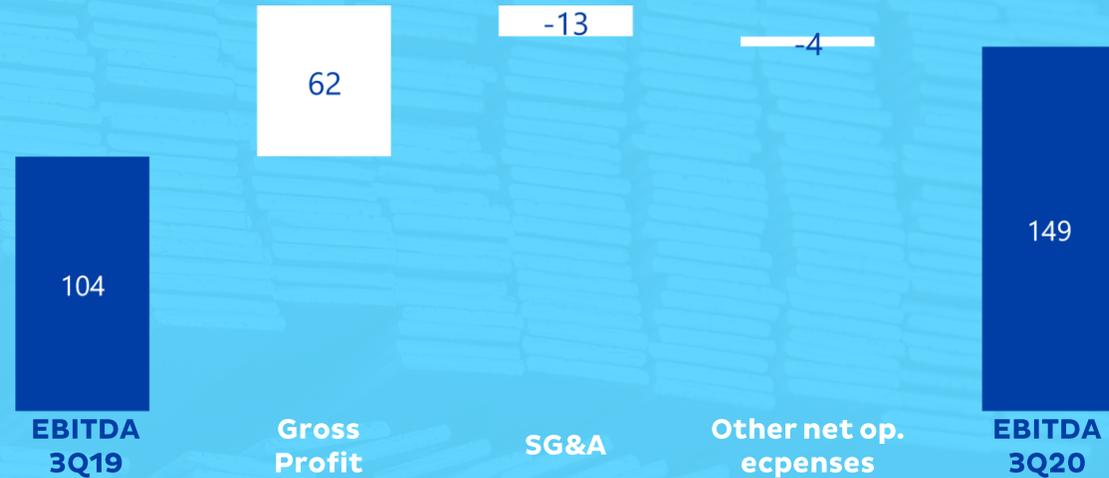
EBITDA was higher due to a higher Gross Profit

SG&A represented a higher % of Revenue due to higher allowances for doubtful accounts and Personnel Expenses

EBITDA margin drivers



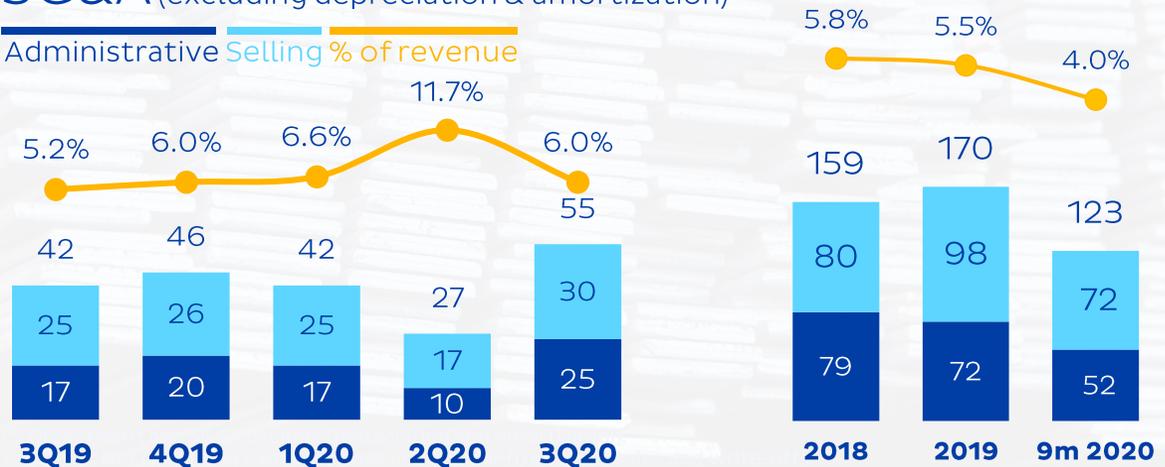
EBITDA drivers



Nota: (*) Utilidad bruta y SG&A excluyen Depreciación y Amortización
 (**) Otros gastos operativos, netos, no consideran las ventas ni las bajas de activo fijo

SG&A (excluding depreciation & amortization)

Administrative Selling % of revenue



NET PROFIT

S/ million

Higher Operating Profit by S/ 45 million, despite higher SG&A by S/ 12 million and higher Other Net Expenses by S/ 6 million

Net Financial Expenses were S/ 0.6 million lower

Exchange Rate Differences had a S/ 2 million positive effect

Higher Income Tax by S/ 12 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

Significant reduction of short term debt

Higher Total Debt by S/ 30 million due to the new meltshop financing

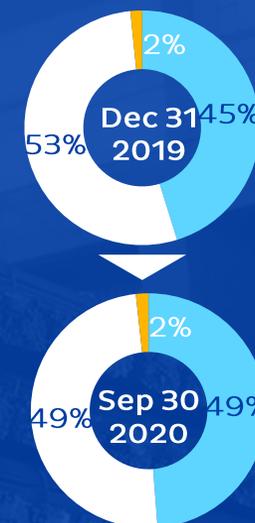
Total Debt by type

LT Debt Meltshop lease ST Debt Net Debt/EBITDA



By currency

US\$ S/ BOL



Other ratios as of September 2020

Leverage

(Total Liabilities / Shareholders' equity)

0.91x

Fin. Expenses Coverage

(LTM EBITDA / LTM Fin. Expenses)

9.54x

Liquidity

(Current Assets / Current Liabilities)

1.80x

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 = 3.59

(3) The amortization schedule of the new meltshop Financial lease considers the full disbursement of the financial lease.

WORKING CAPITAL & CAPEX

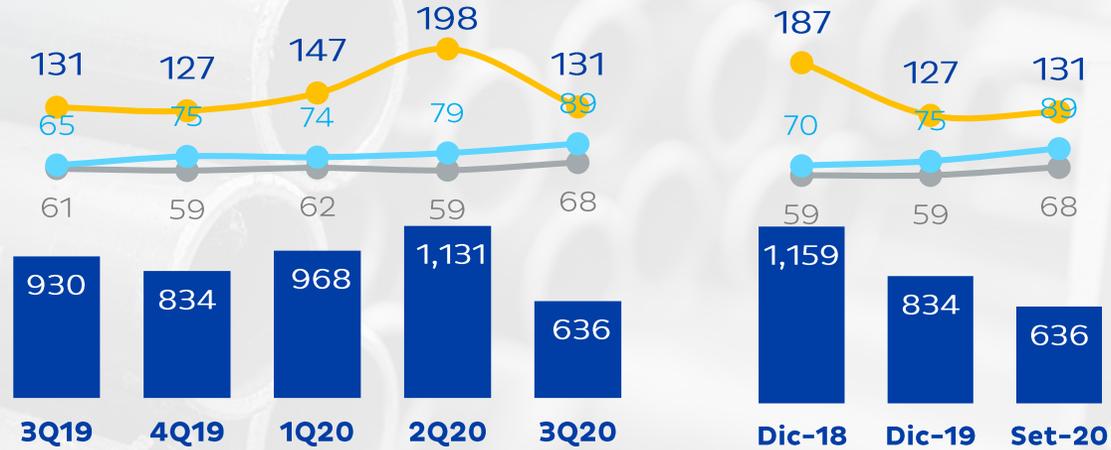
\$/ million

Lower Working Capital requirements vs December 2019, mainly due to lower 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



CASH FLOW

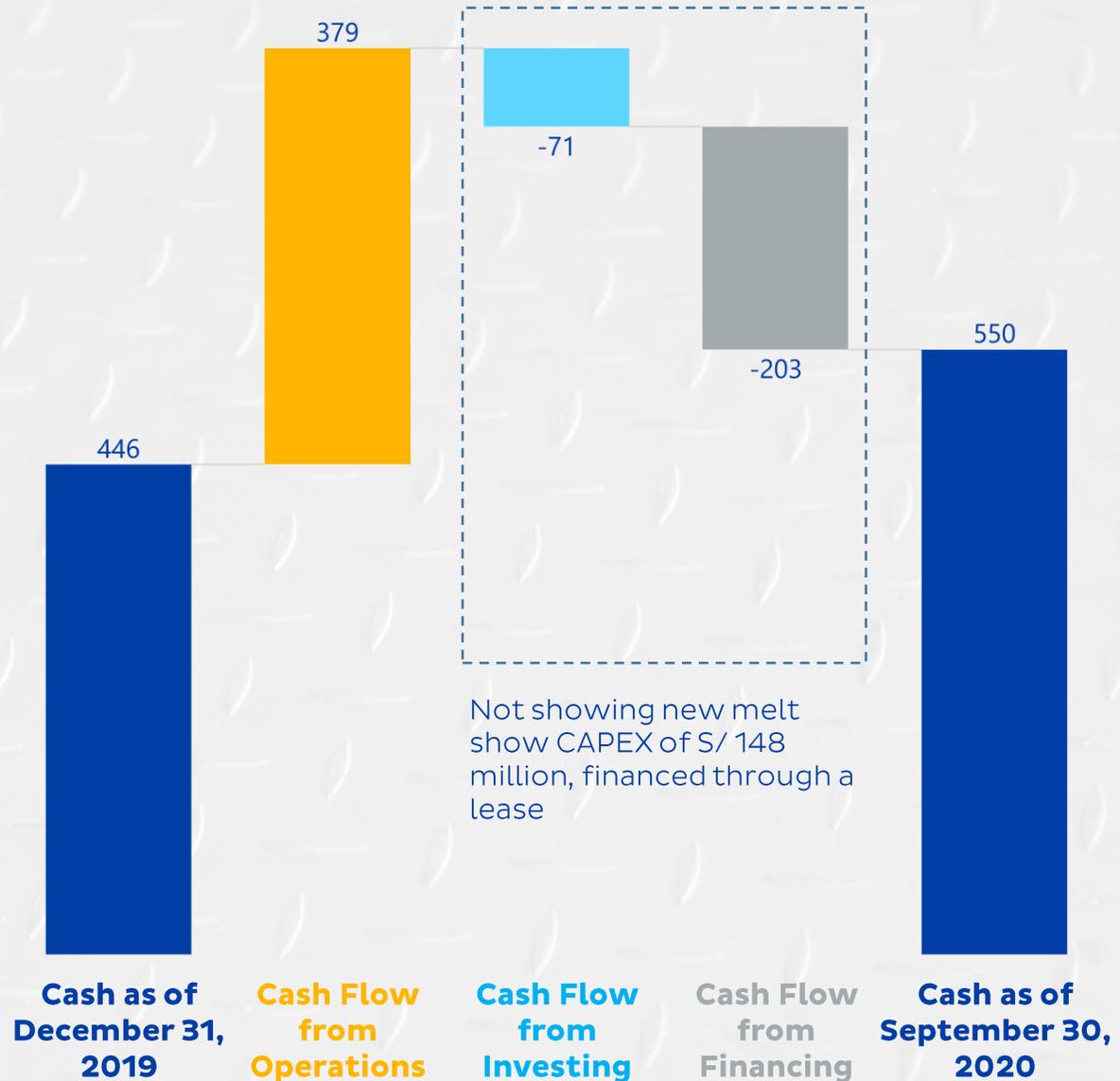
S/ million

Lower inventories and accounts receivable during the period

Investments in fixed assets of S/ 112 million, partly offset by asset sales of S/ 34 million and interests received of S/ 6 million

Debt ammortization during the period and interests and dividends paid of S/ 27 million and S/ 18 million, respectively

Cash Flow as of September 2020



GUIDANCE 2020

S/ million

2019

GUIDANCE
2020

Revenue growth

12%

-16%
-17%

EBITDA

394

350
370

CAPEX

525

400
470

Dividends paid

70.6

50.8
71.7*

EPS

0.19

>0.15

Note (*): Subject to approval by the Board of Directors



Q&A

If you wish to ask a question contact the moderator through the chat window during the presentation

**Mr. Tulio
Silgado**
CEO



**Mr. Ricardo
Guzmán**
CFO, IRO



3Q 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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