

alicorp

Transaction Update

February 2018



This presentation may contain financial or business projections regarding recent acquisitions, their financial or business impact, management expectations and objectives regarding such acquisitions and current management expectations on the operating and financial performance of The Company, based on assumptions that, as of today, are considered valid. Financial and business projections are estimates and do not constitute any declaration of historical facts. Words such as “anticipates”, “could”, “may”, “can”, “plans”, “believes”, “estimates”, “expects”, “projects”, “pretends”, “probable”, “will”, “should”, and any other similar expression or word with a similar meaning pretend to identify such expressions as projections. It is uncertain if the anticipated events will happen and in case they happen, the impact they may have in Alicorp’s or The Consolidated Company’s operating and financial results. Alicorp does not assume any obligation to update any financial or business projections included in this presentation to reflect events or circumstances that may happen.



- 1 ■ Bolivia is one of the **fastest-growing economies in Latin America and the Andean region**
- 2 ■ Create a **leading integrated CPG and B2B player** in Bolivia
- 3 ■ **Vertical integration into the oilseeds crushing business is required** in the Bolivian market
- 4 ■ Potential **sizeable synergy creation opportunity** from the integration of Alicorp, Fino and ADM Bolivia
- 5 ■ Alicorp has the **track-record and scale** to significantly grow the CPG business in Bolivia

The transaction was presented to various investors and research analysts in a 6-day roadshow in the Americas and Europe

Roadshow summary

Team	<ul style="list-style-type: none"> ■ Alfredo Perez Gubbins (CEO) ■ Pedro Malo (CFO) ■ Alexander Pendavis (Corporate Finance Director & IRO) 	
Jan 15	Lima	Research analysts one-on-one calls
Jan 16	Lima London	Investors Conference Call 20 accounts including local pensions funds: Prima AFP, Profuturo, Integra, Habitat, Insurance (Pacífico, Rimac) and Asset Managers
Jan 17	London New York	Top Institutional investors, asset managers, funds of funds
Jan 18	New York	
Jan 19	New York	
Jan 22	Boston	

Over 50 one-on-one meetings were scheduled during the roadshow



Feedback gathered proved to be positive, on the back of strong industrial rationale for the acquisition, transparent approval process through the creation of an Independent Committee, and valuation in line with market comparables and precedent transactions

Transaction approval process

- The BoD constituted an ad-hoc Independent Committee to ensure transparency in the process given the related-party nature of the potential transaction
- The purpose of the Independent Committee is to represent Alicorp's shareholders by:
 - Assessing the terms and conditions of a potential deal
 - Opining on the proposal
 - Approving the transaction
- The review and approval process proposed by management has been defined as follows:
 1. BoD approval to further advance in the evaluation of the potential transaction (communicated to the market on January 15th, 2018)
 - Continue due diligence of targets and negotiation of economic and contractual terms of the transaction
 2. BoD to call a General Extraordinary Shareholders' Meeting for February 22nd (communicated to the market on January 24th, 2018)
 - Presentation of proposed transaction and vote to approve the delegation of powers to the ad-hoc Independent Committee for the potential approval of the transaction
 3. Finalization of due diligence process and agreement on terms and conditions
 4. BoD approval of the transaction through the Independent Committee

Independent Committee members

Independent Committee members have no economic or family relationship with members of management or shareholders of Alicorp

Juan Carlos Escudero

- Director of Alicorp since April 2016
- Managing Partner at law firm CMS Grau and professor in Business at Universidad ESAN
- Law degree from Universidad Católica del Perú and Masters in Law from Connecticut School of Law

Carlos Heeren

- Director of Alicorp since November 2016
- CEO of Universidad de Ingeniería y Tecnología and director of various firms in the commercial and services sectors
- Bachelor's degree in Economics from Universidad del Pacifico and Masters from University of Texas at Austin

Aristides de Macedo

- Director of Alicorp since March 2010
- Former President of Kraft Andina until 2009. Prior to this role, acted as President of Kraft Brazil
- Bachelor's degree in Business Management from Escuela de Administracion de Sao Paulo

Independent Committee external advisors

**Bank of America
Merrill Lynch**



& Payet, Rey,
Cauvi, Pérez
Abogados

Due diligence update

- The due diligence process that Alicorp and its advisors are conducting includes the review and analysis of accounting, tax, legal and business documentation provided by Fino
 - Accounting and tax due diligence is led by PricewaterhouseCoppers (Peru and Bolivia)
 - Legal due diligence is led by Garrigues (Peru) and Guevara y Gutiérrez (Bolivia)
 - Business due diligence is led by McKinsey & Co.
- A Virtual Data Room was established and managed by Fino for Alicorp and its advisors to access documentation and support information on the company
- Alicorp and its advisors have had access to Fino's management through a series of live meetings, conference calls and Questions and Answers' sessions
- Alicorp's management and the ad-hoc Independent Committee conducted site visits to Fino's operations in Santa Cruz and Cochabamba, and attended a Management Presentation by Fino's management
- Due diligence process is currently in its final stages
- Regarding ADM Bolivia, the Due diligence is still on going, according to the transaction structure

Process update

- Currently discussing transaction terms with counterparty
- Upon completion of negotiations of transaction terms, the financial advisors retained by Alicorp and the Independent Committee are expected to deliver Fairness Opinions

Key upcoming dates

Earnings Call 4Q17

February 19th, 2018

Extraordinary General Shareholders' Meeting

February 22nd, 2018

Ad-hoc Independent Committee to vote for the potential approval of the Transaction

March 2018

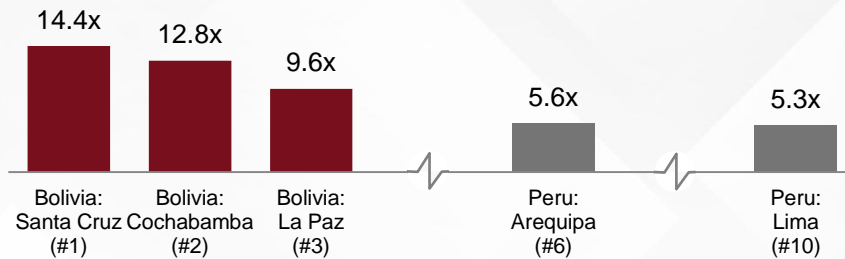
Transaction update



Bolivia is one of the fastest-growing economies in the region with a constructive market structure for consumer and B2B plays

Bolivia among the fastest growing markets in Latin America

of people earning over US\$15,000 (2016 vs. 2030E)



- Bolivia's and Peru's largest cities are expected to show the highest growth rates in consumption in Latin America over the next decade
- Bolivia's three largest cities rank Top 3 in the region in terms of growth of the middle class population and consumer-driven potential
- Santa Cruz has transformed into Bolivia's oil industry hub and a major agro-industrial zone

Growth drivers

GDP growth

Emergent middle class

Urbanization

Population growth

Demographic bonus

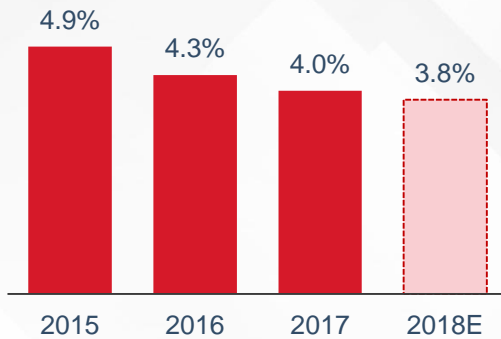
Description

- **Among the fastest growing economies in Latin America**, expected to grow 3.5% on average from 2018 to 2020, standing above the region average and in line with Alicorp's main market, Peru
- Population in the lower-middle class and upper-middle class will **increase annually by 4% and 8%**, respectively, until 2025
- **By 2025, 71% of the population will live in cities**, up from 69% today and 62% in 2000
- Urbanization and GDP per capita tend to move in close sync as countries develop
- Between 2017 and 2025, population is expected to grow by **1% annually**, reaching **13 million inhabitants** by the end of the quarter-century
- Bolivia's **working age population will grow by 2% annually**, representing 52% of the population in 2030, up from 49% today
- **Life expectancy** is forecasted to grow from the current **72.5 years** to **74 years by 2020**

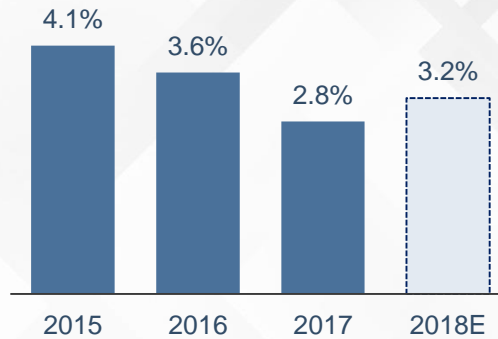
Source: INE, McKinsey Global Institute's City Scope, McKinsey Global Growth Compass, EIU "Measuring the Middle" report 2017

Economy is expected to continue growing at a robust rate, supported by private and public consumption, with inflation stabilizing

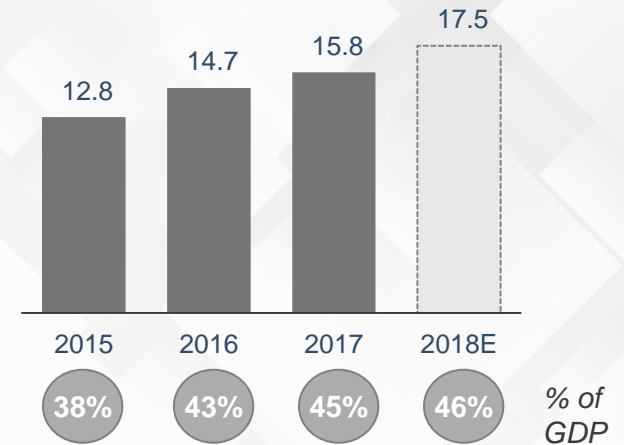
GDP Growth (real annual variation)



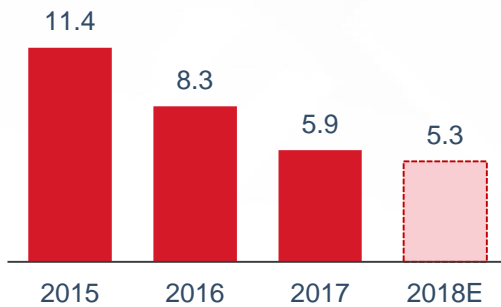
Inflation (real annual variation)



Public Debt (USD Bn)



International reserves (USD Bn)



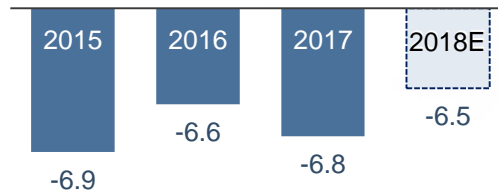
% of annual imports



As of annual trade balance



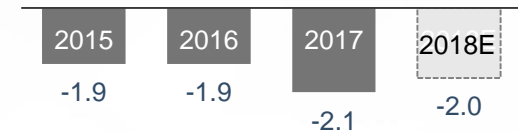
Fiscal Balance (USD Bn)



% of GDP



Curr. Acc Balance (USD Bn)



% of GDP



Top player in Bolivia

- Top producer and marketer of oils and fats in Bolivia**
 - Leading market shares across products
 - Significant presence in B2B industrial fats
- Largest distribution network in Bolivia**
 - Reaching ~25k POS, representing ~60% of the market
- Leading crushing player in Bolivia**
 - Strong logistic capacity for the purchase, storage and crushing of grains

Brand portfolio and market share in Bolivia (2016)



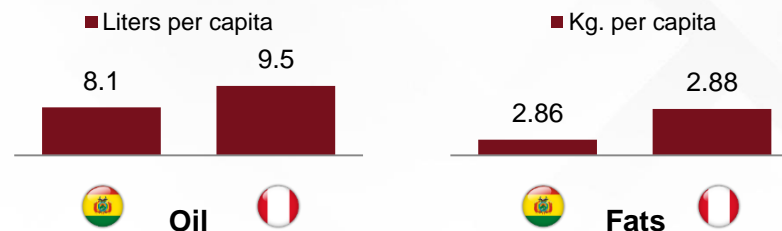
Growing business with EBITDA margins averaging 15% historically¹

Consumer business key drivers



Sizable market potential

Consumption per capita (2016)

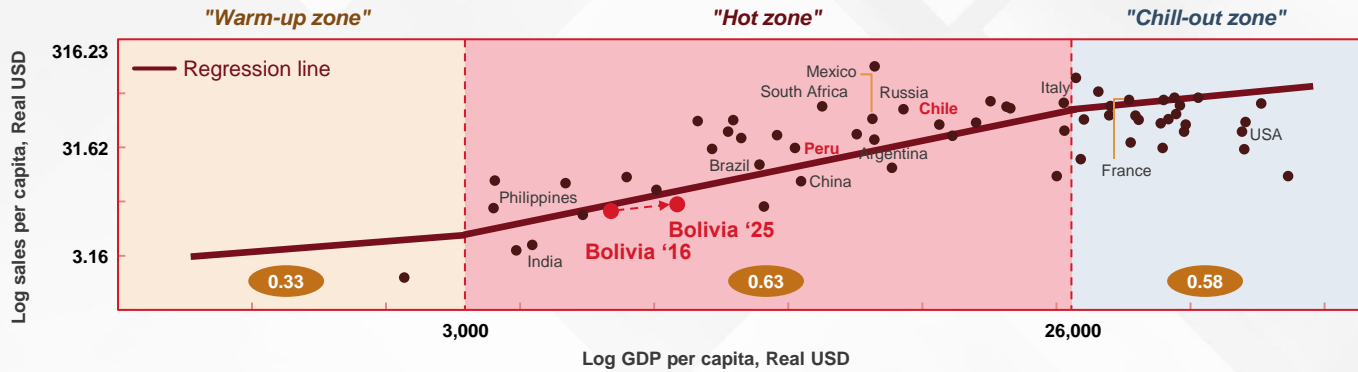


- Bolivia provides **long-term growth potential** in order to reach levels of its closest peer, Peru
- Fino and ADM Bolivia have achieved **strong brands' positioning**, serving different sub-segments through a multi-brand approach
- Oils and fats in Bolivia are in the **"hot zone"**, with increasing product affordability and rapid market penetration growth

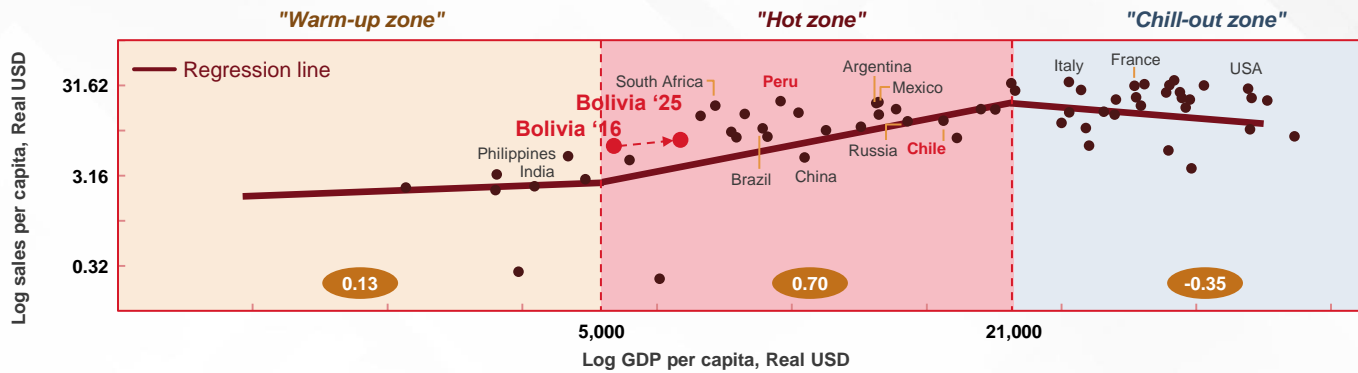
Source: Company management – Unaudited managerial figures

¹ Based on values calendarized to December and average of historical figures for the last 5 years

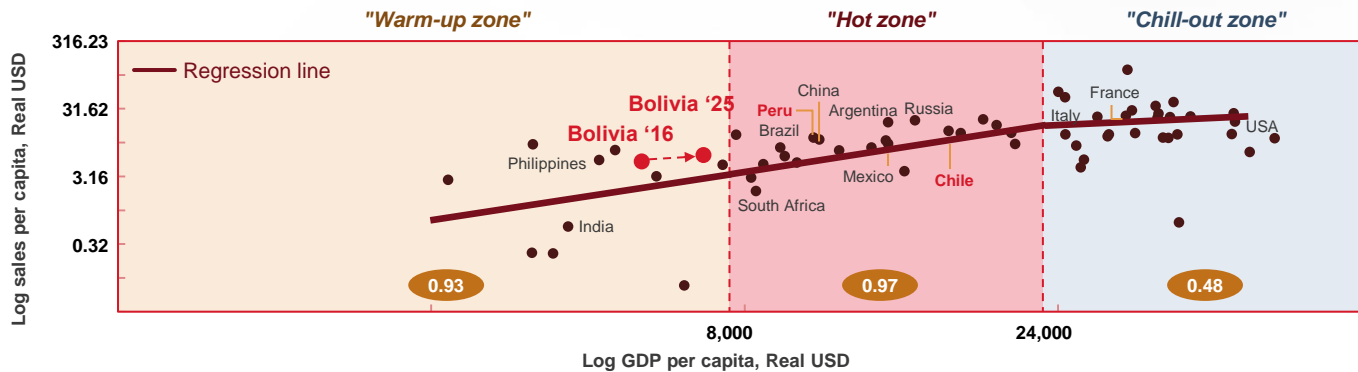
... with promising growth potential in various consumer segments...



Oils and fats¹ in Bolivia are in the "hot zone", with product affordability increasing and market penetration growing at rapid rate



Laundry care² recently reached the "hot zone", entering a significant stage of growth



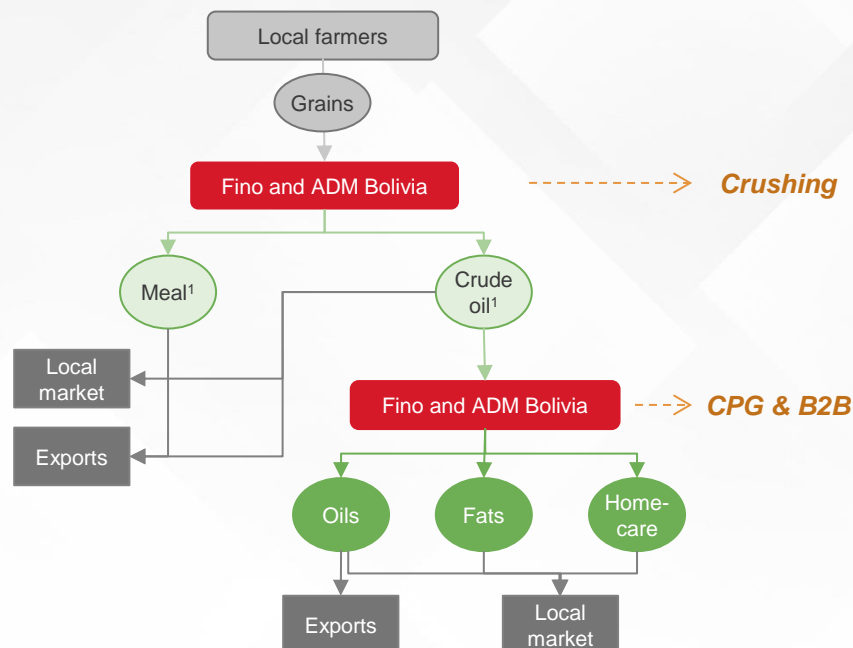
Noodles and pastas³ are ready for take-off, fast approaching the "hot zone"

Source: INE, McKinsey Global Institute's City Scope, McKinsey Global Growth Compass

¹ Aggregation of olive oil, vegetable and seed oil, cooking fats, butter, margarine, and spreadable oils and fats; ² Aggregation of laundry detergents, fabric softeners, carpet cleaners and laundry aids; ³ Aggregation of plain, instant, chilled, frozen and snack noodles, and canned, dried and chilled / fresh pasta

xx Growth multipliers: Average % increase in category penetration from a 1% increase in GDP per capita, corrected for country effects

Vertical integration rationale



- **The Bolivian market structure requires vertical integration to control quality and ensure access to supply of grains**
 - Leading, vertically-integrated CPG players in the oils and fats category consume 20%-40% of their own supply
- **Fragmented supply** adds complexity to consistent access to quality raw material
- Operators in the CPG space saw the need for integration and **developed efficient crushing capabilities**
- Vertical integration results in a **natural hedge of raw materials** for the CPG business

¹ Full-fat and peel also produced from the crushing of soy and sunflower grains

Crushing business key drivers

Fino and ADM local competitive advantages

- 1 **Storage and logistics capacity:** Unmatched capacity for the acquisition of soybeans. Owns silos that allow the storage of large amounts
- 2 **Relationship with local farmers:** Maintains strong relationships with farmers enabling transparency and on-time payments
- 3 **Soybean purchase management:** Facilitates the sale process by providing adequate logistics for the transportation of raw materials
- 4 **Industrial optimization:** Optimization of soybean and sunflower demand for lean planning and supply management
- 5 **Product positioning:** Counts with the support of a leading consumer brand and with facilities to export soybean oil and flour to other markets

Crushing business market dynamics

- **Bolivia enjoys high-quality soybean and sunflower as raw materials**, which make it a superior product to that of neighboring countries
- **Unique local dynamics** in Bolivia explaining pricing trends and cycles
 - Fino and ADM Bolivia purchase all of its raw materials in the local market, which **maintains a discount with respect to international prices**

Potential sizeable total synergy creation opportunity from the integration of Alicorp, Fino and ADM Bolivia...

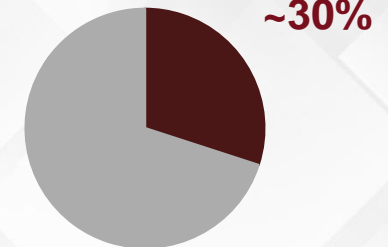
Rationale

% of total synergies

Operations



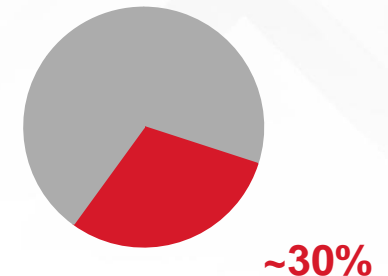
- **Transportation cost reductions** from the logistical optimization of production locations
 - Complementarity of refining plants in Cochabamba and Santa Cruz should foster efficient crude oil allocation
- **Purchases and supply-chain optimization** resulting from inputs' standardization
- **Higher efficiency in the allocation of capex** among processing plants
- **Production geography optimization for selected volumes** of bottle soy oil, washing soap and powder detergent



Consumer products



- **Development of the B2B market in Bolivia**
 - Growth potential within the B2B and gastronomy segment as the market further develops and Fino and ADM Bolivia further expand their penetration
- Room to participate in **new CPG categories and/or categories with low penetration**
 - Detergents (powder, liquid), softeners and stain removers
 - Sweet biscuits
 - Cereals
 - Sauces
- Potential for Fino's products to **increase market reach** through ADM Bolivia network



Source: Company management

Note: Preliminary synergies estimation by Integration Management Office and McKinsey

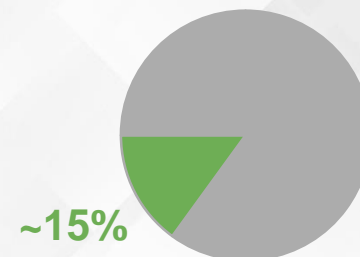
Rationale

% of total synergies

Admin & financial



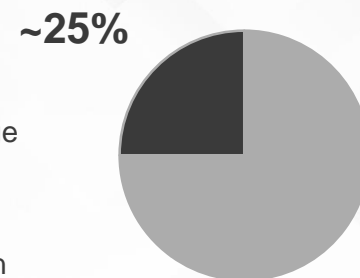
- **Optimization of business functions and lower administration cost per capita**
- **Lower financing costs** from access to better financing conditions under Alicorp's operations and through working capital optimization



Crushing



- **Investment optimization** resulting from Fino and ADM Bolivia combined capacity and footprint
 - Sunflower crushing optimization between Fino and ADM Bolivia should improve conversion indicators
- **Rent savings** from the utilization of ADM Bolivia unused silos for grain storage
 - Fino's current need for silos and ADM Bolivia silo availability prove important logistic costs savings
- **Reduced transportation costs** by leveraging on the combined transportation and production footprint
 - Direct load access to railway covering from Santa Cruz to Puerto Suárez (Atlantic Ocean)



Strong potential increase in Fino and ADM Bolivia consolidated EBITDA per year from synergies, including investments required for an effective integration of Alicorp, Fino and ADM Bolivia

Source: Company management

Note: Preliminary synergies estimation by Integration Management Office and McKinsey

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