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GRAÑA Y MONTERO

Conference Call  
3Q 2017

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Third Quarter 2017

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# Agenda

1. Introduction
2. Discussion of Financial Results
3. Q&A



# 1. Introduction



## 2. Discussion of Financial Results

# Main adjustments to Net Profit of 2016

## NON AUDITED CONSOLIDATED INCOME STATEMENT December 2016

(In thousands of S/.)

	January 2017 version	October 2017 version	Variation
<b>Revenues</b>			
Revenues from construction activities	3,500,221	3,945,599	445,378
Revenues from services provided	1,911,631	1,895,296	(16,335)
Revenue from real estate and sale of goods	643,434	643,373	(61)
<b>Total Revenues</b>	<b>6,055,287</b>	<b>6,484,268</b>	<b>428,981</b>
<b>COSTS</b>			
Cost of construction activities	(3,281,080)	(3,757,032)	(475,952)
Cost of services provided	(1,693,779)	(1,671,783)	21,996
Cost of real estate and goods sold	(440,843)	(440,786)	57
<b>Total Costs</b>	<b>(5,415,703)</b>	<b>(5,869,601)</b>	<b>(453,898)</b>
<b>Gross Profit</b>	<b>639,584</b>	<b>614,667</b>	<b>(24,917)</b>
Administrative expenses	(463,974)	(398,695)	65,279
Other income and expenses	48,904	(13,270)	(62,174)
Gain from the sale of investments	30,357	46,336	15,979
<b>Operating Profit</b>	<b>254,871</b>	<b>249,038</b>	<b>(5,833)</b>
Financial income	24,178	20,792	(3,386)
Financial expenses	(153,306)	(162,262)	(8,956)
Share of the profit or loss in associates and joint ventures under the equity method of accounting	(1,349)	(102,491)	(101,142)
Exchange rate difference	(9,147)	(12,527)	(3,380)
<b>Profit before income tax</b>	<b>115,247</b>	<b>(7,450)</b>	<b>(122,697)</b>
Income tax	(43,585)	(48,960)	(5,375)
<b>Profit for the period</b>	<b>71,662</b>	<b>(56,410)</b>	<b>(128,072)</b>
Non controlling interest	(63,057)	(61,325)	1,732
<b>Net profit</b>	<b>8,605</b>	<b>(117,735)</b>	<b>(126,340)</b>
<b>Net Profit (US\$)</b>	<b>2,561</b>	<b>(35,040)</b>	<b>(37,159)</b>

## MAIN ADJUSTMENTS TO NET PROFIT

MM S/.

### From the business

Provision and miscellaneous adjustments	5,359
Sunat audit for the year 2001	14,170

### Acquisitions

Goodwill impairment - Vial y Vives DSD	54,938
Remediation of acquisition value of Adexus	8,877

### Gasoducto Sur Peruano

Conversion to company in liquidation (CCDS)	15,165
Discount of the accounts receivables of GSP	33,618

### Total gross effects

132,127

### Total net effects

126,340

### Non audited Net Profit (v. January 2017)

8,605

### Non audited Net Profit (v. October 2017)

-117,735

### Variation

**-126,340**

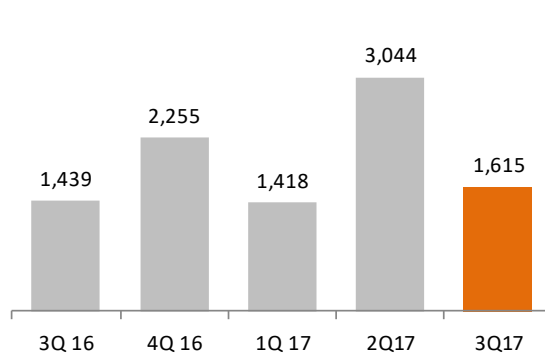
✓The Group achieved Revenues of S/ 4,462.1 MM during 3Q2017, a 5.3% increase compared to 3Q2016.

✓Gross Profit amounted to S/ 525.4 MM in 3Q2017, increasing 16.7% compared to 3Q2016.

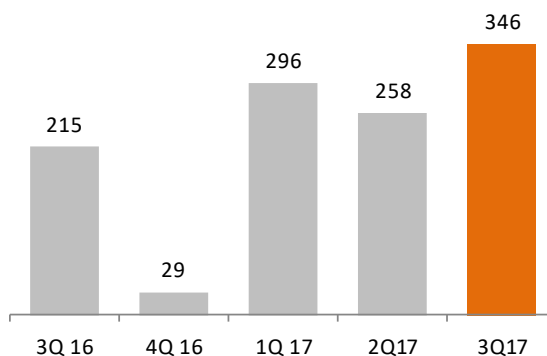
✓EBITDA was S/ 900.4 MM in 3Q2017, 53.3% higher than the result obtained in 3Q2016.

✓Net Income reached S/ 238.8 MM in 3Q2017, 72.2% higher than in 3Q2016.

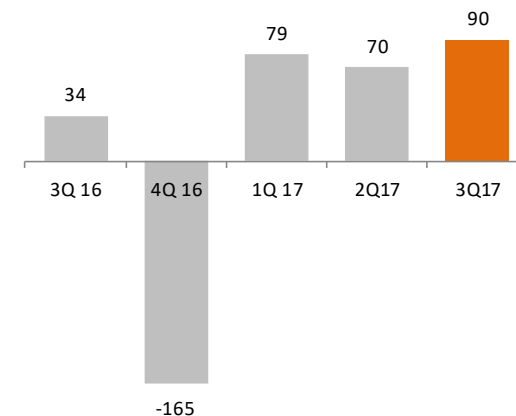
REVENUES BY QUARTER (S/ MM)



EBITDA BY QUARTER (S/ MM)

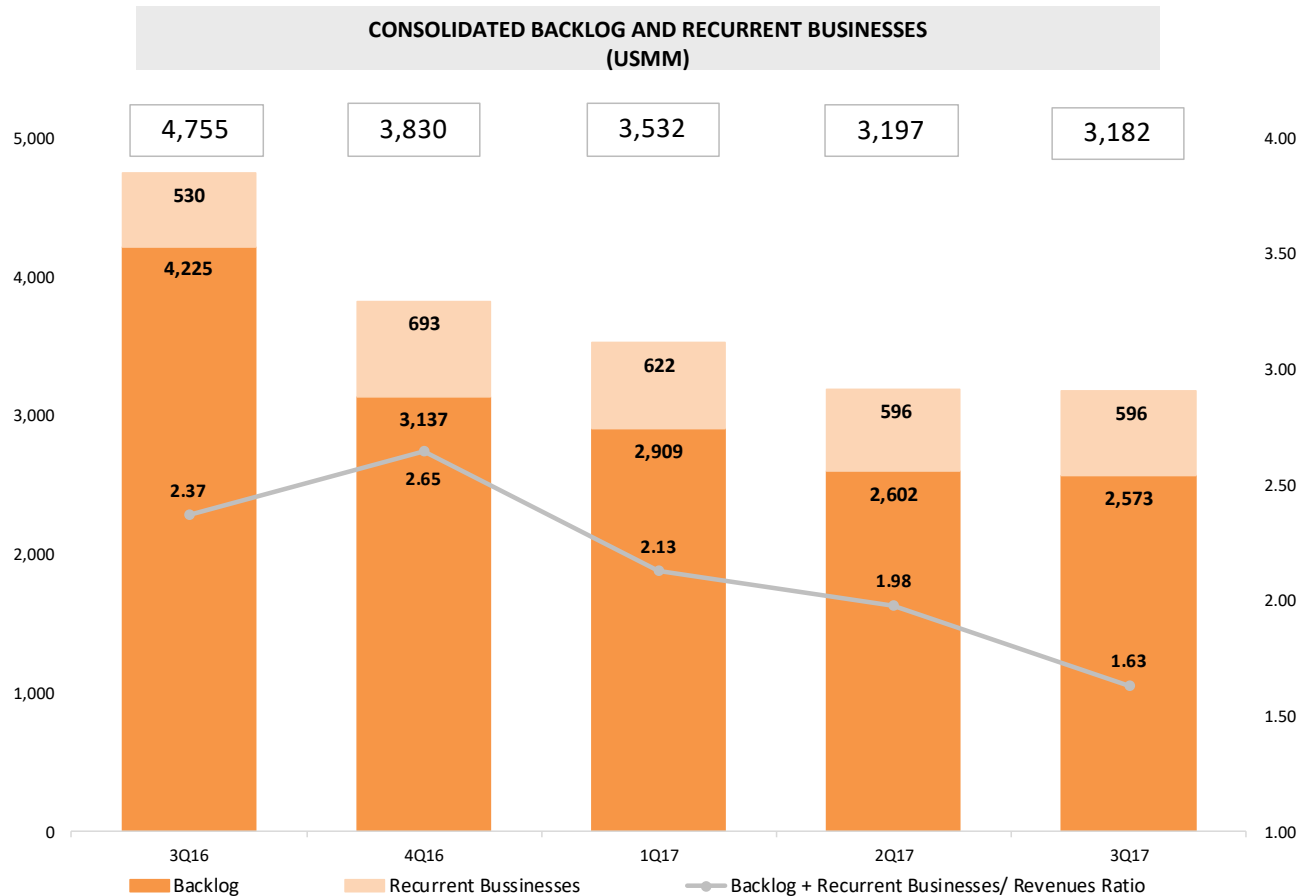


NET INCOME BY QUARTER (S/ MM)



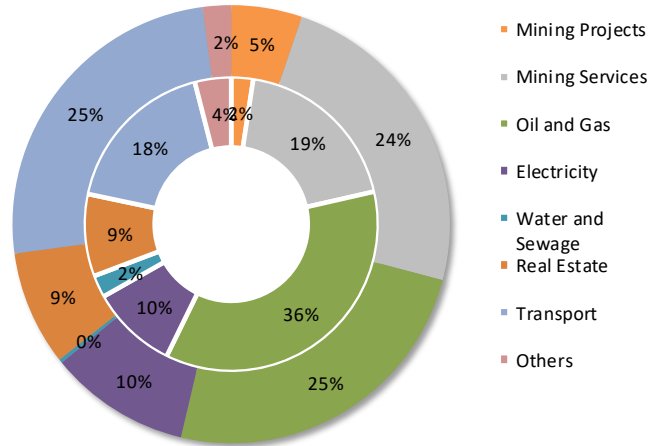
# Backlog + Recurrent Businesses

- ✓ Backlog amounted to US\$ 2,572.8 MM as of 3Q2017 and the recurrent businesses amounted to US\$ 609.4 MM, reaching a total of US\$ 3,182.2 MM, equivalent to 1.59x the annual revenues, maintaining the amount similar to the one registered in 2Q2017.

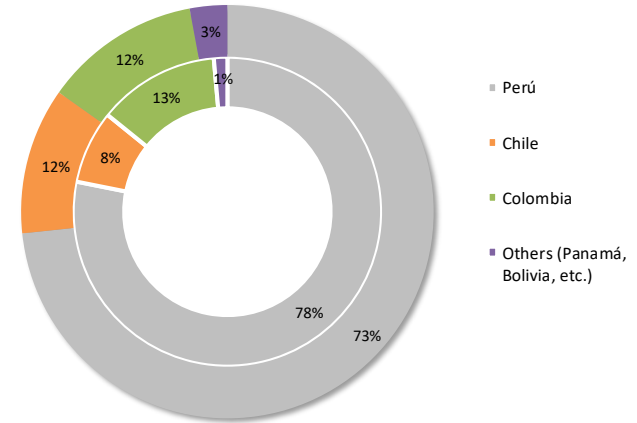


# Backlog + Recurrent Businesses (3Q2016 – 3Q2017)

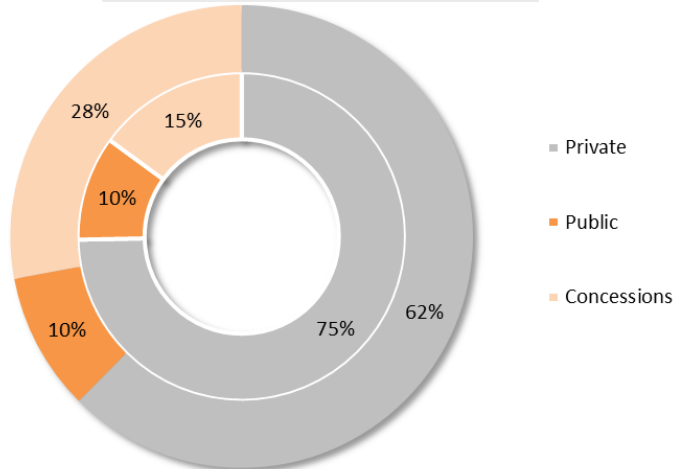
### Backlog by End-Market



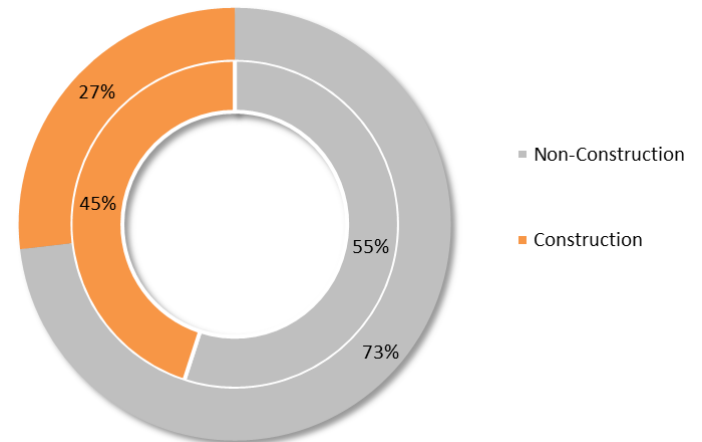
### Backlog by Country



### Public/Private



### Construction/ Non-Construction





# Composition of Indebtedness

## Debt (US\$ thousand)

	3Q2016	4Q2016	1Q2017	2Q2017	3Q2017
Working Capital + Leasing	396,888	382,677	383,045	344,055	349,423
Project Finance	337,238	336,389	348,576	335,414	335,036
Financing associated to GSP	146,627	277,415	247,344	173,593	169,621
<b>Total</b>	<b>880,753</b>	<b>996,481</b>	<b>978,965</b>	<b>853,062</b>	<b>854,081</b>
<b>CHUBB Debt</b>		52,500	52,500	21,679	20,249
<b>Total Debt</b>	<b>880,753</b>	<b>1,048,981</b>	<b>1,031,465</b>	<b>874,741</b>	<b>874,329</b>

## EBITDA - LTM (US\$ thousand)

	3Q2016	4Q2016	1Q2017	2Q2017	3Q2017
E&C + Real Estate + Technical Services	169,016	102,633	132,743	145,410	192,885
Infrastructure	82,291	80,872	84,882	95,187	93,612
<b>Total</b>	<b>251,307</b>	<b>183,505</b>	<b>217,625</b>	<b>240,597</b>	<b>286,497</b>

## Ratios

	3Q2016	4Q2016	1Q2017	2Q2017	3Q2017
Debt/Ebitda (E&C + Real Estate + Technical Services)	3.22	6.94	5.14	3.71	2.80
Debt/Ebitda (Infrastructure)	4.10	4.16	4.11	3.52	3.58
<b>Consolidated Debt/Ebitda</b>	<b>3.50</b>	<b>5.72</b>	<b>4.74</b>	<b>3.64</b>	<b>3.05</b>

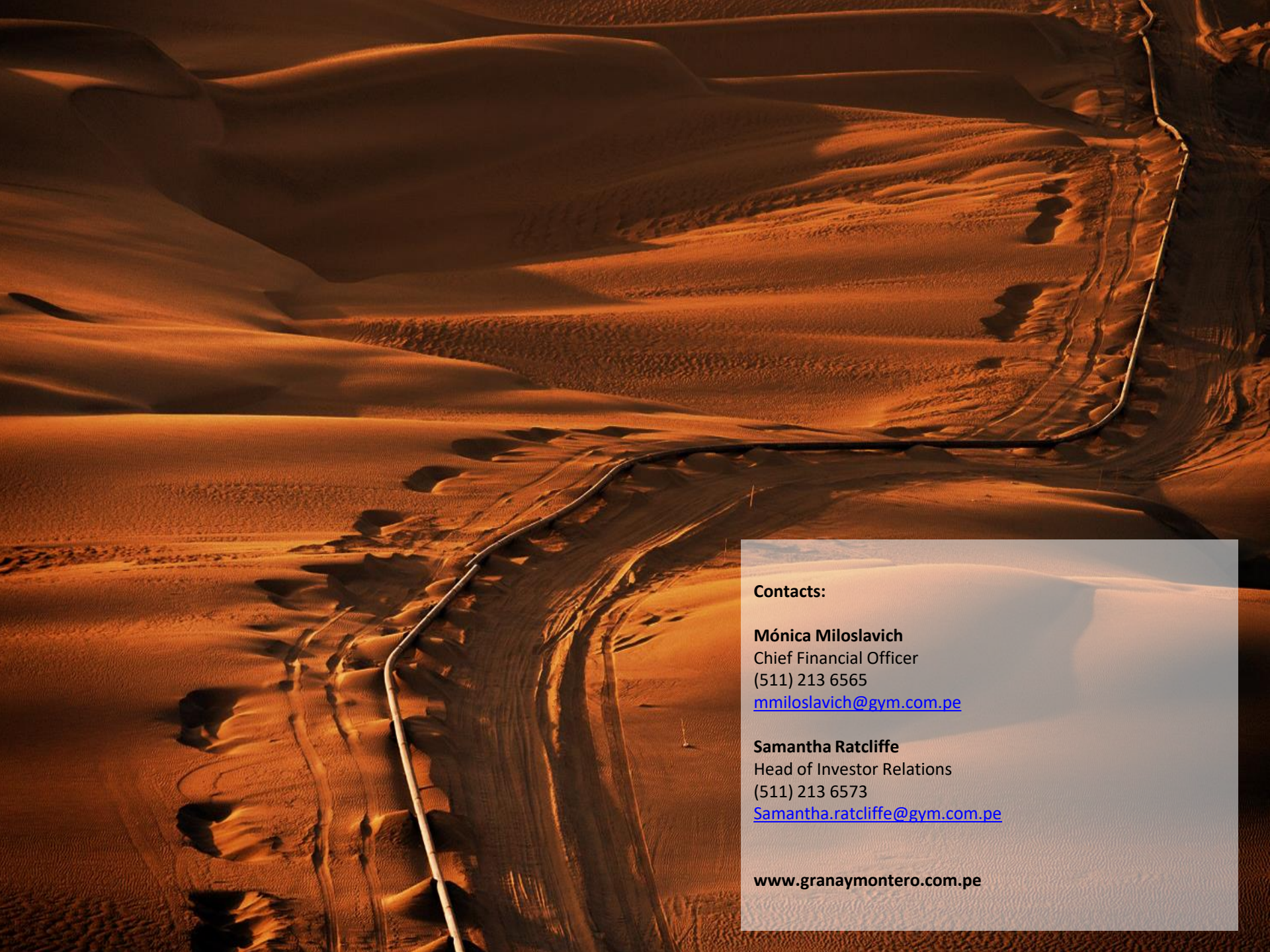


### 3. Q&A

## Forward-looking statements

This presentation contains forward-looking statements. Forward-looking statements convey our current expectations or forecasts of future events. These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to differ materially from the forward-looking statements that we make. Forward-looking statements typically are identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “project,” “plan,” “believe,” “potential,” “continue,” “is/are likely to,” or other similar expressions. Any or all of our forward-looking statements in this presentation may turn out to be inaccurate. Our actual results could differ materially from those contained in forward-looking statements due to a number of factors, including, among others: global macroeconomic conditions, including commodity prices, and economic, political and social conditions in the markets in which we operate, particularly in Peru; major changes in Peruvian government policies at the national, regional or municipal levels, including in connection with infrastructure concessions, investments in infrastructure and affordable housing subsidies; social conflicts in Peru that disrupt infrastructure projects, particularly in the mining sector; interest rate fluctuations, inflation and devaluation or appreciation of the nuevo sol in relation to the U.S. dollar (or other currencies in which we receive revenue); our ability to continue to grow our operations, both in Peru and internationally; the level of capital investments and financings available for infrastructure projects of the types that we perform, both in the private and public sectors; competition in our markets, both from local and international companies; our ability to complete acquisitions on favorable terms or at all and to integrate acquired businesses and manage them effectively post-acquisition; performance under contracts, where a failure to meet schedules, cost estimates or performance targets on a timely basis could result in reduced profit margins or losses and impact our reputation; developments, some of which may be beyond our control, that affect our reputation in our markets, including a deterioration in our safety record; industry-specific operational risks, such as operator errors, mechanical failures and other accidents; availability and costs of energy, raw materials, equipment and labor; our ability to obtain financing on favorable terms; our ability to attract and retain qualified personnel; our ability to enter into joint operations, and rules involved in operating under joint operation or similar arrangements; our exposure to potential liability claims and contract disputes, including as a result of environmental damage alleged to have been caused by our operations; our and our clients’ compliance with environmental, health and safety laws and regulations, and changes in government policies and regulations in the countries in which we operate; negotiations of claims with our clients of cost and schedule variances and change orders on major projects; volatility in global prices of oil and gas; the cyclical nature of some of our business segments; limitations on our ability to operate our concessions profitably, including changes in traffic patterns, and limitations on our ability to obtain new concessions; our ability to accurately estimate the costs of our projects; changes in real estate market prices, customer demand, preference and purchasing power, and financing availability and terms; our ability to obtain zoning and other license requirements for our real estate development; changes in tax laws; natural disasters, severe weather or other events that may adversely impact our business; and certain other factors disclosed in our registration statement on Form F-1 on file with the SEC.

The forward-looking statements in this presentation represent our expectations and forecasts as of the date of this presentation. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this presentation. In light of the risks and uncertainties described above, the future events and circumstances discussed in this presentation might not occur and are not guarantees of future performance.



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