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ENGIE ENERGIA PERU

2Q19 Results: EBITDA down -2.8% YoY, mainly explained by lower penalties to contractors.

EBITDA fell -2.8%, mainly owing to a USD 1.6mn drop in income from penalties to contractors and to higher fuel consumption, up 36% YoY. Net income came to USD 29.6mn in 2Q19, down -2.3% YoY relative to 2Q18, mainly explained by lower EBITDA, while this was partially offset by a -26.0% reduction in financial expenses.

Net generation increased from 830GWh in 2Q18 to 1,529GWh in 2Q19 (+84% YoY). Hydro and thermal grew 5.2% YoY and 144% YoY, respectively, while generation at Intipampa remained flat at 23GWh.

Revenues in 1Q19 rose +6.3% YoY to USD 135mn, mainly explained by a +6.0% YoY rise in energy prices, partially offset by a -1.7% YoY decline in regulated sales.

Costs went up +8.3% YoY, mainly on account of a +36% YoY increase in fuel consumption, explained by higher generation in the ChilcaUno and ChilcaDos thermal plants, although this effect was partially offset by a -24% YoY decline in energy purchases.

Financial expenses fell -26% YoY, mainly on account of lower expenses in financial leasings, down -46.4% YoY, partially offset by higher interest expenses related to corporate loans and bank loans, up +15.5% YoY.

Net income came to USD 29.6mn, compared to USD 30.3mn in 2Q18 (down -2.3% YoY), mainly on account of lower EBITDA, partially offset by the -26% YoY decline in financial expenses.

Net debt/EBITDA went up from 2.1x in 1Q19 to 2.2x in 2Q19.

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Table 1: Engie Energia Peru quarterly results, USD mn	2Q19	2Q18	%Var 19/18
Revenues	135.0	127.0	6.3%
Op. Income	49.1	50.9	-3.4%
Op. Margin (%)	36.4%	40.1%	
EBITDA	**70.0**	**72.0**	**-2.8%**
EBITDA Margin (%)	51.9%	56.7%	
Net Income	**29.6**	**30.3**	**-2.3%**
Net Margin (%)	21.9%	23.8%	

Source: Company reports and LarrainVial Research Department

This report was prepared by Larrain Vial SA Corredora de Bolsa

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