
ENGIE Energía Perú

Quarterly Results – Q4 2017



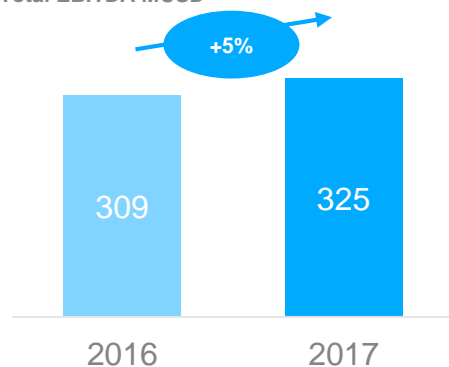
Q4 2017 HIGHLIGHTS

- **Total energy generation (SEIN) grew 1.4%** compared to 2016. As of December, EEP was the **first private player** of the sector accounting for **21%** of the total capacity and **16%** of the total energy generation of the system
- **Q4 2017 EBITDA** reached **50.3MUSD** decreasing 5% compared to 2016 Q4. The decrease was mainly explained by the end of SPCC PPA, and Las Bambas PPA early termination. **Q4 2017 Net Result** reached **1.0MUSD**, impacted by higher D&A and higher income tax
- **FY 2017 EBITDA** reached **325.0MUSD** while **Net Result** totalized **129.7MUSD**, growing **5%** and decreasing **1%** compared to FY 2016
- At the end of 2017, **total debt** reached **837MUSD**, decreasing 17% with respect to 2016
- In December 2017, EEP signed a **2 year PPA with Milpo for 60MW**, starting in 2018
- In December 2017, EEP signed a new **5.5 year Corporate Loan** with Scotiabank for **up to 150MUSD** @3.3%. from which 100MUSD were disbursed and used to refinance an existing corporate loan
- In December 2017, **Natural Gas Price declaration norm** was modified to incorporate a **floor**; which is calculated per generation company as the variable component of its molecule contract
- **Intipampa solar project at 95%**. Expected to enter into commercial operation in **Q1 2018**
- ENGIE's good **environmental, social and governance** practices were once more recognized. EEP was appointed by Capital Finance International as **The Best ESG Power Producer in Peru** in 2017 for the 2nd consecutive year

MAIN FINANCIAL RESULTS FY 2017

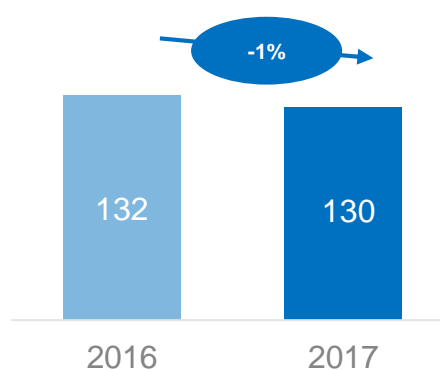
EBITDA 2017

Total EBITDA MUSD



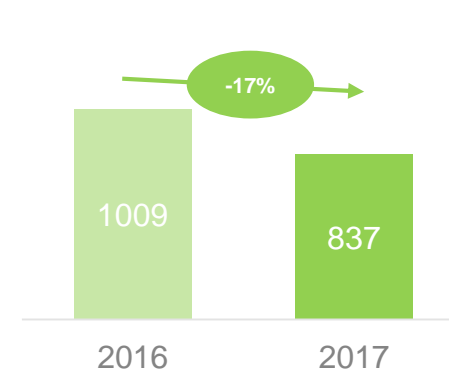
Net Result 2017

Total Net Result MUSD

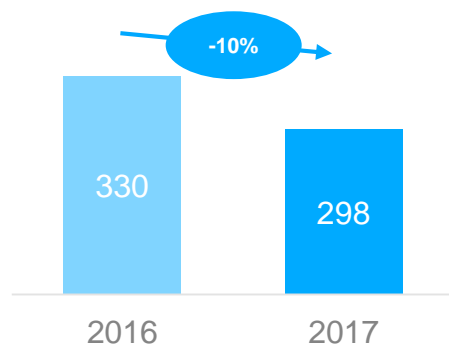


Debt 2017

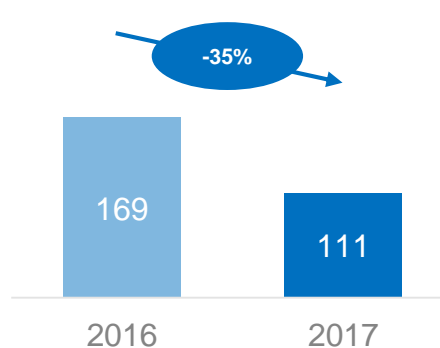
Total Debt MUSD



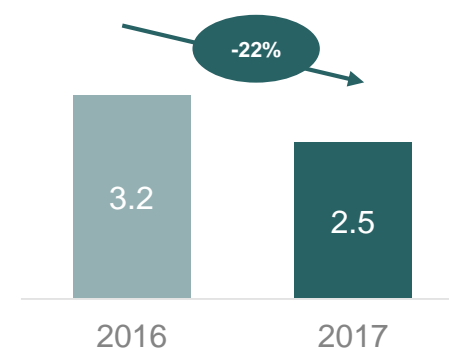
Recurrent EBITDA MUSD



Net Recurrent Result MUSD



Net Debt / EBITDA x

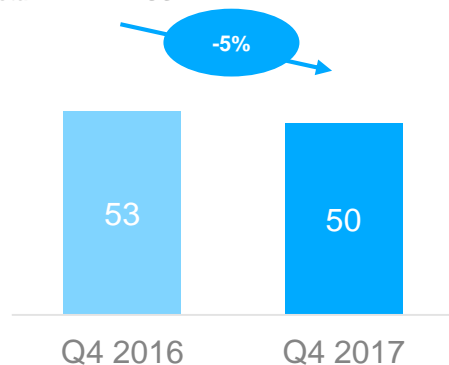


Non recurrent events defined as
 2017: Commercial penalty fees and impairment of assets
 2016: Impairment of assets and tax non recurrent impacts

MAIN FINANCIAL QUARTERLY RESULTS Q4 2017

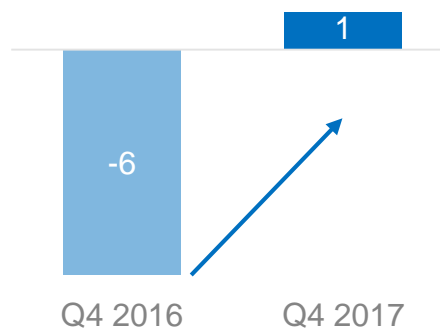
EBITDA Q4

Total EBITDA MUSD

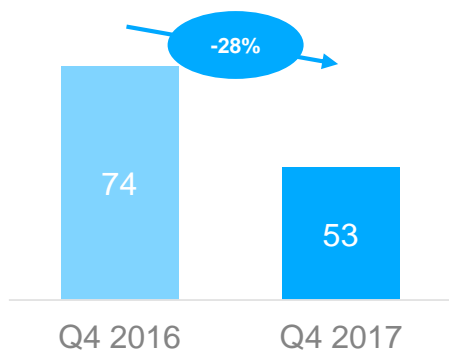


Net Result Q4

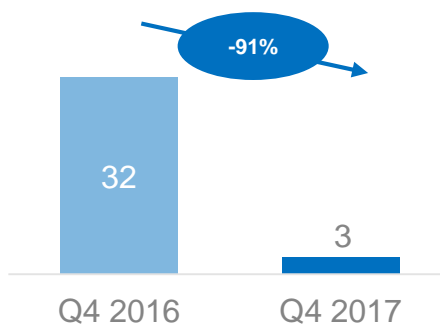
Total Net Result MUSD



Recurrent EBITDA MUSD



Net Recurrent Result MUSD



Non recurrent events defined as
2017: Commercial penalty fees and impairment of assets
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ENERGY PRODUCTION AND BALANCE 2017

Lower thermal generation in 2017 due to higher supply from hydro power plants. Seller-position in the spot market in Q4 2017

| GWh | FY 2015 | | FY 2016 | | FY 2017 | | Δ 2017 -2016 | Q4 2016 | | Q4 2017 | | Δ Q4 |
|-----------------------|--------------|-------------|--------------|-------------|--------------|-------------|------------------------|--------------|-------------|--------------|-------------|----------------|
| Yuncán HPP | 901 | 10% | 760 | 8% | 889 | 11% | 17% | 173 | 8% | 210 | 11% | 22% |
| Quitaracsa HPP | 88 | 1% | 484 | 5% | 531 | 6% | 10% | 112 | 5% | 101 | 6% | -10% |
| Chilca1 CCGT | 5,838 | 66% | 5,617 | 63% | 5,303 | 63% | -6% | 1,516 | 71% | 1,439 | 78% | -5% |
| Chilca2 | 0 | 0% | 220 | 2% | 308 | 4% | 40% | 88 | 4% | 155 | 8% | 77% |
| Ilo21 (Coal) | 248 | 3% | 773 | 9% | 674 | 8% | -13% | 191 | 9% | 23 | 1% | -88% |
| Ilo1 (Diesel) | 62 | 1% | 210 | 2% | 86 | 1% | -59% | 17 | 1% | 0 | 0% | -100% |
| Ilo31 (Cold Reserve) | 35 | 0% | 100 | 1% | 7 | 0% | -93% | 9 | 0% | 0 | 0% | -97% |
| NEPI | 0 | 0% | 18 | 0% | 9 | 0% | -47% | 4 | 0% | 1 | 0% | -66% |
| Imports (Ecuador) | 0 | 0% | 21 | 0% | 0 | 0% | -100% | 0 | 0% | 0 | 0% | 0% |
| Auxiliaries | -100 | -1% | -289 | -3% | -185 | -2% | -36% | -82 | -4% | -34 | -2% | -59% |
| NET GENERATION | 7,072 | 81% | 7,914 | 88% | 7,624 | 91% | -4% | 2,028 | 95% | 1,897 | 103% | -6% |
| COES: NET | 1,711 | 19% | 1,061 | 12% | 734 | 9% | -31% | 117 | 5% | -63 | -3% | -154% |
| CLIENTS DEMAND | 8,783 | 100% | 8,976 | 100% | 8,358 | 100% | -7% | 2,145 | 100% | 1,834 | 100% | -14% |

MAIN RESULTS 2017

The focus in managing our portfolio of clients and plants, combined with a strong financial discipline, has enabled us to deliver solid financial results, even during periods of instability in the power sector and in the country

Main Financial Results

| (MUSD) | FY 2017 | FY 2016 | Δ FY | Q4 2017 | Q4 2016 | Δ Q4 |
|-----------------------|------------|------------|------------|-----------|-----------|--------------|
| Income | 683 | 748 | -9% | 139 | 184 | -25% |
| EBITDA | 325 | 309 | 5% | 50 | 53 | -5% |
| Net Result | 130 | 132 | -1% | 1 | -6 | -117% |
| Recurrent EBITDA* | 298 | 330 | -10% | 53 | 74 | -28% |
| Net Recurrent Result* | 111 | 169 | -35% | 3 | 32 | -91% |
| Total Debt | 837 | 1,009 | -17% | 837 | 1,009 | -17% |
| Net Generation GWh | 7,624 | 7,914 | -4% | 1,897 | 2,028 | -6% |
| Clients Demand GWh | 8,358 | 8,976 | -7% | 1,834 | 2,145 | -14% |
| Net Debt / EBITDA 12m | 2.5 | 3.2 | -22% | 2.5 | 3.2 | -22% |

* See definitions in slide 7

- **2017 EBITDA increased 5% to 325MUSD** positively influenced by the commercial penalty fee from Las Bambas (28MUSD). On a recurrent basis, lower commercial margin was mainly explained by the **end of SPCC** contract which was partially offset by the full year operation of **Nodo Energetico Project**. 2017 Net result was in line with 2016 results; although recurrent results were affected by higher D&A and financial expenses due to new projects into operation
- **Q4 2017 EBITDA decreased 5% to 50MUSD** mainly explained by the end of SPCC PPA & Las Bambas PPA; which was partially offset by the full quarter operation of Nodo Energetico project. **Q4 2017 Net Result totaled 1MUSD** improving with respect to Q4 2016. Quarterly Net result was affected by higher income tax rate (from 28% to 29.5%), higher interests and higher D&A

NON RECURRENT EVENTS IN 2017

Commercial penalty & Impairments

1. Las Bambas penalty fee (Other income)

- PPA with Las Bambas finished at the end of August 2017. A termination penalty of 28.0MUSD was recorded as income in the Financial Statement in June and collected in July 2017

2. Impairment of assets (Other expenses)

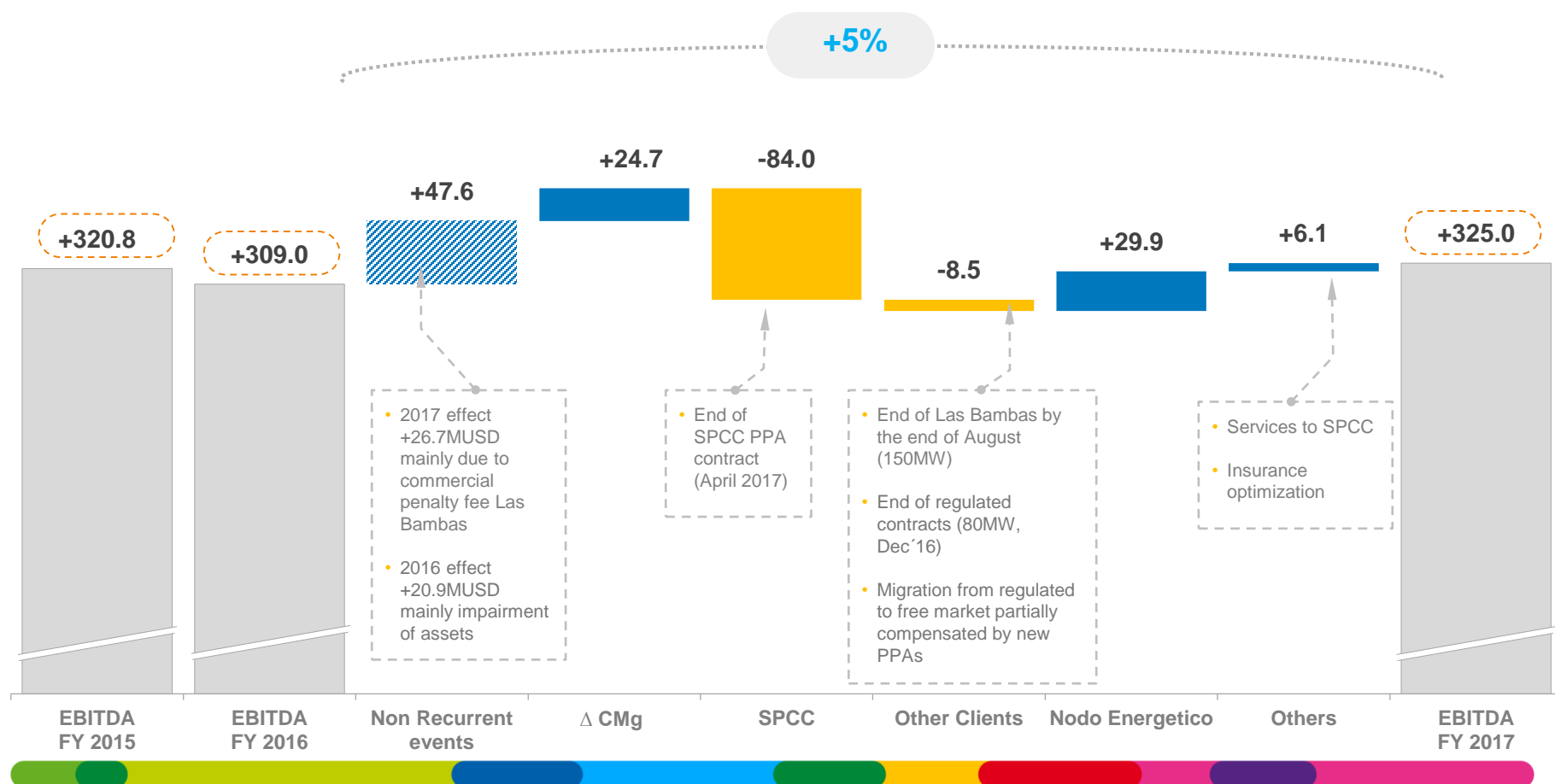
Total non recurrent events (1 + 2)

| EBITDA 2017 | Net Result 2017 |
|------------------|------------------|
| +28.0MUSD | +20.2MUSD |
| -1.3MUSD | -0.9MUSD |
| +26.7MUSD | +19.2MUSD |

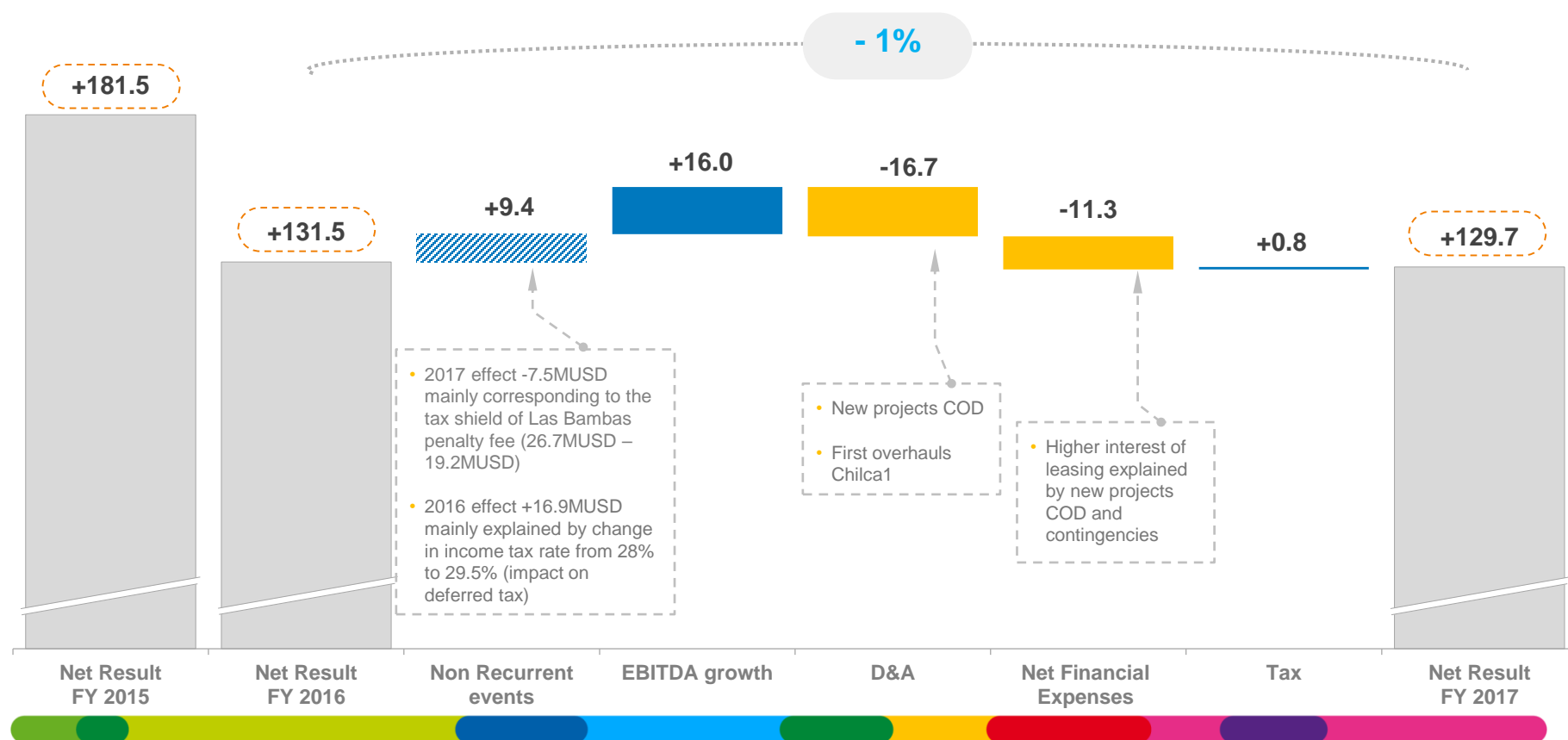
As a result of these non recurrent events, full year Recurrent EBITDA reduces to 298MUSD and Net recurrent Income to 111MUSD



EBITDA - 2017 vs 2016: +16.0 MUSD



NET RESULT - 2017 vs. 2016: -1.8 MUSD

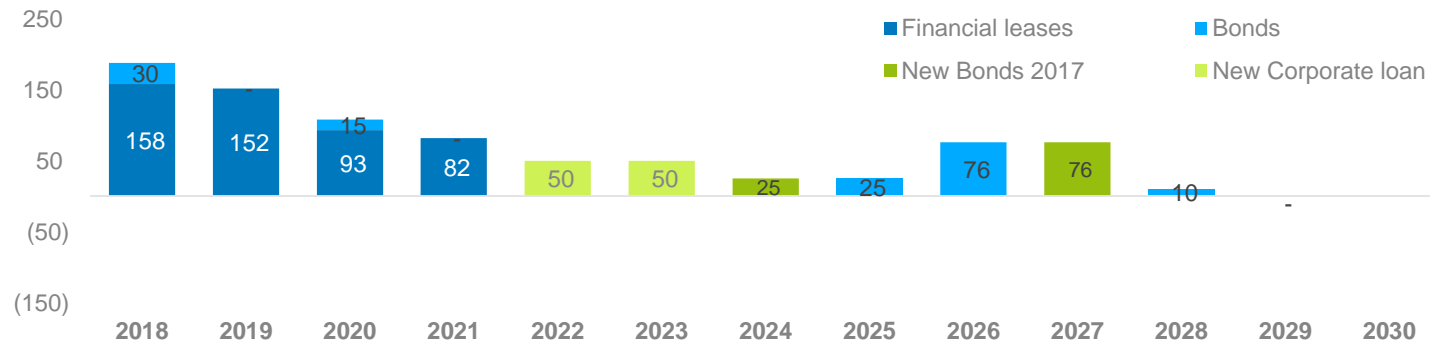


DEBT PROFILE

Successful financial plan execution in a highly volatile environment

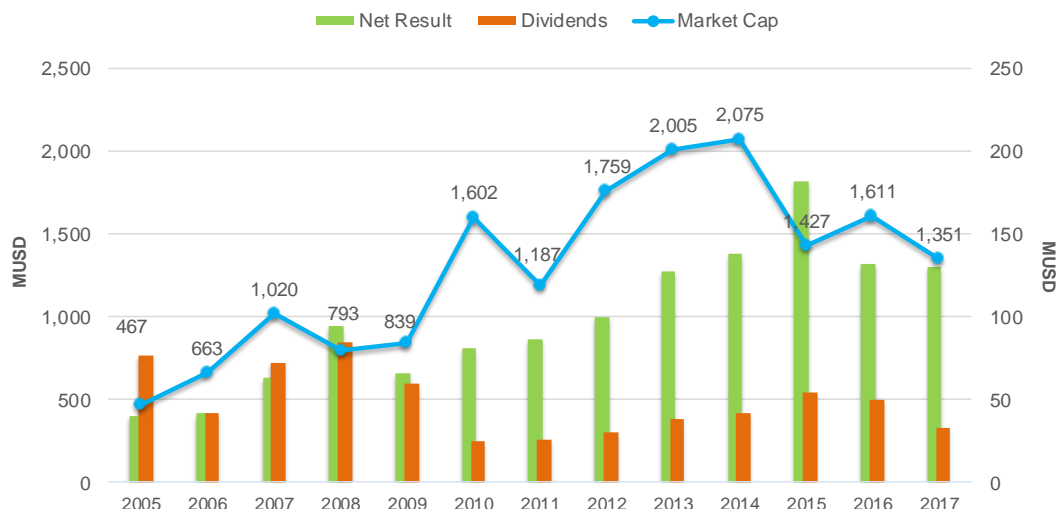
- **Total debt reached 837MUSD as of December 2017**, decreasing 17% following expected amortization schedule
- **In 2017 EEP successfully closed financial conditions for up to 250MUSD for an average fixed cost of 3.35% and average life of 7 years**, issuing 200MUSD of medium and long term debt; 100MUSD in local capital markets (**7 – 10 year bonds**) and 100MUSD through a **5.5 year Corporate Loan**. Through the 2017 financial plan execution EEP was able to:
 1. **Optimize cost**, reducing average long term cost from 4.7% to 4.5%
 2. **Improve debt structure**, increasing debt duration from 2.7 years to 3.6 years
 3. **Eliminate interest rate risk**
 4. **Maintain flexibility** to continue looking for costs optimizations

Outstanding debt repayment profile as of December 2017 (MUSD)



STOCK PRICE PERFORMANCE

Despite the 16% decrease (in USD) in 2017, the value creation since the IPO has been higher than 2x



- Market Cap changes in USD is affected by share price movements and FX changes
- In 2017, Engie share Price decreased from 9.00 to 7.29 S/./sh; (-19.4%); while the exchange rate appreciated. As a result, the Market Cap in USD decreased (-16.1%)
- In Q4 2017, the share price decreased from 7.89 to 7.29 S/./sh; (-7.6%); while the exchange rate appreciated slightly against the USD (3.245 PEN/USD). As a result, the Market Cap in USD decreased (-7.0%). The share price decreased in a context of higher volatility due to uncertainty regarding regulatory issues related with the natural gas price declaration mechanism and political uncertainties.

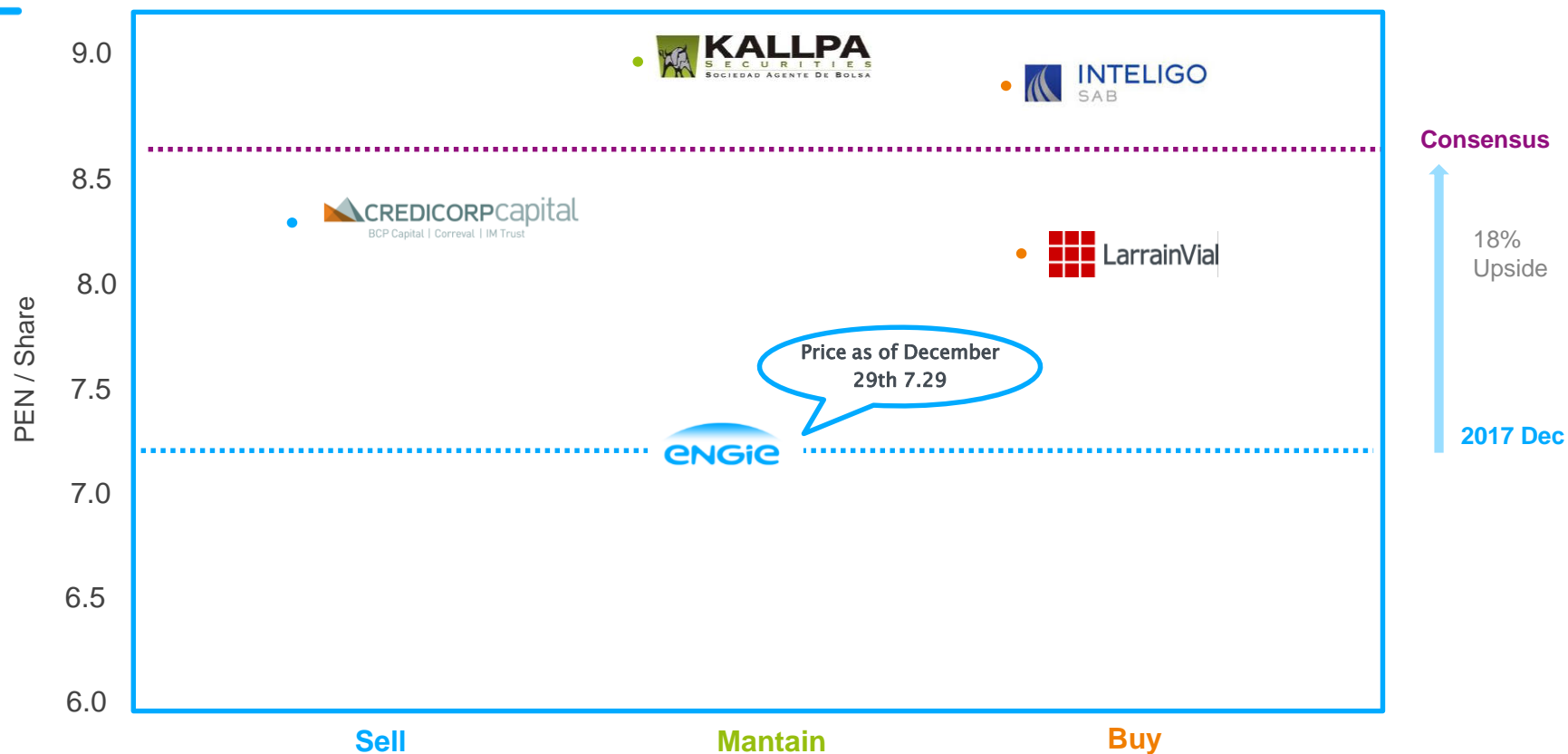
*Market Cap variation in 2015 is mainly explained by portfolio rebalance of an institutional investor and subsequent potential reclassification of Peru from Emerging Markets ("EM") to Frontier market due to its low liquidity

Financial Market Data – December 2017

| | |
|-----------------------------------|-------------|
| Number of shares issued | 601,307,011 |
| Share price (PEN) – 31/12/2017 | 7.29 |
| VWAP (3m) – (PEN) | 7.29 |
| 52 week – high – (PEN) | 9.30 |
| 52 week – low – (PEN) | 6.50 |
| Market Cap (MUSD) | 1,351 |
| Enterprise Value (EV) (MUSD) | 2,151 |
| EV / EBITDA | 6.6x |
| Price to Book Value (P/B) | 1.3x |
| Price / Earnings ratio (P/E) | 10.4x |
| Daily avg. trading volume (mm/sh) | 0.03 |

EV: Market Cap + Net Debt
P/B: Market Cap / Book Value of Equity

EQUITY ANALYST VIEW



| | Credicorp | Larrain | Kallpa | Inteligo | Consensus |
|----------------|--------------|---------------|--------------|--------------|-----------|
| Target price | 8.4 | 8.2 | 8.9 | 8.8 | 8.6 |
| Recommendation | Underperform | Buy | Maintain | Buy | |
| Date | October 2017 | February 2018 | January 2018 | January 2018 | |

DIVIDEND PAYMENTS: 664 MUSD since 2004

Dividend Policy since 2010: Minimum 30%

MUSD

100

90

80

70

60

50

40

30

20

10

0

Extraordinary Annual
2nd Half 1st Half

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017



THANKS

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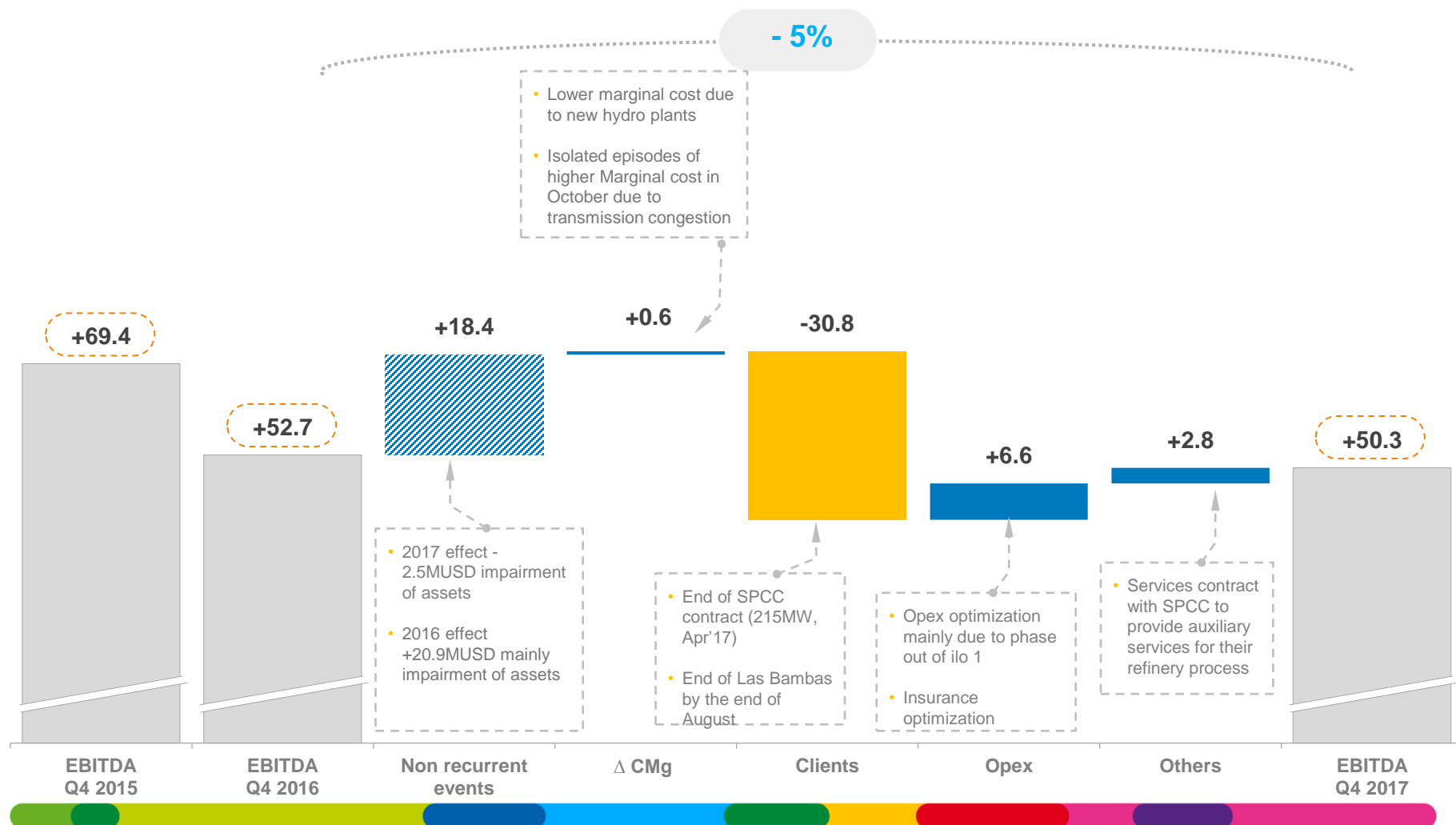


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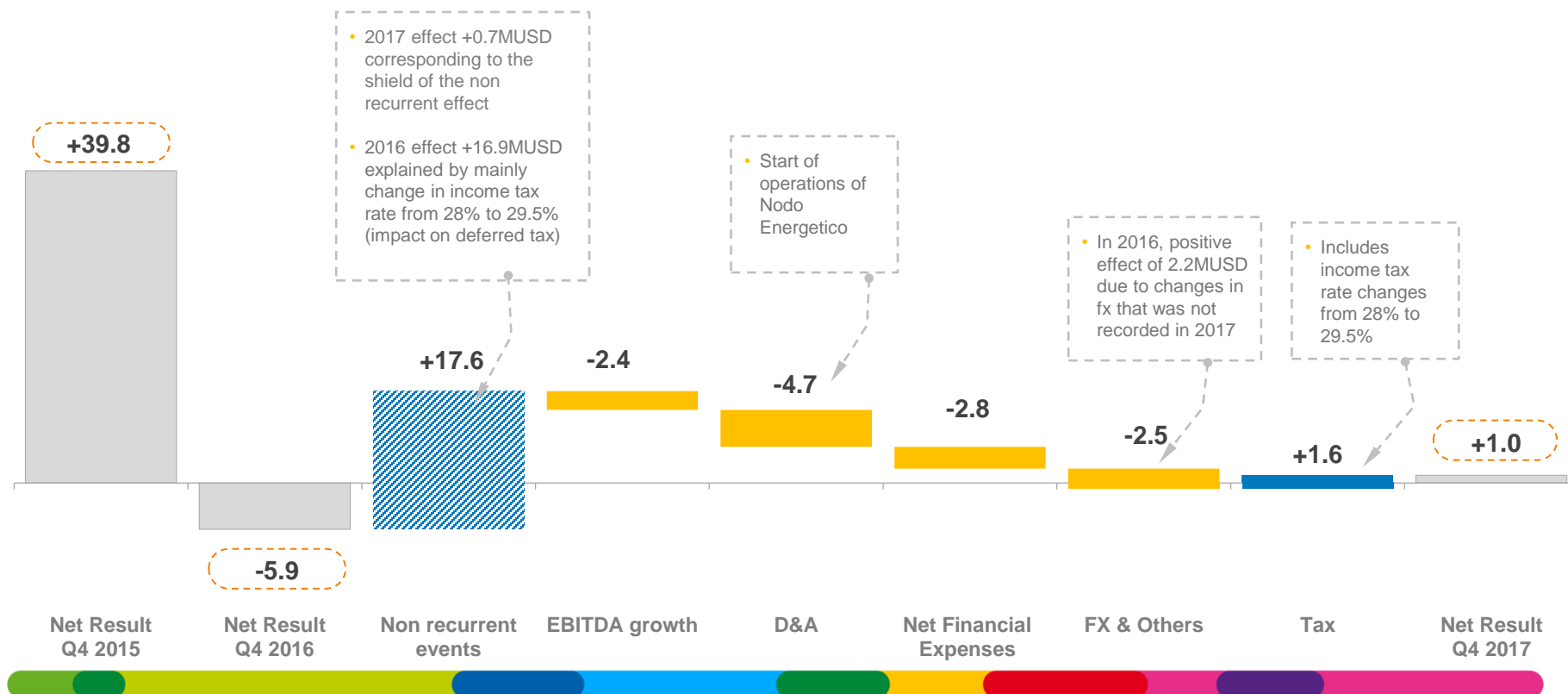


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EBITDA Q4 - 2017 vs 2016: -2.4 MUSD



NET RESULT Q4 - 2017 vs. 2016: **+6.9 MUSD**



APPENDIX

ENGIE Energia Peru overview

Largest private electricity company in Peru in terms of generation and capacity

2,456 MW of installed capacity & ~7,600 GWh of annual generation

Low Co2 generation base

Diversified & decentralized portfolio of generation sources

20 years operating in the country & listed since 2005

518 employees

Financial discipline to support future growth ambitions,
AAA local rating

Sponsored by a global leader, ENGIE S.A.*

