

OVERVIEW

Peru / Equity - Corporate Credit / Utilities

27 APRIL 2023

ENGIE ENERGIA PERU 1Q23 RESULTS: UNREGULATED SALES DRIVE QUARTERLY PERFORMANCE

KEY DRIVERS

- 🔗 EBITDA rose 13.3% YoY to USD 56.3mn on account of higher volumes sold (+19% YoY) in contracts and a lower net spot buying position, partially offset by higher fuel consumption costs (+35% YoY).
- 🔗 Net income came to USD 21.2mn (-5.0% YoY), owing to a smaller positive effect of FX differences and higher tax payments.
- 🔗 Net debt/EBITDA improved from 2.7x to 2.4x in 1Q23 on higher EBITDA and lower Net Debt.



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LarrainVial
R E S E A R C H
Your eyes in the Andean Region

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- Net income came to USD 21.2mn (-5.0% YoY), owing to a smaller positive effect of FX differences and higher tax payments.
- Net debt/EBITDA improved from 2.7x to 2.4x in 1Q23 on higher EBITDA and lower Net Debt.

Consolidated EBITDA came to USD 56.3 (+13.3% YoY), mainly on account of greater volumes sold (+19% YoY), mostly to unregulated clients at higher prices due to indexation to natural gas and a more favorable net spot buying position (-413 GWh, -51% YoY). This was offset by the +35% YoY change in fuel consumption costs after increased use for generation. Net income came to USD 21.2mn (-5.0% YoY) as FX differences had a smaller positive impact after PEN remained stable relative to 1Q22 and because of a higher tax payment (+36% YoY).

Net generation soared to 1,745 GWh (+78% YoY) driven by the rise in thermal generation (+152% YoY) and the incorporation of wind generation after the entrance of Punta Lomitas (+71 GWh). Both drivers were partially offset by the -17% YoY drop in hydro. The company was a net spot buyer this quarter despite its greater generation.

Revenues rose +15.9% YoY to USD 140.3mn on account of greater volumes sold, both to unregulated clients (+24.9% YoY) and regulated clients (+3.9%) as well as higher prices owed to natural gas indexations. Costs increased +16% YoY to USD 103.7mn as fuel consumption costs rose (+35% YoY) after increased use of thermal generation, which was offset by a smaller net spot buying position (-413 GWh, -51% YoY).

Net income came to USD 21.2mn (-5.0% YoY). This was owed to a smaller positive impact from FX differences as PEN remained stable relative to 1Q22 (-0.2% depreciation), and to the 36% YoY rise in taxes. Net Debt/EBITDA went from 2.7x in 4Q22 to 2.4x in 1Q23 on improvements in EBITDA and a lower Net Debt.

Engie Energia Peru: Quarterly Income Statement (USD mn)

	1Q23a	1Q22a	%Var 23/22
Revenues	140.3	121.1	15.9%
Op. Income	35.2	28.4	23.8%
Op. Margin (%)	25.1%	23.5%	
EBITDA	56.3	49.7	13.3%
EBITDA Margin (%)	40.1%	41.0%	
Net Income	21.2	22.3	-5.0%
Net Margin (%)	15.1%	18.4%	

Source: LarrainVial Research Department

Disclosures and certifications can be found in "Important Disclosures" on the last page of this report.

STOCK INFORMATION

Current Price:	5.41
Target Price:	5.65
Recommendation:	NEUTRAL
BBG ticker:	ENGIEC1 PE
52w high-low:	6.03 – 4.85
Free Float:	38%
#Shares:	601 mn

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