

OVERVIEW

Peru / Equity - Corporate Credit / Utilities

31 OCTOBER 2023

ENGIE ENERGIA PERU 3Q23 RESULTS: DIESEL GENERATION WREAKS HAVOC ON FUEL COSTS

KEY DRIVERS

- 🔗 EBITDA fell -26% YoY to USD 36.5mn on account of higher fuel costs (+112% YoY) after heavy use of diesel, partially offset by higher sold volumes.
- 🔗 Net income came to USD 1.7mn (-89.2% YoY) owing to weaker operating performance and higher interest payments related to Punta Lomitas financing.
- 🔗 Net debt/EBITDA improved from 2.37x to 2.06x in 3Q23 thanks to the improved cash position.



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- Net income came to USD 1.7mn (-89.2% YoY) owing to weaker operating performance and higher interest payments related to Punta Lomitas financing.
- Net debt/EBITDA improved from 2.37x to 2.06x in 3Q23 thanks to the improved cash position.

Consolidated EBITDA came to USD 36.5mn (-26% YoY), mainly on account of higher fuel costs (+112% YoY) owing to heavy use of diesel generation (replicated across the system) after Pluspetrol maintenance and lower hydrology. This was partially offset by higher volumes sold (+22% YoY), especially by Punta Lomitas, mostly to unregulated clients (namely, Anglo American) at higher prices due to indexation to natural gas and a net spot selling position (+342 GWh). Net income plummeted -89% YoY to USD 1.7mn, chiefly on account of weaker operating performance, while financial performance deteriorated mostly owing to higher interest payments related to Punta Lomitas financing.

Net generation rose +22.1% YoY to 2,583 GWh driven by the rise in thermal generation (+21% YoY) and the incorporation of wind generation after the entrance of Punta Lomitas (+186 GWh). These drivers were partially offset by the -45% YoY drop in hydro. New generation and the end of unregulated contracts have left the company as a net spot seller this quarter.

Revenues rose +75.3% YoY to USD 229.5mn on account of greater spot sales after the jump in own generation, and greater volumes sold to regulated clients (+8.3% YoY), as well as higher prices owed to natural gas indexations. Costs came to USD 211.4mn (+115% YoY) as fuel consumption costs rose after the heavy use of diesel (in all the system), owed to Pluspetrol maintenance and lower hydrology.

Net income came to USD 1.7mn, down -89.2% YoY. This was chiefly on account of weaker operating performance, compounded by a +95% YoY increase in financial expenses related to higher interest payments related to Punta Lomitas financing. Net Debt/EBITDA improved from 2.37x in 2Q23 to 2.06x in 3Q23 after gains in cash and equivalents.

Engie Energia Peru: Quarterly Income Statement (USD mn)

	3Q23a	3Q22a	%Var 23/22
Revenues	229.5	130.9	75.3%
Op. Income	13.0	28.0	-53.5%
Op. Margin (%)	5.7%	21.4%	
EBITDA	36.5	49.1	-25.7%
EBITDA Margin (%)	15.9%	37.5%	
Net Income	1.7	15.4	-89.2%
Net Margin (%)	0.7%	11.8%	

Source: LarrainVial Research Department

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

STOCK INFORMATION

Current Price:	4.63
Target Price:	5.65
Recommendation:	NEUTRAL
BBG ticker:	ENGIE1 PE
52w high-low:	5.65 – 4.60
Free Float:	38%
#Shares:	601 mn

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