

# OVERVIEW

Peru / Equity / Utilities

29 OCTOBER 2021

## ENGIE ENERGIA PERU 3Q21 RESULTS

### KEY DRIVERS

- 👁 Consolidated EBITDA came to USD 44.6mn (-12.7% YoY), mainly on account of higher energy purchases due to the +140% YoY increase in average spot prices after changes to the gas price declaration mechanism.
- 👁 Net income was USD 9.1mn, down from USD 16.1mn in 3Q20 (-43.5% YoY), mostly on account of weaker operating performance that was partially offset by lower financial expenses (USD -1.6mn).
- 👁 Net debt/EBITDA remained flat at 1.6x.



**Alexander Varschavsky**

Co-Head of Research

Utilities Analyst

[avarschavsky@larrainvial.com](mailto:avarschavsky@larrainvial.com)

+562 2339 8610

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### KEY DRIVERS

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- Net income was USD 9.1mn, down from USD 16.1mn in 3Q20 (-43.5% YoY) as weaker operating performance was partially offset by lower financial expenses (USD -1.6mn).
- Net debt/EBITDA remained flat at 1.6x.

**Consolidated EBITDA came in at USD 44.6mn (-12.7% YoY), mainly on account of higher energy purchases due to the +140% YoY increase in average spot prices after changes to the gas price declaration mechanism. Net income came to a profit of USD 9.1mn (-43% YoY) as weaker operating performance was partially offset by lower financial expenses.**

Net generation increased from 1.89 TWh in 3Q20 to 20.1 TWh in 3Q21 (+10% YoY). Hydro generation went down 7.3% while thermal generation grew 12% YoY, mainly in Chilca thanks to the recovery of demand in the system. Despite the rise in generation, net spot purchases increased from sales of 93 GWh to purchases of 171GWh after a 26% YoY rebound in demand.

Revenues rose 9.6% YoY to USD 127.3mn, mostly explained by the rise in energy volumes on account of demand recovery and new PPAs that were partially offset by lower average prices. Regulated demand fell -14.3% YoY owing to the termination of PPAs, while unregulated demand climbed 81% thanks to new PPAs and demand recovery.

Costs rose 42% YoY, mostly on account of higher fuel consumption (up USD 9.5 mn) related to higher gas generation at ChilcaUno and higher spot purchases (up USD 12.7mn) as a result of higher purchases and higher average spot prices after changes to the gas price declaration mechanism.

Net income came to USD 9.1mn, up from USD 16.1mn in 3Q20 (down -43.5% YoY), mainly on account of weaker operating performance that was partially offset by lower financial expenses (USD -1.6 mn).

Net debt/EBITDA remained flat at 1.6x in 3Q21 vs 2Q21.

### STOCK INFORMATION

Current Price:	6.23
Target Price:	7.5
Recommendation:	NEUTRAL
BBG ticker:	ENGIEC1 PE
52w high-low:	7.67 – 5.3
Free Float:	38%
#Shares:	601.4 mn

### CONTACT US

**Alexander Varschavsky**  
Co-Head of Research  
Utilities Analyst  
avarschavsky@larrainvial.com  
+562 2339 8610

Table 1: Key Financials (USD mn)

	3Q21a	3Q20a	%Var 21/20
Revenues	131.7	120.2	9.6%
Op. Income	21.9	30.0	-27.0%
Op. Margin (%)	16.6%	25.0%	
<b>EBITDA</b>	<b>44.7</b>	<b>57.4</b>	<b>-22.1%</b>
EBITDA Margin (%)	33.9%	47.8%	
<b>Net Income</b>	<b>9.1</b>	<b>16.1</b>	<b>-43.5%</b>
Revenues	6.9%	13.4%	

Source: Company reports, LarrainVial Research Department

## RESEARCH DEPARTMENT

### Director of Research

**Leonardo Suarez**  
(562) 2339 8668  
lsuarez@larrainvial.com

### Co-Head of Research Utilities

**Alexander Varschavsky**  
Executive Director  
Senior Analyst  
(562) 2339 8610  
avarschavsky@larrainvial.com

### Co-Head of Research Financials

**Florencia Stefani**  
Executive Director  
Senior Analyst  
(562) 2339 8597  
fstefani@larrainvial.com

## EQUITY STRATEGY

### Strategy Peru & Colombia

**Luis Ramos**  
Senior Vice President  
Senior Analyst  
(511) 611 4326  
lramos@larrainvial.com

### Consumer Services

**Marko Kraljevic**  
Vice President  
Senior Analyst  
(562) 2616 5603  
mkraljevic@larrainvial.com

### Basic Materials

**Leopoldo Silva**  
Vice President  
Senior Analyst  
(562) 2519 5546  
lsilva@larrainvial.com

### Financials

**Magdalena Rosende**  
Associate  
Analyst  
(562) 2616 5264  
mrosende@larrainvial.com

## FIXED INCOME & CREDIT

### Corporate Credit Strategy, Mining, O&G, Airlines

**Cristian Campos**  
Senior Vice President  
Senior Analyst  
(562) 2339 8425  
ccampos@larrainvial.com

### Telco, Consumer Services, Gas Distribution

**Juan Djivelekian**  
Vice President  
Senior Analyst  
(562) 2339 8656  
j djivelekian@larrainvial.com

## ECONOMICS

### Chief Economist

**Javier Salinas**  
Senior Vice President  
(562) 2339 8531  
jsalinas@larrainvial.com

### Senior Economist

**Francisco de la Cerda**  
Senior Associate  
(562) 2339 8289  
fdelacerda@larrainvial.com

## ADMINISTRATION & SUPPORT

### Head of Institutional Client Relationships

**Consuelo Solis**  
(562) 2339 8639  
consuelo.solis@larrainvial.com

### Editing

**David Arenas**  
(562) 2616 5649  
darenas@larrainvial.com

### Design

**Paula Borquez**  
(562) 2616 5659  
pborquez@larrainvial.com

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